

***FIRE DISTRICT NO. 5
Of the Parishes of
Terrebonne and Lafourche***

ANNUAL FINANCIAL REPORT

***FOR THE YEAR ENDED
DECEMBER 31, 2017***

FIRE DISTRICT NO. 5
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2017

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FIRE DISTRICT NO. 5
Of the Parishes of Terrebonne and Lafourche
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2017

The following narrative is presented to facilitate a better understanding of the year-end financial position and results of operations for the year. When read in conjunction with the notes to the financial statements, this section's financial highlights, overview and analysis should assist the reader to gain a more complete knowledge of the financial performance.

FINANCIAL HIGHLIGHTS

Our financial statements provide these insights into the results of this year's operations:

- The net position increased due to this year's operations. Net position of our governmental activities increased by \$122,932 or 10%. At the end of the year assets exceeded liabilities by \$1,254,340 (net position).
- During the year, expenses for fire protection services were \$458,060 and \$50,136 was recorded as program income. General revenues of \$530,856, including \$114,000 for the sale of property were recognized to end the year with revenue exceeding expenses by \$122,932. This compares to last year when expenses exceeded revenues by \$178,835.
- Program expenses decreased by over \$100,000 or 18%.
- Governmental funds ended the year with total fund balance of \$617,803 of which; \$35,477 is committed for fund balance reserve, \$17,372 is restricted for capital projects; \$95,504 is restricted for debt services; and the remainder of \$469,450 is unassigned and available to spend.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (Government-Wide Financial Statements) provide information about the governmental activities as a whole and present a longer-term view of the finances. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds (Fund Financial Statements) tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the operations in more detail than the government-wide statements by providing information about the most significant funds.

Our auditor has provided assurance in his independent auditor's report that the basic financial statements are fairly stated. The auditor, regarding the Required Supplemental Information and the Other Supplemental Information is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Annual Report.

FIRE DISTRICT NO. 5
Of the Parishes of Terrebonne and Lafourche
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2017

Government-Wide Financial Statements

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues, governmental activities, from other functions that are intended to recover all or a significant portion of their costs through user fees and charges, business-type activities.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not as a whole. Some funds are required to be established by State laws.

The District utilizes the governmental type of fund with the following accounting approach. Most of the basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation at the bottom of the fund financial statements.

FIRE DISTRICT NO. 5
Of the Parishes of Terrebonne and Lafourche
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2017

FINANCIAL ANALYSIS AS A WHOLE (GWFS)

Our analysis below focuses on the net position and changes in net position of the governmental-type activities.

Condensed Statement of Net Position	Dollar		
	2016	2017	Change
Current and Other Assets	\$ 874,152	\$1,158,517	\$ 284,365
Capital Assets	2,121,812	1,990,379	(131,433)
Total Assets	2,995,964	3,148,896	152,932
Deferred Outflows	11,888	17,119	5,231
Current Liabilities	48,209	79,303	31,094
Non-current Liabilities	1,425,528	1,329,311	(96,217)
Total Liabilities	1,473,737	1,408,614	(65,123)
Deferred Inflows	402,707	503,061	100,354
Net Invested in Capital Assets	525,756	516,757	(8,999)
Restricted	201,757	112,876	(88,881)
Unrestricted	403,895	624,707	220,812
Total Net Position	\$1,131,408	\$1,254,340	\$ 122,932

Net position increased from \$1,131,408 to \$1,254,340, approximately 10%. The balance in net position represents the accumulated results of all past years' operations. Capital assets and net invested in capital assets decreased because of the depreciation on capital assets for the year.

Condensed Statement of Activities	Increase		
	2016	2017	(Decrease)
Total program expenses	\$ (558,562)	\$ (458,060)	\$ (100,502)
Total program revenues	68,341	50,136	(18,205)
Net program income	(490,221)	(407,924)	(82,297)
General revenues	311,386	530,856	219,470
Change in Net Position	(178,835)	122,932	301,767
Net Position:			
Beginning of the year	1,310,243	1,131,408	(178,835)
End of the year	\$1,131,408	\$1,254,340	\$ 122,932

FIRE DISTRICT NO. 5
Of the Parishes of Terrebonne and Lafourche
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2017

Total revenues generated by governmental activities for the year were \$580,992 - most in general revenues from the sale of property. The total cost of all public safety services provided was \$458,060 – a decrease of 18%.

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS (FFS)

The District uses funds to help it control and manage money for particular purposes. Looking at individual funds helps you consider whether the District is being accountable for the resources provided to it but may also give you more insight into the overall financial health. A summary of the major funds follows:

The general fund reported an ending fund balance of \$204,927. This reflects an increase of \$255,248 from last year. Total revenues for the general fund were \$332,624, an increase from the prior year. Current expenditures for fire protection activities were \$291,484, also an increase of 9% from the prior year.

The construction fund reported an ending fund balance of \$17,372 – all restricted for capital projects and capital outlay purchases. There was no activity in this fund during the current year.

The debt service fund reported an ending fund balance of \$95,504. Ad valorem taxes collected were \$9,956. Principal payments of \$70,000 and interest of \$28,880 were made on the outstanding bonds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget for the General Fund was not revised during the year. All variances were favorable and in compliance with the Local Government Budget Act.

CAPITAL ASSETS

A summary of capital assets for the current and prior year follows:

	Beginning Balance	Ending Balance
NON-DEPRECIABLE ASSETS		
Land	\$125,165	\$125,165
DEPRECIABLE ASSETS:		
Buildings & Improvements	1,505,974	1,496,205
Vehicles, Machinery & Equipment	1,480,980	1,397,990
Total Cost of depreciable assets	2,986,954	2,894,195

FIRE DISTRICT NO. 5
Of the Parishes of Terrebonne and Lafourche
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2017

Total Cost of assets	3,112,119	3,019,360
Total accumulated depreciation	990,307	1,028,981
Net depreciable assets	<u>\$1,966,647</u>	<u>\$1,865,214</u>
Net capital assets	<u>\$2,121,812</u>	<u>\$1,990,379</u>

This year there were additions of \$5,100 and deletions of \$97,859 to capital assets. Depreciation of \$136,533 was recorded on capital assets in the governmental activities. More detailed information about the capital assets is presented in Note 7 to the financial statements.

