

**Caddo Parish Fire District Number Three
Greenwood, Louisiana**

Financial Statements With Auditors' Report

As of and For the Year Ended December 31, 2017

Caddo Parish Fire District Number Three
Greenwood, Louisiana

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Independent Auditors' Report

Board of Commissioners
Caddo Parish Fire District Number Three
Greenwood, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Caddo Parish Fire District Number Three, a component unit of the Caddo Parish Commission, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Caddo Parish Fire District Number Three's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Caddo Parish Fire District Number Three as of December 31, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 28 – 29, the Schedule of Proportionate Share of Net Pension Liability on page 30, and the Schedule of Contributions on page 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

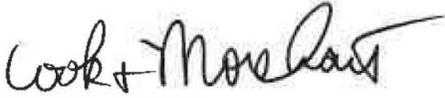
Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Caddo Parish Fire District Number Three, a component unit of the Caddo Parish Commission's, basic financial statements. The accompanying other supplementary information listed in the table of contents as Schedule of Compensation, Benefits, and Other Payments to Agency Head and shown on page 32 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying Schedule of Compensation, Benefits, and Other Payments to Agency Head is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits, and Other Payments to Agency Head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2018, on our consideration of Caddo Parish Fire District Number Three's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Caddo Parish Fire District Number Three's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Caddo Parish Fire District Number Three's internal control over financial reporting and compliance.



Cook & Morehart
Certified Public Accountants
May 21, 2018

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Statement of Net Position
December 31, 2017

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 628,487
Investments	490,650
Accounts receivable:	
Ad valorem taxes	1,679,612
Assessment - service charge	440,166
Other	26,727
Prepaid expenses	22,593
Capital assets:	
Land	74,350
Other capital assets, net of accumulated depreciation	<u>1,254,730</u>
Total assets	<u>4,617,315</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	<u>674,107</u>
LIABILITIES	
Accounts payable and accrued expenses	90,506
Long-term liabilities:	
Due within one year	161,489
Due in more than one year	<u>2,982,206</u>
Total liabilities	<u>3,234,201</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes and assessment - service charges	2,214,708
Pension related	<u>172,830</u>
Total deferred inflows of resources	<u>2,387,538</u>
NET POSITION (DEFICIT)	
Net investment in capital assets	1,083,080
Unrestricted (deficit)	<u>(1,413,397)</u>
Total net position (deficit)	<u>\$ (330,317)</u>

See accompanying notes to the basic financial statements.

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Statement of Activities
For the Year Ended December 31, 2017

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	
<u>Functions / Programs:</u>				
Governmental Activities				
Public safety - fire protection	\$ 2,501,897	\$ 331,635	\$ 124,358	\$ (2,045,904)
Interest on long-term debt	5,663			(5,663)
Total governmental activities	2,507,560	331,635	124,358	(2,051,567)
General revenues:				
Assessment - service charge				453,390
Ad valorem taxes				1,658,461
Interest income				16,553
State revenue sharing				28,458
Fire insurance rebate				31,656
Miscellaneous				18,287
Total general revenues				2,206,805
Change in net position				155,238
Net position (deficit) - beginning				(485,555)
Net position (deficit) - ending				\$ (330,317)

See accompanying notes to the basic financial statements.

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Balance Sheet
Governmental Fund
December 31, 2017

	<u>General Fund</u>
Assets	
Cash	\$ 628,487
Investments	490,650
Accounts receivable	
Ad valorem taxes	1,679,612
Assessment - service charge	440,166
Other	<u>26,727</u>
Total assets	<u>\$ 3,265,642</u>
Liabilities	
Accounts payable and accrued expenses	<u>\$ 88,706</u>
Total liabilities	<u>88,706</u>
Deferred inflows of resources	
Unavailable revenue - property taxes and assessment-service charges	<u>2,214,708</u>
Fund balance	
Unassigned	<u>962,228</u>
Total fund balance	<u>962,228</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 3,265,642</u>

See accompanying notes to the basic financial statements.

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Reconciliation of the Balance Sheet of the Governmental Fund
to the Statement of Net Position
December 31, 2017

Fund balances - total governmental fund \$ 962,228

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund. 1,329,080

Other long-term amounts are not available to pay for current -period expenditures and therefore are not available in the fund:

Deferred outflows of resources - pension related 674,107

Long-term liabilities and other amounts, including compensated absences, bonds payable, net pension liabilities, and interest payable, are not due and payable in the current period and therefore are not reported in the governmental fund:

Certificates of indebtedness	246,000	
Compensated absences	81,489	
Accrued interest payable	1,800	
Net pension liability	2,816,206	
Deferred inflows of resources - pension related	<u>172,830</u>	(3,318,325)

The nonallocation method of accounting for prepayment is used in the fund statements, since the prepayment does not provide expendable financial resources.