LONG-TERM DEBT

In 2009 general obligation bonds were issued for the purpose of acquiring and improving buildings, machinery and equipment, including both real and personal property. \$1,600,000 of general obligation bonds of the District, authorized to be issued at a special election held in the District on November 4, 2008, with interest at rates of 5.250% to be payable from ad valorem taxes. The bonds are dated September 1, 2015 and mature on March 1, 2020. Standard & Poor's Public Finance Ratings has assigned it municipal debt rating of A+ to the Bonds.

During the current year \$70,000 was paid for principal and \$28,880 for interest and fees. More detailed information about the long term debt is presented in Note 8 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Highlights of next year's General Fund budget include:

Condensed Summary of Budgeted Finances	
	<u>2018</u>
Anticipated revenues	\$369,900
Expenditures:	
Current	308,350
Capital outlay	<u>5,000</u>
Anticipated expenditures	<u>313,350</u>
Excess of expenditures	56,550

FIRE DISTRICT NO. 5
Of the Parishes of Terrebonne and Lafourche
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2017

Fund Balance:

Beginning of the year	474,637
End of the year	<u>\$ 531,187</u>

The Board has committed in the 2018 budget to restrict \$35,477 for fund balance reserve and the intent is to reserve 1 year of general fund expenditures.

CONTACTING FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the finances and to show accountability for the money it received. If you have questions about this report or need additional financial information, contact:

Mr. Kurt Charpentier, Chairman
4317 Hwy. 24
Bourg, LA 70343
985-594-9588

FINANCIAL SECTION



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Commissioners of
Fire District No. 5
Of the Parishes of Terrebonne and Lafourche

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Fire District No. 5 Of the Parishes of Terrebonne and Lafourche (the District), a component unit of Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2017, and the notes to the financial statements, which collectively comprise the 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 basic 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 Statements*, 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 basic financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence supporting 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.

To the Commissioners of the
Fire District No. 5
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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 evaluation 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 financial position of the governmental activities and each major fund as of December 31, 2017 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

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



To the Commissioners of the
Fire District No. 5
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Other Information

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

These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits and Other Payments to Agency Head are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated May 21, 2018, on our consideration of the internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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 internal control over financial reporting and compliance.

Stagni & Company

Thibodaux, Louisiana
May 21, 2018



FIRE DISTRICT NO. 5
of the PARISHES OF TERREBONNE and LAFOURCHE
Statement of Net Position
December 31, 2017

ASSETS

Cash	\$ 465,631
Investments	150,375
Ad Valorem taxes receivable	141,719
Due from others-outstanding deposits	1,070
Due from other governments - ad valorem taxes	399,422
Prepaid Insurance	300
Capital Assets, net of accumulated depreciation	1,990,379
TOTAL ASSETS	3,148,896

DEFERRED OUTFLOWS OF RESOURCES

Related to net pension liability	\$ 17,119
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LIABILITIES, DEFERRED INFLOWS AND NET POSITION

Liabilities:

Accounts payable	4,154
Accrued interest payable	13,453
Due to Others	3,390
Unearned revenue-ad valorem taxes	58,306
Noncurrent liabilities:	
Due within one year	70,000
Due in more than one year	1,259,311
<i>Total liabilities</i>	1,408,614

Deferred Inflows of Resources-

Property taxes - subsequent year	474,864
Related to net pension liability	28,197
<i>Total deferred inflows</i>	503,061

Net Position:

Net Investment in capital assets	516,757
Restricted	112,876
Unrestricted	624,707
<i>Total net position</i>	\$ 1,254,340

See notes to financial statements.

FIRE DISTRICT NO. 5
of the PARISHES OF TERREBONNE and LAFOURCHE

Statement of Activities - Governmental Activities
For the Year Ended December 31, 2017

FUNCTIONS/PROGRAMS	Expenses	Program Revenues Charges for services	Capital & Operating Grants	Net (Expense) Revenue
Public Safety	\$ 458,060	\$ -	\$ 50,136	\$ (407,924)
Total governmental activities	\$ 458,060	\$ -	\$ 50,136	(407,924)
GENERAL REVENUES				
				360,563
				44,502
				114,000
				11,791
			<i>Total General Revenues</i>	530,856
			Change in Net Position	122,932
			NET POSITION:	
			Beginning of year	1,131,408
			End of year	\$ 1,254,340

See notes to the financial statements.

FIRE DISTRICT NO. 5
of the PARISHES OF TERREBONNE and LAFOURCHE

Balance Sheet - Governmental Funds
December 31, 2017

	General Fund	Construction Fund	Debt Service Fund	Total
ASSETS				
Cash	\$ 349,365	\$ 17,389	\$ 98,877	\$ 465,631
Investments	150,375	-	-	150,375
Ad Valorem taxes receivable	94,576	-	47,143	141,719
Due from other governments	268,842	-	130,580	399,422
Due from others-outstanding deposits	1,070	-	-	1,070
Deposits	300	-	-	300
TOTAL ASSETS	<u>\$ 864,528</u>	<u>\$ 17,389</u>	<u>\$ 276,600</u>	<u>\$ 1,158,517</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE				
Liabilities -				
Accounts payable	\$ 4,154	\$ -	\$ -	\$ 4,154
Due to others	-	17	3,373	3,390
Unearned revenue-ad valorem taxes	38,871	-	19,435	58,306
TOTAL LIABILITIES	<u>43,025</u>	<u>17</u>	<u>22,808</u>	<u>65,850</u>
Deferred Inflows of Resources -				
Property taxes - subsequent period	316,576	-	158,288	474,864
Fund balances:				
Committed for fund balance reserve	35,477	-	-	35,477
Restricted for Capital Projects	-	17,372	-	17,372
Restricted for Debt Service	-	-	95,504	95,504
Unassigned	469,450	-	-	469,450
<i>Total fund balance</i>	<u>504,927</u>	<u>17,372</u>	<u>95,504</u>	<u>617,803</u>
RECONCILIATION TO STATEMENT OF NET POSITION:				
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.				
Add - Capital Assets - Non Depreciable			125,165	
Add - Capital Assets - Depreciable			2,894,195	
Deduct - Accumulated Depreciation			<u>(1,028,981)</u>	1,990,379
Deferred outflows of resources related to net pension liability are not available resources and, therefore, are not reported in the funds				
				17,119
Liabilities not due and payable in the current period and therefore are not reported in the funds.				
Deduct—bonds payable due within one year			(70,000)	
Deduct—bonds payable due in more than one year			(1,115,000)	
Deduct—accrued interest on bonds payable			(13,453)	
Deduct - Net pension liability			<u>(144,311)</u>	(1,342,764)
Deferred inflows of resources related to net pension liability are not payable from current expendable resources and, therefore, are not reported in the funds				
				(28,197)
Net position of governmental activities				<u>\$ 1,254,340</u>

See notes to financial statements.

FIRE DISTRICT NO. 5
of the PARISHES OF TERREBONNE and LAFOURCHE

Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Fund - Governmental Funds
For the Year Ended December 31, 2017

	General Fund	Construction Fund	Debt Service Fund	Total
REVENUES				
Ad Valorem Taxes	\$ 350,607	\$ -	\$ 9,956	\$ 360,563
State Revenue Sharing	23,043	-	-	23,043
State Supplemental Pay	6,000	-	-	6,000
Fire Insurance Rebate	21,093	-	-	21,093
Miscellaneous	44,502	-	-	44,502
Proceeds from sale of assets	114,000	-	-	114,000
Interest	11,748	-	43	11,791
TOTAL REVENUES	570,993	-	9,999	580,992
EXPENDITURES				
<i>Current - Public Safety:</i>				
Personal Services	182,799	-	-	182,799
Supplies & Materials	12,476	-	-	12,476
Other Services & Charges	83,189	-	-	83,189
Repairs & Maintenance	32,181	-	-	32,181
<i>Total current</i>	310,645	-	-	310,645
<i>Capital Outlay</i>	5,100	-	-	5,100
<i>Debt Service:</i>				
Principal payments	-	-	70,000	70,000
Interest and fees	-	-	28,880	28,880
<i>Total debt service</i>	-	-	98,880	98,880
TOTAL EXPENDITURES	315,745	-	98,880	414,625
NET CHANGE IN FUND BALANCES	255,248	-	(88,881)	166,367
FUND BALANCES:				
Beginning of year	249,679	17,372	184,385	451,436
End of year	\$ 504,927	\$ 17,372	\$ 95,504	\$ 617,803

See notes to financial statements.

FIRE DISTRICT NO. 5
of the PARISHES OF TERREBONNE and LAFOURCHE
 Reconciliation of the Statement of Revenues, Expenditures, and
 Changes in Fund Balances of Governmental Funds to the Statement of Activities
 For the Year Ended December 31, 2017

Net change in fund balances - total governmental funds		\$ 166,367
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Add—capital outlay	5,100	
Deduct—depreciation expense	<u>(136,533)</u>	(131,433)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds.</p>		
Add -payment on long term debt	70,000	
Add—decrease in accrual for accrued interest payable	<u>613</u>	70,613
<p>Some expenses reported in the government-wide statement of activities do not require the use of current financial resources, and, therefore, are not reported as expenditures in the governmental funds.</p>		
Add - Decrease in Net Pension Liability	26,217	
Changes in deferred outflows and inflows	<u>(8,832)</u>	17,385
Change in net position - governmental activities		<u><u>\$ 122,932</u></u>

See notes to financial statements.

***FIRE DISTRICT NO. 5 of the
Parishes of Terrebonne and Lafourche***

Notes to the Financial Statements
For the Year Ended December 31, 2017

The Fire District No. 5 (the District) is governed by a Board of Commissioners appointed by the Terrebonne Parish Consolidated Government organized under La. Revised Statute 40:1492, Terrebonne Parish Ordinance #6781 adopted August 13, 2003, Terrebonne Parish Ordinance #6697 adopted November 10, 2002 and Lafourche Parish Ordinance #3109 adopted November 12, 2002. The District provides for the acquisition, construction, maintenance, and operations of fire protection and emergency medical service facilities, for the purchase of fire trucks and other firefighting or emergency medical service equipment and paying the cost of obtaining water for fire protection purposes in the Parishes of Terrebonne and Lafourche.

Note 1 *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

The accompanying basic financial statements have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

As the governing authority, the Terrebonne Parish Consolidated Government is the financial reporting entity for Terrebonne Parish. The majority of ad valorem tax revenue is received from Terrebonne Parish. Because the Terrebonne Parish Consolidated Government could by definition in statute be financially burdened by the Fire District No. 5, the District was determined to be a component unit of the Terrebonne Parish Consolidated Government. The accompanying financial statements present information only on the funds maintained by the District and its component unit and do not present information on the Terrebonne Parish Consolidated Government, the general government services provided by that governmental unit, or the other governmental reporting entity.

The accompanying financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ending December 31, 2017.

B. Basis of Presentation

The accounting system is organized and operated on a fund basis whereby a separate self-balancing set of accounts is maintained for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds in the financial statements in this report are as follows:

**FIRE DISTRICT NO. 5 of the
Parishes of Terrebonne and Lafourche**

Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

B. Basis of Presentation (continued)

Governmental Fund Type

Governmental funds account for all or most of the 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. The following are the governmental funds:

General Fund - Accounts for all financial resources and expenditures except those required to be accounted for in other funds.