22,593

Net position (deficit) of governmental activities \$ (330,317)

See accompanying notes to the basic financial statements.

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the Year Ended Decemer 31, 2017

	<u>General Fund</u>
Revenues	
Ad valorem taxes	\$ 1,658,461
Service charge assessment	453,390
Charges for services - transport fees	331,635
Intergovernmental revenue:	
State revenue sharing	28,458
Fire insurance rebate	31,656
Interest income	16,553
Miscellaneous	<u>18,287</u>
Total revenues	<u>2,538,440</u>
Expenditures	
Current - fire protection	2,143,213
Capital outlay	34,773
Debt service:	
Principal	78,000
Interest, fees and charges	<u>6,187</u>
Total expenditures	<u>2,262,173</u>
Net change in fund balance	276,267
Fund balance at beginning of year	<u>685,961</u>
Fund balance at end of year	<u>\$ 962,228</u>

See accompanying notes to the basic financial statements.

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Fund to the Statement of Activities
For the Year Ended December 31, 2017

Net change in fund balance - total governmental fund		\$ 276,267
<p>Amounts reported for governmental activities in the statement of activities are different because</p>		
<p>Governmental fund report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays \$34,773 is exceeded by depreciation \$155,147 in the current period.</p>		(120,374)
<p>Repayment of debt is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of net position.</p>		78,000
<p>Revenues that are not available to pay current obligations are not reported in the governmental fund.</p>		
Nonemployer contributions to cost-sharing pension plan		124,358
<p>The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources.</p>		5,848
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental fund.</p>		
Compensated absences	7,496	
Pension expense	(216,881)	(209,385)
<p>Interest on long-term debt in statement of activities differs from the amount reported in the governmental fund because interest is recognized as an expenditure in the fund when it is due, however, interest expense is recognized as the interest accrues in the statement of net assets.</p>		524
Change in net position of governmental activities		\$ 155,238

See accompanying notes to the basic financial statements

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Notes to Financial Statements
December 31, 2017

INTRODUCTION

The Caddo Parish Fire District Number Three (the District) was created by resolution of the Caddo Parish Commission on April 11, 1984, to purchase and maintain fire equipment and to provide fire protection for the people of Caddo Parish Fire District Number Three. The District is governed by a board of commissioners consisting of 5 members: 2 members are appointed by the Caddo Parish Commission; 2 members are appointed by the Mayor and Board of Aldermen of Greenwood; and one member, who is the chairman, is appointed by the other 4 board members. Members serve two year terms and receive no compensation for their services.

(1) Summary of Significant Accounting Policies

The Caddo Parish Fire District Number Three's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Caddo Parish Fire District Number Three are discussed below.

A. Reporting Entity

Because the Caddo Parish Commission appoints two members of the governing board and because the District operates within the geographical boundaries of Caddo Parish, The District was determined to be a component unit of the Caddo Parish Commission, the governing body of the parish and the governmental body with oversight responsibility. This report includes only funds which are maintained by the District and does not present information on the Caddo Parish Commission, the general government service provided by that governmental unit, or the other governmental units that comprise the Commission.

B. Basic Financial Statements – Government-Wide Statements

The Caddo Parish Fire District Number Three's basic financial statements include both government-wide (reporting the funds maintained by the Caddo Parish Fire District Number Three as a whole) and fund financial statements (reporting the Caddo Parish Fire District Number Three's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Caddo Parish Fire District Number Three's general fund is classified as governmental activities. The Caddo Parish Fire District Number Three does not have any business-type activities.

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Caddo Parish Fire District Number Three's net position is reported in two parts – Invested in capital assets (net of related debt), and unrestricted net position.

(Continued)

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Notes to Financial Statements
December 31, 2017
(Continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the Caddo Parish Fire District Number Three's functions. The functions are supported by program revenues and general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by any related program revenues, which must be directly associated with the function. Program revenues of the District consist of transport fees billed to insurance companies and individuals, nonemployer contributions to cost-sharing pension plan, and other grants. The net costs (by function) are normally covered by general revenues.

This government-wide focus is more on the sustainability of the Caddo Parish Fire District Number Three as an entity and the change in the Caddo Parish Fire District Number Three's net position resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Caddo Parish Fire District Number Three are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Caddo Parish Fire District Number Three:

Governmental Funds – the focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the Caddo Parish Fire District Number Three:

- a. General fund is the general operating fund of the Caddo Parish Fire District Number Three. It is used to account for all financial resources except those required to be accounted for in another fund.

The emphasis in fund financial statements is on the major funds in the governmental category. GASB sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The District's general fund was determined to be a major fund.

D. Basis of Accounting

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

1. Accrual.

The governmental funds in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

(Continued)

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Notes to Financial Statements
December 31, 2017
(Continued)

Revenues of the Caddo Parish Fire District Number Three consist principally of property taxes, service charges on property, transport fees collected from billings, grants, other intergovernmental revenues, and interest income. Property taxes and service charges are recorded in the year for which the taxes are levied. Property taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. Because the 2017 tax levy and service charge assessment are intended to fund the 2017 fiscal year, the levy and assessment have been recorded as a receivable and deferred inflows of resources. Interest income is recorded when earned. Transport fees, grants, and other intergovernmental revenues are recorded when received because they are generally not measurable until actually received.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual: i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this rule is that principal and interest on general obligation long-term debt, if any, is recognized when due. Depreciation is not recognized in the governmental fund financial statements.

E. Budgets

The District uses the following budget practices:

1. A preliminary budget for the ensuing year is prepared by the Fire Chief and Officers of the District prior to December 31 of each year and is made available for public inspection at least fifteen days prior to the beginning of each fiscal year.
2. After completion of all action necessary to finalize and implement the budget, the budget is adopted by the Board of Commissioners
3. All budgetary appropriations lapse at the end of each fiscal year
4. The budget is established and controlled by the board of commissioners at the object level of expenditure. All changes in the budget must be approved by the board.
5. The budget is adopted on a cash basis for the general fund. One amendment was made to the 2017 budget.

F Cash, Cash Equivalents, and Investments

Cash includes amounts in petty cash, interest-bearing demand deposits, and money market accounts. 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 money market accounts with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States. Investments are limited by Louisiana Revised Statute (R.S.) 33:2955. If the original maturities of

(Continued)

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Notes to Financial Statements
December 31, 2017
(Continued)

investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are carried at fair value.

G. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	24 – 37 years
Equipment	3 – 33 years

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has deferred outflows of resources related to pensions reported in the government-wide statement of net position.

The District's governmental activities and governmental fund report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has items that meet this definition and qualify for reporting in this category. Accordingly, the item "unavailable revenue" is reported in the governmental fund balance sheet and statement of net position. The District reports unavailable revenue from two sources: property taxes and assessment – service charges. These amounts are deferred and recognized as an inflow of resources in the period for which the amounts were levied and budgeted. The District also has deferred inflows of resources related to pensions reported in the government-wide statement of net position.

I. Compensated Absences

The District has the following policy relating to vacation and sick leave.

After one year of service, fireman earn from 18 to 28 days of annual leave each year, depending on their length of service. Annual leave must be taken in the year earned. Unused annual leave cannot be accumulated. Upon termination, employees are paid for any earned but unused annual leave in the year of termination. The current portion of compensated absences payable (the amount estimated to be used during the period of availability) is recorded as a liability in the fund financial statements. The entire balance of compensated absences payable is recognized as a liability in the government-wide financial statements. The non-current portion represents a reconciling item between the fund and government-wide statements.

Each full-time employee is entitled to full pay during sickness or incapacity not brought about by his or her own negligence or culpable indiscretion, for a period of not less than 52 weeks, during any calendar year.

(Continued)

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Notes to Financial Statements
December 31, 2017
(Continued)

J. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

K. Assessment – Service Charge

A primary revenue source is the service charge fee assessed by the District. The District is authorized to levy a fee to assess persons owning each residential or commercial structure located wholly or partly within the boundaries of said District. The amount of the assessment is \$110 per year.

L. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through constitutional provisions or enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

M. Fund Balances

GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form, such as inventory or prepaid expenses, or (b) legally or contractually required to be maintained intact, such as a trust that must be retained in perpetuity.
2. Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
3. Committed fund balances include amounts that can be used only for the specific purposes as a result of constraints imposed by the District's board of commissioners (the District's highest level of decision making authority). Committed amounts cannot be used for any other purpose unless the District's board of commissioners removes those constraints by taking the same type of action (i.e. legislation, resolution, or ordinance).