Debt Service Fund -Accounts for the accumulation of resources for and the payment of principal and interest on long-term general obligation debt of governmental funds.

Capital Project Fund - Accounts for financial resources to be used for the acquisition or construction of major capital facilities

C. Measurement Focus / Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Government-Wide Financial Statements (GWFS)

The government-wide financial statements display information as a whole. These statements include all the financial activities. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from non-exchange transactions are recognized in accordance with the requirements of Section N50.

**FIRE DISTRICT NO. 5 of the
Parishes of Terrebonne and Lafourche**

Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

C. Measurement Focus / Basis of Accounting (continued)

Program Revenues - Program revenues included in the column labeled Statement of Activities are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the general revenues.

Fund Financial Statements (FFS)

The amounts reflected in fund financial statements, 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 revenues, expenditures, and 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 operations.

The amounts reflected in the fund financial statements, use the modified accrual basis of accounting. Under the modified accrual 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. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. 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 court considers all revenues available if they are collected within 60 days after the fiscal year end.

Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is 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:

**FIRE DISTRICT NO. 5 of the
Parishes of Terrebonne and Lafourche**

Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

C. Measurement Focus / Basis of Accounting (continued)

Revenues – Ad valorem taxes and the related state revenue sharing are recorded as revenue in the period for which levied, thus the 2016 property taxes which were levied to finance the 2017 budget are recognized as revenue in 2017. The 2017 tax levy is recorded as deferred revenue in the current financial statements. Charges for services are recorded when earned since they are measurable and available. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable or available until actually received.

Expenditures – The major expenditures are recorded when payable or when the fees are incurred.

D. Use of Estimates

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

E. Operating Budgets

As required by Louisiana Revised Statutes, The Board of Commissioners adopted a budget for the General Fund. The Board must approve any amendment involving the transfer of monies from one function to another, or increases in expenditures. The district did not amended its budget for the year ended December 31, 2017. All budgeted amounts that are not expended or obligated through contracts lapse at year-end. The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

**FIRE DISTRICT NO. 5 of the
Parishes of Terrebonne and Lafourche**

Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

F. Cash and Investments

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or any other federally insured investments, certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations.

Investment is also allowed in the Louisiana Asset management Pool (LAMP). LAMP is an external pool which is operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met.

G. Receivables

The financial statements for the District contain no allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the funds.

H. Deferred Outflows and Inflows of Resources

The District reports decreases (increases) in net position that relate to future periods as deferred outflows (inflows) of resources in separate sections of its Statement of Net Position. The District reports deferred outflows of resources and deferred inflows of resources related to its net pension liability. These amounts are being amortized over a period of five years.

**FIRE DISTRICT NO. 5 of the
Parishes of Terrebonne and Lafourche**
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

I. Vacation and Sick Leave

Full time employees are entitled to 18 days of vacation after one year of service. Each year the employee must take the vacation time before the anniversary date (the first day of employment). If not taken before the anniversary date, the vacation time is forfeited. The vacation period is increased one day for each year of service over ten years, up to a maximum period of thirty days. There is no material accumulated vacation at year-end.

Every firefighter in the employ of a fire protection district shall be entitled to full pay during sickness or incapacity not brought about by his own negligence or culpable indiscretion for a period of not less than fifty-two weeks. A firefighter employed by any fire protection district who draws full pay during sickness or incapacity shall have such pay decreased by the amount of workers' compensation benefits actually received by the employee. A firefighter is entitled to sick leave benefits even though the injury or illness may have occurred while he was off duty. Firefighters are not prohibited from engaging in part-time employment while receiving sick leave.

A probationary firefighter who is not a regular or permanent fireman is not entitled to sick leave benefits provided by the District. Sick leave does not accumulate for employees; accordingly there is no accrued sick leave as of year-end.

J. Capital Assets

In the government-wide financial statements, additions, improvements and other capital outlays that significantly extend the useful life of an asset are recorded and depreciated (capitalized). Capital assets purchased or acquired with an original cost of \$1000 or more are valued at historical cost or estimated if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Other costs incurred for repairs and maintenance are expensed as incurred. 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. All capital assets, other than land, are depreciated using the straight-line method over the following estimated useful lives:

CATEGORY	LIFE
BUILDINGS AND IMPROVEMENTS	5-40 YEARS
MACHINERY & EQUIPMENT	5-20 YEARS

**FIRE DISTRICT NO. 5 of the
Parishes of Terrebonne and Lafourche**

Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

J. Capital Assets (continued)

In the fund financial statements, capital assets purchased in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

K. Fund Equity

For government-wide financial statements net assets are classified and displayed in three components:

- Invested 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, if any.
- Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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.

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as *non-spendable*, *restricted*, *committed*, *assigned*, or *unassigned*.

- *Non-spendable* fund balance cannot be spent because of its form.
- *Restricted* fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions.
- *Committed* fund balance is a limitation imposed by the Board through approval in minutes.
- *Assigned* fund balances is a limitation imposed by a designee of the Board.
- *Unassigned* fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

**FIRE DISTRICT NO. 5 of the
Parishes of Terrebonne and Lafourche**

Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 DEPOSITS AND INVESTMENTS

Deposits:

A summary of deposits are listed as follows:

	Reported Amount	Bank Balance
Cash	\$465,631	\$496,420

State law requires that deposits (cash and certificates of deposit) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished, as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision. Under the provision of GASB, pledged securities, which are not in the name of the governmental unit, are considered uncollateralized.

Custodial credit risk is the risk that in the event of a bank failure, deposits may not be returned to it. The District has a written policy for custodial credit risk. At year-end \$246,420 was exposed to custodial credit risk. These deposits were secured by the market value of collateralized deposits.

The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, 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 depositor that the fiscal agent has failed to pay deposited funds upon demand.