(Continued)

Caddo Parish Fire District Number Three
 Greenwood, Louisiana
 Notes to Financial Statements
 December 31, 2017
 (Continued)

4. Assigned fund balances are amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The District's board of commissioners have the authority to assign amounts to be used for specific purposes
5. Unassigned fund balance are the residual classification for the District's general fund and include all spendable amounts not contained in the other classifications.

When both restricted and unrestricted fund balances are available for use, it is the District's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

N. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities in the statement of net position. Bonds payable are reported net of the applicable bond premium or discount.

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

(2) Levied Taxes

The following is a summary of authorized and levied ad valorem taxes:

	Authorized Millage	Levied Millage	Expiration Date
Operating	15.95	15.95	2019

A special election was held on March 24, 2018 which resulted in the millage being renewed beginning in the year 2020 and ending with the year 2039

(Continued)

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Notes to Financial Statements
December 31, 2017
(Continued)

(3) Cash, Cash Equivalents, and Investments

At December 31, 2017, the District had cash, cash equivalents and investments (book balances), totaling \$1,119,137 as detailed below

A. Cash, Cash Equivalents, and Investments

The District had cash and cash equivalents at December 31, 2017 (book balances) totaling \$628,487 in interest bearing demand deposits, money market accounts, and certificates of deposit. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

B. Investments

At December 31, 2017, the District had investments totaling \$490,650 as follows:

Government backed mortgage securities	\$ 209,563
Certificates of deposit	55,136
Cash and money market funds	<u>225,951</u>
	<u>\$ 490,650</u>

At December 31, 2017, the District had investments totaling \$209,563 consisting of U.S. Government backed mortgage securities. The market value of this particular type of investment is not materially different from its carrying amount. The investments are in the name of the District, held by an investment company and are insured by the Securities Investor Protection Corporation.

The certificates of deposits have initial maturities greater than 90 days and are carried at cost, which approximates market. Cash and money market funds are carried at cost, which approximates market.

C. Credit Risk

Custodial credit risk is the risk that in the event of a bank or other depositing institution failure, the government's deposits may not be returned to it. As of December 31, 2017, \$273,891 of the District's bank balances of \$651,477 were exposed to custodial credit risk as follows:

Uninsured and collateral held by the pledging bank's trust department, not in the District's name

Demand deposits	<u>\$ 273,891</u>
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(Continued)

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Notes to Financial Statements
December 31, 2017
(Continued)

(4) Capital Assets

Capital asset activity for the year ended December 31, 2017, was as follows.

	Balance at Jan. 1, 2017	Additions	Deletions	Balance at Dec 31, 2017
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 74,350	\$	\$	\$ 74,350
	<u>74,350</u>			<u>74,350</u>
Capital assets, being depreciated:				
Buildings	918,836	2,099		920,935
Equipment	2,885,789	32,674	(150,000)	2,768,463
Total capital assets, being depreciated at historical cost	<u>3,804,625</u>	<u>34,773</u>	<u>(150,000)</u>	<u>3,689,398</u>
Less accumulated depreciation				
Buildings	(442,135)	(32,961)		(475,096)
Equipment	(1,987,386)	(122,186)	150,000	(1,959,572)
Total accumulated depreciation	<u>(2,429,521)</u>	<u>(155,147)</u>	<u>150,000</u>	<u>(2,434,668)</u>
Total capital assets being depreciated, net	<u>1,375,104</u>	<u>(120,374)</u>		<u>1,254,730</u>
Governmental activities capital assets, net	<u>\$ 1,449,454</u>	<u>\$ (120,374)</u>	<u>\$</u>	<u>\$ 1,329,080</u>

Depreciation expense for the year ended December 31, 2017, was \$155,147.

(5) Risk Management

The District purchases commercial insurance to provide workers compensation coverage and general liability and property insurance. There were no significant reductions in insurance coverage from the prior year.

(Continued)

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Notes to Financial Statements
December 31, 2017
(Continued)

(6) Pension Plan

The District participates in the State of Louisiana Firefighters' Retirement System (System), a cost-sharing multiple-employer defined benefit pension plan established by Act 434 of 1979 to provide retirement, disability and survivor benefits to firefighters in Louisiana.