**FIRE DISTRICT NO. 5 of the
Parishes of Terrebonne and Lafourche**

Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 **DEPOSITS AND INVESTMENTS (continued)**

Investments:

Investment balances and maturities at year end are as follows:

Investment Type	As Reported	Fair Value	Ave Days Maturity
Louisiana Asset Management Pool	\$150,375	\$150,375	Less than 1 year

For an investment, custodial credit risk is the risk that, in the event of a failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

Investments in external investment pools are not exposed to custodial credit risk because of their natural diversification and the diversification required by the Securities and Exchange Commission. LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2-a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments.

The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or back by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with maturity in excess of 397 days. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued at amortized cost, which approximates fair value. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

**FIRE DISTRICT NO. 5 of the
Parishes of Terrebonne and Lafourche**

Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 3 AD VALOREM TAXES

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2016.

Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2017 was 16.0 mills of assessed valuation on property within Terrebonne and Lafourche Parish Fire District No. 5 for the purpose providing fire protection within the District and 8.0 mills for repayment of bond principal and interest.

Note 4 DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consisted of \$391,741 due from the Terrebonne and Lafourche Parish Tax Collectors for ad valorem taxes collected but not yet remitted and \$7,681 due from the State of Louisiana for revenue sharing.

Note 5 SUPPLEMENTAL PAY

In addition to the compensation paid to employees, firemen may be eligible to receive supplemental pay. The amount of the compensation is determined by State Law and is revised periodically. During the current year the District has recognized revenue and expenditures of \$6,000 in salary supplements received from the State.

Note 6 RISK MANAGEMENT

The District is exposed to various risks of loss related to workmen's compensation; torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters and group health benefits for which the District carries commercial insurance and also participates in the Parish's risk management program for general liability and workers' compensation and group health. The premiums for auto liability are paid to the Parish for reimbursement of commercial carrier premiums. No settlements were made during the year that exceeded the District's insurance coverage.

**FIRE DISTRICT NO. 5 of the
Parishes of Terrebonne and Lafourche**
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 7 CAPITAL ASSETS

Information about capital assets and depreciation for the year are summarized as follows:

	Beginning Balance	Additions	Deletions/ Adjustments	Ending Balance
NON-DEPRECIABLE ASSETS				
Land	\$ 125,165	\$ -	\$ -	\$ 125,165
DEPRECIABLE ASSETS:				
Buildings & Improvements	1,505,974	-	(9,769)	1,496,205
Vehicles, Machinery & Equipment	1,480,980	5,100	(88,090)	1,397,990
Total Cost of depreciable assets	2,986,954	5,100	(97,859)	2,894,195
Total Cost of assets	3,112,119	-	-	3,019,360
ACCUMULATED DEPRECIATION				
Buildings & Improvements	134,193	37,665	(9,769)	162,089
Vehicles, Machinery & Equipment	856,114	98,868	(88,090)	866,892
Total accumulated depreciation	990,307	136,533	(97,859)	1,028,981
Net depreciable assets	<u>\$1,966,647</u>			<u>\$1,865,214</u>
Net capital assets	<u>\$2,121,812</u>			<u>\$1,990,379</u>

Depreciation Expense of \$136,533 was recorded in the governmental activities.

Note 8 LONG TERM DEBT

In 2009 the District authorized the issuance of \$1,600,000 general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds were issued as serial bonds with varying amounts of principal maturing each year at an interest rate of 5.250%. A summary of the general obligation bonds currently outstanding is as follows:

Long-term debt activity for the year was as follows:

	BEGINNING BALANCE	ADDITIONS	PAYMENTS	ENDING BALANCE	DUE WITHIN ONE YEAR
GENERAL OBLIGATION BONDS, SERIES 2009	\$ 1,255,000	\$ -	\$ 70,000	\$ 1,185,000	\$ 70,000

**FIRE DISTRICT NO. 5 of the
Parishes of Terrebonne and Lafourche**

Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 8 LONG TERM DEBT (continued)

Annual debt service requirements to maturity for general obligation bonds are as follows:

YEAR	PRINCIPAL	INTEREST	TOTAL
2018	\$ 70,000	\$52,498	122,498
2019	75,000	49,685	124,685
2020	80,000	46,485	126,485
2021	85,000	42,958	127,958
2022	90,000	39,173	129,173
2022-2026	530,000	128,285	658,285
2028-2029	255,000	12,813	267,813
	\$ 1,185,000	\$ 371,897	\$ 1,556,897

Note 9 FIREFIGHTERS RETIREMENT SYSTEM

GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits.

PLAN DESCRIPTION – The District contributes to the Firefighters’ Retirement System of Louisiana (FRS), a cost-sharing multiple-employer defined benefit public retirement system, which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor’s benefits and cost of living adjustments to plan members and beneficiaries. Act 434 of the 1979 Louisiana Legislative Session established the plan. The System is governed by Louisiana R.S. 11:2251 – 11:2269, specifically, and other general laws of the State.

The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Firefighters’ Retirement System of Louisiana, 2051 Silverside Dr., Suite 210, Baton Rouge, LA 70808-4136 or at their website <http://www.lafirefightersret.com>.

ELIGIBILITY REQUIREMENTS – Membership in the System is a condition of employment for any full time firefighters who earn at least \$375 per month and are employed by any municipality, parish, or fire protection district of the State of Louisiana in addition to employees of the Firefighters Retirement System.

**FIRE DISTRICT NO. 5 of the
Parishes of Terrebonne and Lafourche**

Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 9 FIREFIGHTERS RETIREMENT SYSTEM (continued)

Any person who becomes an employee as defined in R.S. 11:2252 on and after January 1, 1980 shall become a member as a condition of employment. No person who has attained age fifty or over shall become a member of the System, unless the person becomes a member by reason of a merger or unless the System received an application for membership before the applicant attained the age of fifty. No person who has not attained the age of eighteen years shall become a member of the System. 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.