PLAN DESCRIPTION

Benefit provisions are authorized within Act 434 of 1979 and amended by LRS 11:2251-11:2272. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Eligibility Requirements

Any person who becomes an employee as defined in RS 11:2252 on and after January 1, 1980 shall become a member as a condition of employment. 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.

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 or 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.

(Continued)

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Notes to Financial Statements
December 31, 2017
(Continued)

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) and (C).

Deferred Retirement Option Plan

After completing 20 years of creditable service and age 50 or 25 years at any age, a member may elect to participate in the deferred retirement option plan (DROP) for up to 36 months. Upon commencement of participation in the deferred retirement option plan, employer and employee contributions to the System cease

The monthly retirement benefit that would have been payable is paid into the deferred retirement option plan account. Upon termination of employment, a participant in the program has several options to receive their DROP benefit. A member may (1) elect to roll over all or a portion of their DROP balance into another eligible qualified plan, (2) receive a lump-sum payment from the account, (3) receive single withdrawals at the discretion of the member, (4) receive monthly or annual withdrawals, or (5) receive an annuity based on the deferred retirement option plan account balance. These withdrawals are in addition to his regular monthly benefit.

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

Initial Benefit Option Plan

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

Cost of Living Adjustments (COLAs)

Under the provisions of R.S. 11:246 and 11:2260(A)(7), the board of trustees is authorized to grant retired members and widows of members who have retired an annual cost of living increase of up to 3% of their current benefit, and all retired members and widows who are 65 years of age and older a 2% cost of living increase in their original benefit.

CONTRIBUTIONS

Contribution requirements for employers, non-employer contributing entities, and employees are established and may be amended in accordance with Title 11 and Title 22 of the Louisiana Revised Statutes.

(Continued)

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Notes to Financial Statements
December 31, 2017
(Continued)

Employer and Employee Contributions

According to State statute, 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 25.25% and 10.0%, respectively. The employer and employee contribution rates for those members below the poverty line were 27.25% and 8.0%, respectively. The District's contributions to the System for the years ended December 31, 2017, 2016, and 2015 were \$294,693, \$295,591, and \$278,818, respectively. Included in accounts payable at December 31, 2017, are contributions for the month of December, 2017, in the amount of \$26,039.

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 System and attributable to the District during the year ended June 30, 2017 were \$124,358.

**PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES
AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS**

At December 31, 2017, the District reported a liability of \$2,816,206 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the historical employer contributions. The employer's proportion was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The allocation percentages were used in calculating each employer's proportionate share of the pension amounts.

The allocation method used in determining each employer's proportion was based on the combined contributions to the System during the year ended June 30, 2017 as compared to the total of all combined contributions to the System during the fiscal year ended June 30, 2017. At June 30, 2017, the District's proportion was .4913260%, which was an increase of .0199260% from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the District recognized pension expense of \$486,793, plus employer's amortization of change in proportionate share and the difference between employer contributions and proportionate share of contributions, \$26,518.

(Continued)

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Notes to Financial Statements
December 31, 2017
(Continued)

At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$	\$ 157,051
Changes of assumptions	117,789	672
Net difference between projected and actual earnings on pension plan investments	242,275	
Changes in proportion and differences between employer contributions and proportionate share of contributions	162,989	15,107
Employer contributions subsequent to the measurement Date	151,054	
Total	<u>\$ 674,107</u>	<u>\$ 172,830</u>

The District reported a total of \$151,054 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2017, which will be recognized as a reduction in net pension liability in the year ended December 31, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

<u>Year</u>	<u>Amount</u>
2018	\$ 124,107
2019	172,621
2020	65,128
2021	(63,622)
2022	30,799
2023	21,190
Total	<u>\$ 350,223</u>

(Continued)

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Notes to Financial Statements
December 31, 2017
(Continued)

ACTUARIAL METHODS AND ASSUMPTIONS

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position. The actuarial assumptions used in the June 30, 2017 valuation were based on the assumptions used in the June 30, 2017 actuarial funding valuation, and were based on results of an actuarial experience study for the period July 1, 2009 - June 30, 2014. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2017 are as follows:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal Cost
Estimated Remaining Service Life	7 years
Investment Rate of Return	7.4% per annum (net of investment expenses, including inflation) (decreased from 7.5% in 2016)
Inflation Rate	2.775% per annum (decreased from 2.875% in 2016)
Salary increases	Vary from 15.0% in the first two years of service to 4.75% after 25 years
Cost of Living Adjustments	Only those previously granted

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 credibility 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. The RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2031 using Scale AA were selected for employee, annuitant, and beneficiary mortality. The RP-2000 Disabled Lives Mortality Table set back five years for males and set back three years for females was selected for disabled annuitants. Setbacks in these tables were used to approximate mortality improvement.