RETIREMENT BENEFITS – Employees with 20 or more years of service who have attained age 50, or employees who have 12 years of service who have attained age 55, or 25 years of service at any age are entitled to annual pension benefits equal to 3.333% of their average final compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 100%. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity.

If employees terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to their employer's contributions. Benefits are payable over the employees' lives in the form of a monthly annuity. An employee may elect an unreduced benefit or any of seven options at retirement. See R.S. 11:2256(A) for additional details on retirement benefits.

DISABILITY BENEFITS – A member who acquires a disability, and who files for disability benefits while in service, and who upon medical examination and certification as provided for in Title 11, is found to have a total disability solely as the result of injuries sustained in the performance of his official duties, or for any cause, provided the member has at least five years of creditable service and provided that the disability was incurred while the member was an active contributing member in active service, shall be entitled to disability benefits under the provisions of R.S. 11:2258(B).

DEATH BENEFITS – Benefits shall be payable to the surviving eligible spouse or designated beneficiary of a deceased member as specified in R.S. 11:2256(B) & (C).

**FIRE DISTRICT NO. 5 of the
Parishes of Terrebonne and Lafourche**

Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 9 FIREFIGHTERS RETIREMENT SYSTEM (continued)

DEFERRED RETIREMENT OPTION PLAN (DROP) – 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 DROP employer and employee contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the DROP plan account. Upon termination of employment, a participant in the program shall receive, at his option, a lump-sum payment from the account or an annuity based on the DROP 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 DROP 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.

EMPLOYER CONTRIBUTIONS – Employer contributions are actuarially determined each year. For the year ended June 30, 2017, employer and employee contributions for members above the poverty line were 29.25% and 10.0% respectively. The employer and employee contribution rates for those members below the poverty line were 31.25% and 8.0%, respectively.

NON-EMPLOYER CONTRIBUTIONS – The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue during the year ended June 30, 2017 and were excluded from pension expense. Non-employer contributions received by the District was \$6,372 and the System during the year ended June 30, 2017 was \$25,310,647.

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES - As of December 31, 2017, the District reported liabilities in the GWFS of \$144,311 in its governmental activities for its proportionate share of the net pension liabilities of the System. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension obligation was determined by an actuarial valuation as of that date.

**FIRE DISTRICT NO. 5 of the
Parishes of Terrebonne and Lafourche**

Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 9 FIREFIGHTERS RETIREMENT SYSTEM (continued)

The proportion of the net pension liability was based on a projection of the long-term contributions to the plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the District's proportional share of the System was 0.025177% which was a decrease of 0.00089% from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017 the District recognized a pension expense of \$27,509 in its governmental activities related to its participation in the System. At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

FFRS	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ -	\$(8,048)
Changes in assumption	6,036	(34)
Changes in proportion	3,478	(20,115)
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,605	-
Totals	\$17,119	\$(28,197)

The deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2018	\$10,560
2019	13,046
2020	7,521
2021	(6,394)
	\$24,733

**FIRE DISTRICT NO. 5 of the
Parishes of Terrebonne and Lafourche**

Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 9 FIREFIGHTERS RETIREMENT SYSTEM (continued)

ACTUARIAL ASSUMPTIONS - The total pension liabilities in the June 30, 2017, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurements:

Valuation Date	June 30, 2017
Actuarial cost method	Entry Age Normal
Actuarial cost assumptions:	
Expected remaining service lives	7 years, closed period
Investment rate of return	7.4% per annum
Inflation rate	2.775% per annum
Salary increases	Vary from 15% in the first two years of service to 4.75% after 25 years
Cost of Living Adjustments	For the purpose of determining the present value of benefits, COLAs were deemed not to be substantively automatic and only those previously granted were included

The mortality rate assumption used was set based upon an experience study performed on plan data for the period July 1, 2009 through June 30, 2014. The data was then assigned creditability weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities.

Annuity values calculated based on this mortality were compared to those produced by using a set-back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

The discount rate used to measure the total pension liability was 7.4%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**FIRE DISTRICT NO. 5 of the
Parishes of Terrebonne and Lafourche**

Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 9 FIREFIGHTERS RETIREMENT SYSTEM (continued)

SENSITIVITY OF THE CHANGES IN DISCOUNT RATE - The following presents the net pension liabilities of the participating employers calculated using the discount rate of 7.4%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

	<u>1% Decrease 6.40%</u>	<u>Current Discount Rate 7.40%</u>	<u>1% Increase 8.40%</u>
Net Pension Liability	\$207,369	\$144,311	\$91,301

Note 10 COMPENSATION OF BOARD MEMBERS

No compensation was paid to Board Members for the year.

***REQUIRED SUPPLEMENTAL
INFORMATION***

FIRE DISTRICT NO. 5
of the PARISHES OF TERREBONNE and LAFOURCHE

Budget Comparison Schedule - General Fund
For the Year Ended December 31, 2017

	Budgets		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES				
Ad Valorem Taxes	\$285,000	\$285,000	\$350,607	\$ 65,607
State Revenue Sharing	8,000	8,000	23,043	15,043
State Supplemental Pay	6,000	6,000	6,000	-
Fire Insurance Rebate	35,000	35,000	21,093	(13,907)
Miscellaneous	10,500	10,500	44,502	34,002
Proceeds from sale of assets	-	-	114,000	
Interest	250	250	11,748	11,498
TOTAL REVENUES	<u>344,750</u>	<u>344,750</u>	<u>570,993</u>	<u>112,243</u>
EXPENDITURES				
Public safety - current:				
Personal Services	184,630	184,630	182,799	1,831
Supplies & Materials	17,500	17,500	12,476	5,024
Other Services & Charges	85,000	85,000	83,189	1,811
Repairs & Maintenance	17,000	17,000	32,181	(15,181)
Total public safety - current	<u>304,130</u>	<u>304,130</u>	<u>310,645</u>	<u>(6,515)</u>
Capital expenditures	5,000	5,000	5,100	(100)
TOTAL EXPENDITURES	<u>309,130</u>	<u>309,130</u>	<u>315,745</u>	<u>(6,615)</u>
NET CHANGE IN FUND BALANCES	35,620	35,620	255,248	219,628
FUND BALANCES				
Beginning of year	249,679	249,679	249,679	-
End of year	<u>\$ 285,299</u>	<u>\$ 285,299</u>	<u>\$ 504,927</u>	<u>\$ 219,628</u>