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

(Continued)

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Notes to Financial Statements
December 31, 2017
(Continued)

produce the long-term expected rate of return by The long term expected nominal rate of return was 8.29% as of June 30, 2017. Best estimates of real rates of return for each major asset class included in System's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rates of Return</u>
Fixed income	23%	2.04%
Equity	57%	6.81%
Alternatives	10%	6.67%
Other	10%	4.59%
Totals	<u>100%</u>	

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.

SENSITIVITY TO CHANGES IN DISCOUNT RATE

The following presents the net pension liability 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 6.4% or one percentage point higher 8.4% than the current rate as of June 30, 2017.

	<u>Changes in Discount Rate</u>		
	1% Decrease <u>6.4%</u>	Current Discount Rate <u>7.40%</u>	1% Increase <u>8.40%</u>
Net Pension Liability	\$ 4,046,780	\$ 2,816,206	\$ 1,781,733

CHANGE IN NET PENSION LIABILITY

The changes in the net pension liability for the year ended June 30, 2017 were recognized in the current reporting period as pension expense except as follows:

Differences between Expected and Actual Experience:

The differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized as pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

(Continued)

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Notes to Financial Statements
December 31, 2017
(Continued)

Differences between Projected and Actual Investment Earnings:

The differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period.

Changes of Assumptions:

The changes of assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

Change in Proportion:

Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan.

CONTRIBUTIONS - PROPORTIONATE SHARE

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of employer amounts due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

PLAN FIDUCIARY NET POSITION

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's plan fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily related to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated amounts. The Plan's fiduciary net position has been determined on the same basis as that used by the plan.

Detailed information about the fiduciary net position is available in a stand-alone audit report on their financial statements for the year ended June 30, 2017. Access to these reports can be found on the Louisiana Legislative Auditor's website, www.lla.la.gov.

RETIREMENT SYSTEM AUDIT REPORT

Firefighters' Retirement System issued a stand-alone audit report on its financial statements for the year ended June 30, 2017. Access to the audit report can be found on the System's website: www.lafirefightersret.com or on the Office of Louisiana Legislative Auditor's official website: www.lla.la.gov.

(Continued)

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Notes to Financial Statements
December 31, 2017
(Continued)

(7) Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2017, was as follows

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Certificates of Indebtedness:					
Certificates of Indebtedness	\$ 324,000	\$	\$ (78,000)	\$ 246,000	\$ 80,000
Total Certificates of Indebtedness	<u>324,000</u>	<u></u>	<u>(78,000)</u>	<u>246,000</u>	<u>80,000</u>
Other long-term liabilities:					
Net pension liability	3,083,382		(267,176)	2,816,206	
Compensated Absences	<u>100,974</u>	<u></u>	<u>(3,218)</u>	<u>97,756</u>	<u>97,756</u>
Total other long-term liabilities	<u>3,184,356</u>	<u></u>	<u>(270,394)</u>	<u>2,913,962</u>	<u>97,756</u>
Governmental Activities long-term liabilities	<u>\$ 3,508,356</u>	<u>\$</u>	<u>\$ (348,394)</u>	<u>3,159,962</u>	<u>177,756</u>
Less amounts due within period of availability-recorded in accounts payable				<u>(16,267)</u>	<u>(16,267)</u>
Total long-term liabilities, government-wide statements				<u>\$3,143,695</u>	<u>\$ 161,489</u>

(Continued)

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Notes to Financial Statements
December 31, 2017
(Continued)

Certificates of indebtedness at December 31, 2017 is comprised of the following individual issues:

Series 2015, original amount \$340,000 for acquiring, constructing and/or improving the fire protection facilities and purchasing fire trucks and other fighting equipment and costs of issuance, due in annual installments of \$61,000 to \$84,000 through March, 2020; Interest rate 2.50%; repayment of debt is paid from the operating ad valorem tax levied by the District. The indebtedness is secured by a pledge of the proceeds of the District's ad valorem tax.

\$ 216,000

Series 2015, certificates of indebtedness of \$60,000, issued through the Louisiana Public Facilities Authority for the same purposes of the previously mentioned indebtedness. The indebtedness has a zero (0%) percent interest rate and due in annual installments of \$15,000 through March, 2019.

\$ 30,000

Debt service requirements at December 31, 2017, were as follows:

<u>Fiscal Year</u>	<u>Certificate of Indebtedness</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 80,000	\$ 4,588	\$ 84,588
2019	82,000	2,937	84,937
2020	84,000	1,050	85,050
	<u>\$ 246,000</u>	<u>\$ 8,575</u>	<u>\$ 254,575</u>

Interest expense in the statement of activities for the year ended December 31, 2017 was \$5,663.

(8) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at December 31, 2017 consisted of the following:

Accounts payable	\$ 20,797
Payroll liabilities	51,642
Compensated absences	<u>16,267</u>
Total fund statements	<u>88,706</u>
Accrued interest payable	<u>1,800</u>
Total government-wide statements	<u>\$ 90,506</u>

(Continued)

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Notes to Financial Statements
December 31, 2017
(Continued)

(9) Deferred Inflows of Resources

Deferred inflows of resources recorded at December 31, 2017 consist of the following:

Unavailable revenue:

Ad valorem taxes	\$ 1,754,956
Assessment – service charges	<u>459,752</u>
Total fund statements	<u>\$ 2,214,708</u>

Pension related	<u>172,830</u>
Total government-wide statements	<u>\$ 2,387,538</u>

(10) Operating Lease

The District leases certain equipment under an operating lease. Payments during 2017 on this lease totaled \$1,646. Future minimum lease payments for this lease are as follows:

Year Ending December 31,	Amount
2018	\$ 1,646
2019	<u>1,646</u>
	<u>\$ 3,292</u>

(11) Subsequent Events

Subsequent events have been evaluated through May 21, 2018, the date the financial statements were available to be issued.

During January, 2018 the District ordered a new ambulance with a cost of approximately \$135,826.

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Ad valorem taxes	\$ 1,688,858	\$ 1,677,735	\$ 1,658,461	\$ (19,274)
Service charge - assessment	439,368	434,110	453,390	19,280
Charges for services - transport fees	160,000	331,600	331,635	35
Grants	1,500			
State revenue sharing	25,200	27,194	28,458	1,264
Fire insurance rebate	29,800	31,655	31,656	1
Interest income	12,000	16,165	16,553	388
Miscellaneous	100	18,285	18,287	2
Total revenues	2,356,826	2,536,744	2,538,440	1,696
Expenditures				
Current - fire protection	2,213,803	2,108,248	2,161,273	(53,025)
Capital outlay	132,000	67,420	34,773	32,647
Debt service	8,420	84,188	84,187	1
Total expenditures	2,354,223	2,259,856	2,280,233	(20,377)
Net change in fund balance	2,603	276,888	258,207	(18,681)
Fund balance at beginning of year	860,930	860,930	860,930	
Fund balance at end of year	\$ 863,533	\$ 1,137,818	\$ 1,119,137	\$ (18,681)

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Notes to Required Supplementary Information
December 31, 2017

The District's budget is adopted on a cash basis for all funds. There was one amendment to the 2017 budget. The budget comparison schedule included in the accompanying financial statements includes the original and amended budget. The schedule below reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on the budget basis with GAAP basis:

	<u>General Fund</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (budget basis)	\$ 258,207
Adjustments:	
Expenditure accruals – net	<u>18,060</u>
Excess of revenues and other sources over (under) expenditures and other uses (GAAP basis)	<u>\$ 276,267</u>

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Schedule of Proportionate Share of Net Pension Liability
For the Year Ended December 31, 2017

State of Louisiana Firefighters' Retirement System

	2017	2016	2015
Proportion of the net pension liability	.491326%	.47140%	.451482%
Proportionate share of the net pension liability	\$ 2,816,206	\$ 3,083,382	\$ 2,436,699
Covered-employee payroll	1,140,188	1,062,903	959,485
Proportionate share of the net pension liability as a percentage of covered-employee payroll	246.99%	290.69%	253.96%
Plan fiduciary net position as a percentage of the total pension liability	73.55%	68.16%	72.45%

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

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Schedule of Contributions
For the Year Ended December 31, 2017

State of Louisiana Firefighters' Retirement System

	<u>2016</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 294,693	\$ 295,591	\$ 278,818
Contributions in relation to the contractually required contribution	\$ 294,693	\$ 295,591	\$ 278,818
Contribution deficiency (excess)	-	-	-
Covered-employee payroll	\$ 1,138,882	\$ 1,126,669	\$ 987,928
Contributions as a percentage of covered-employee payroll	25.88%	26.24%	28.22%