FIRE DISTRICT NO. 5
of the PARISHES OF TERREBONNE and LAFOURCHE
 Schedule of Employer's Share of Net Pension Liability
 December 31, 2017

**Year Ended June 30	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset) (a)	Employer's Covered Employee Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2017	0.025177%	\$ 144,311	\$ 51,244	281.62%	73.50%
2016	0.026071%	\$ 170,528	\$ 51,245	332.77%	68.20%
2015	0.025252%	\$ 136,288	\$ 53,666	253.96%	72.45%

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

** The amounts presented have a measurement date of June 30th

Notes to Retirement System Schedules:

Changes of benefit terms - There were no changes of benefit terms for the year ended June 30, 2017.

Changes of assumptions - There were no changes of benefit assumptions for the year ended June 30, 2017.

FIRE DISTRICT NO. 5
of the PARISHES OF TERREBONNE and LAFOURCHE
Schedule of Employer Contributions
December 31, 2017

**Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2017	\$ 12,958	\$ 12,958	\$ -	\$ 51,244	25.3%
2016	\$ 12,604	\$ 12,604	\$ -	\$ 51,245	24.6%
2015	\$ 15,697	\$ 15,697	\$ -	\$ 53,666	29.2%

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

** The amounts presented have a measurement date of June 30th

Notes to Retirement System Schedules:

Changes of benefit terms - There were no changes of benefit terms for the year ended June 30, 2017.

Changes of assumptions - There were no changes of benefit assumptions for the year ended June 30, 2017.

OTHER INFORMATION

FIRE DISTRICT NO. 5
of the PARISHES OF TERREBONNE and LAFOURCHE
 Schedule of Compensation, Benefits and Other Payments to Agency Head
 For the Year Ended December 31, 2017

Agency Head Name: Tony Pellegrin, Jr.

Purpose	Amount
Salary	\$58,785
Benefits-insurance	\$20,023
Benefits-retirement	\$15,578
Deferred compensation (contributions made by the agency)	\$0
Benefits-other (describe)	\$0
Car allowance	\$0
Vehicle provided by government (enter amount reported on W-2 adjusted for various fiscal years)	\$0
Cell phone	\$1,200
Dues	\$0
Vehicle rental	\$0
Per diem	\$0
Reimbursements	\$0
Travel	\$0
Registration fees	\$0
Conference travel	\$0
Housing	\$0
Unvouchered expenses (example: travel advances, etc.)	\$0
Special meals	\$0
Other (including payments made by other parties on behalf of the agency head)	\$0

This form is used to satisfy the reporting requirement of R.S. 24:513(A)(3) on Supplemental Reporting

***REPORTS REQUIRED BY GOVERNMENT
AUDITING STANDARDS***



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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 Commissioners of
Terrebonne Parish Fire District No. 5
Bourg, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Terrebonne Parish Fire District No. 5 (the District), a component unit of Terrebonne Parish Consolidated Government as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents and have issued our report thereon dated May 21, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

To the Board of Commissioners
Terrebonne Parish Fire District No. 5
Page 2

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Stagni & Company

May 21, 2018
Thibodaux, Louisiana



**FIRE DISTRICT NO. 5 of the
Parishes of Terrebonne and Lafourche**

Schedule of Current Year Findings
For the Year Ended December 31, 2017

We have audited the basic financial statements of the Terrebonne Parish Fire Protection District No. 5, a component unit of Terrebonne Parish Consolidated Government, which collectively comprise the basic financial statements as of and for the year ended December 31, 2017, and have issued our report thereon dated May 21, 2018. We conducted our audit in accordance with auditing standards and the standards generally accepted in the United States of America applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Section I - Summary of Auditor's Reports

- The auditor's report expresses an unqualified opinion on the basic financial statements.
- No deficiencies in internal control over financial reporting were disclosed during the audit of the financial statements.
- No instances of noncompliance or other matters under *Government Auditing Standards* were disclosed during the audit of the financial statements.
- No instances of noncompliance under the provisions of Louisiana Governmental Audit Guide were disclosed during the audit of the basic financial statements.
- There was no management letter issued in connection with this audit.
- The District did not receive any federal awards during the year.

Section II - Financial Statement Findings

- There were no financial statement findings during the audit of the basic financial statements.

Section III - Federal Award Findings and Questioned Costs

- There were no federal award findings during the audit of the basic financial statements.





STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

AGREED-UPON PROCEDURES REPORT

Terrebonne Parish Fire Protection District 5

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period January 1, 2017 – December 31, 2017

To the Board Members of the
Terrebonne Parish Fire Protection District 5 and
Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Terrebonne Parish Fire Protection District 5 (the District) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. The District's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated results are as follows:

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.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

- c) **Disbursements**, including processing, reviewing, and approving.
- d) **Receipts**, including receiving, recording, and preparing deposits.
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results: The policies of the District address all of the functions listed, with the following exceptions.

- 1(b) The policy for purchasing does not address the preparation and approval process of purchase requisitions.
- 1(f) The policy for contracting does not address legal review.
- 1(j) There is no policy for debt service.

Management's Response:

- 1(b) Purchasing Policy - The District does not use a formal purchase order or requisition system and is not considered necessary due to the small size of the entity.
- 1(f) Contracting Policy – The District will consider revising its policy to reflect the legal review process.
- 1(j) Debt Service Policy – The District will consider adding a debt service policy to reflect its current practices.

Board (or Finance Committee, if applicable)

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



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

Results: The District met quarterly. The minutes do not reference budget-to-actual comparisons on the General Fund or other major funds. The minutes did reference approvals of bids, contracts and material purchases.

Management's Response: Management will include budget-to-actual comparisons at future board meetings.

Bank Reconciliations

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

Results: We obtained a listing of bank accounts from management and management's representation that the listing is complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than five accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
 - a) Bank reconciliations have been prepared;
 - b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
 - c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Results: There were numerous bank reconciliations that were not provided:

- For the General Fund cash account there was no bank reconciliation or statement provided for March, April, or May.
- For the Construction cash account there were no bank reconciliation or statements provided.
- For the Debt Service cash account there were bank reconciliations and statements provided for January, February, and June but not for any other months.



There was no written documentation that a member of management or a board member reviewed each bank reconciliation that was presented. There were numerous outstanding checks from 2012 with no documentation that there was research to clear.

Managements Response: The accountant for the Board reconciles all bank reconciliations. In the future, a member of the Board will sign off as reviewing each bank reconciliation. All outstanding items over 6 months will be researched and documented as to its disposition.

Collections

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

Results: We obtained from management a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

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

Results: There was 1 collection location for testing. Each person responsible for collecting cash is bonded. Duties were segregated per the policy. The person responsible for collecting cash was not responsible for reconciling cash collections to the general ledger. The District has a formal process to reconcile cash collections to the general ledger by a person who is not responsible for cash collections. While performing procedure 6(c), we noted all of the receipts



collected were deposited the same or next day. All of the deposits tested had supporting documentation.

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

Results: The District does have a process specifically defined to determine completeness of all collections, including electronic transfers, for each revenue source by a person who is not responsible for 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, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Results: We obtained from management a disbursement listing and management's representation that the listing is complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g., purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
 - a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
 - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
 - c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; (2) a receiving report showing receipt of goods purchased, or electronic equivalent; and (3) an approved invoice.

Results: We obtained supporting documentation for 25 disbursements. The criteria in steps 9(a), 9(b) were not applicable. For step 9(c) all disbursements tested did have an invoice or written approval for disbursement.

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



Results: The person responsible for processing payments is prohibited from adding vendors to the District's disbursement system without approval.

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

Results: The persons (Board Chairman) with signatory authority or who make the final authorization for disbursements have no 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, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Results: No exceptions were identified as a result of these procedures.

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

Results: No exceptions were identified as a result of these procedures.

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

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

Results: We obtained from management a credit card listing and management's representation that the listing is complete.

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

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

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



Results: There was no written evidence that monthly statements were reviewed and approved. No finance charges or late fees were assessed on the selected statements.

Management's Response: Someone other than the card user will begin reviewing and approving credit card statements in writing.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e., each of the 10 cards should have one month of transactions subject to testing).
- a) For each transaction, report whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased).
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization).
 - b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/ disbursement policies and the Louisiana Public Bid Law (i.e., transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
 - c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g., cash advances or non-business purchases, regardless of whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Results: Procedure 16(a) The 1 credit card selected for testing was not supported by itemized receipts, nor documentation of the business/public purpose of each individual charge. Procedure 16(b) – This procedure is not applicable due – there was no itemized receipt support. Procedures 16(c) - No exceptions were identified as a result of this procedure.

Managements Response: Management has reviewed this issue and has approved a credit card policy which addresses this issue.

Travel and Expense Reimbursement

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

Results: We obtained from management the general ledger which was filtered for travel reimbursements. We obtained management's representation that the listing is complete.



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

Results: We obtained the written policies related to travel and expense reimbursement. No amounts that exceed GSA rates were 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:

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

Results: No exceptions were identified as a result of these procedures.

Contracts

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

Results: This procedure is not applicable. Management stated there was no contracts in effect for 2017. We obtained management's representation that the listing is complete.



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

Results: These procedures are not applicable.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management’s representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
 - b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Results: We obtained a listing of employees with their related salaries, and we obtained management’s representation that the listing is complete. For the five employees selected, payments were made in strict accordance with the terms and conditions of the pay rate structure. No changes were made during the fiscal period for the five employees selected.

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



- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Results: The only full-time employee who accumulates leave is the Fire Chief. For the employees selected for testing there was evidence that they documented their daily attendance in the biweekly time sheets. There was no written documentation that the supervisor approved the attendance on the bi-weekly time sheets. The Fire Chief keeps the written leave records on days that leave was taken.

Managements Response: The Fire Chief will provide written documentation of approval before payment on time sheets. The Board will periodically review the Fire Chief's written leave records.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Results: Management stated there was no terminations in 2017. We obtained management's representation that there were none.

25. Obtain supporting documentation (e.g., cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Results: We obtained supporting documentation relating to payroll taxes and retirement contributions during the fiscal period. 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, with the exception of three retirement payments.

Managements Response: In the future, payments will be submitted to the applicable agencies by the required deadlines.



Ethics (excluding nonprofits)

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

Results: Of the five employees selected, one did not have documentation to demonstrate that the required ethics training was completed.

Managements Response: Per the revised policy, all employees are required to complete the required ethics training annually.

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

Results: We inquired of management whether any alleged ethics violations were reported during the fiscal period. Management has received no such allegations.

Debt Service (excluding nonprofits)

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

Results: This procedure is not applicable.

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

Results: The District made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

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

Results: Millage collections did not exceed debt service payment by more than 10% during the fiscal period. No millages continue to be received for debt that has been paid off.



Other

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

Results: We inquired of management whether the District had any misappropriations of public funds or assets. Management reported there have not been any misappropriations of public funds or assets.

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

Results: The District has posted on its premises and website the notice required by R.S. 24:523.1.

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

Results: No exceptions were identified as a result of these procedures.

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

Stagni & Company

Thibodaux, LA
June 28, 2018



STAGNI & COMPANY, LLC