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

Caddo Parish Fire District Number Three
Greenwood, Louisiana
A Component Unit of the Caddo Parish Commission
Other Supplementary Information
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2017

Agency Head: Ernest Mitchell, Fire Chief

PURPOSE		AMOUNT
Salary	\$	88,260
Benefits - insurance		12,919
Benefits - retirement		24,443
State supplemental pay		6,000

COOK & MOREHART

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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*

Independent Auditors' Report

Board of Commissioners
Caddo Parish Fire District Number Three

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Caddo Parish Fire District Number Three as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Caddo Parish Fire District Number Three's basic financial statements, 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 Caddo Parish Fire District Number Three's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Caddo Parish Fire District Number Three's internal control. Accordingly, we do not express an opinion on the effectiveness of the Caddo Parish Fire District Number Three's internal control.

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

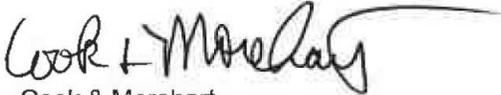
Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did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

Compliance and Other Matters

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

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.



Cook & Morehart
Certified Public Accountants
May 21, 2018

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Summary Schedule of Prior Audit Findings
December 31, 2017

Summary Schedule of Prior Audit Findings

There were no findings or management letter comments for the prior year audit for the year ended December 31, 2016.

Current Year Audit Findings and Corrective Action Plan
Schedule For Louisiana Legislative Auditor
December 31, 2017

Current Year Audit Findings and Corrective Action Plan

There were no findings or management letter comments for the current year audit for the year ended December 31, 2017.

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Independent Accountants' Report on Applying Agreed-Upon Procedures

To the Board of Commissioners
Caddo Parish Fire District Number Three
Greenwood, Louisiana
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Caddo Parish Fire District Number Three 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 Caddo Parish Fire District Number Three's (District) 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 findings 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.

The District provided written policies and procedures addressing all of the above

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.

The Board of Commissioners of the District met on a monthly basis

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - 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

The minutes of the board of commissioners referenced and included budget to actual comparisons on the general fund.

- 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.

The minutes of the Board of Commissioners of the District did reference non-budgetary financial information for at least one meeting during the fiscal period

Bank Reconciliations

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

Management provided the requested information, along with 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 5 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;

Bank reconciliations were prepared for each month examined.

- 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

For the bank reconciliations selected for testing, there were attributes indicating a member of management reviewed the bank reconciliation.

- 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.

Exception: One bank account had one check for \$10.00 that was outstanding for more than 6 months.

Management's Response: Management will research the check.

Collections

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

Management provided the requested information, along with 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 5 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

Each person responsible for collecting cash was insured under the District's blanket crime insurance policy. Each person responsible for collecting cash was not responsible for depositing cash in the bank, recording the related transaction, or reconciling the related bank account, except as noted below. Each person responsible for collecting cash was not required to share the same cash register or drawer with another employee.

Exception: The individual responsible for collecting cash is also responsible for depositing the cash in the bank

Management's Response: The District will begin having someone other than the individual responsible for collecting the cash be responsible for depositing the cash in the bank

- 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

The District has a formal process to reconcile cash collections to the general ledger, by revenue source, by a person who is not responsible for cash collections.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

For the week selected, deposits were processed within one day of collection

- 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

For the week selected, daily cash collections were completely supported by collection 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.

The District has a process to determine completeness of all collections 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.

Management provided the requested information, along with 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; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Payments for purchases were not processed without an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice, except as noted below.

Exception: The District does not have a formal purchase order system. Six (6) of the twenty-five (25) disbursements selected did not have evidence of approval by the Fire Chief on the invoices.

Management's Response: It is the District's policy for the Fire Chief to approve all disbursements.

- 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

The District's policy is that new vendors can only be added to the purchasing/disbursement system after approval by the Fire Chief. The Fire Chief is not responsible for processing payments.

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.

Persons 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.

Persons with signatory authority do not have system access to print checks.

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.

Persons with signatory authority do not use a signature stamp or signature machine.

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.

Management provided the requested information, along with 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. 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.

For each card selected for testing, there were attributes indicating that someone other than the authorized card holder reviewed and approved the monthly statements and supporting documentation for the items selected for testing.

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

None of the statements selected for testing contained finance charges and or late fees

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the cards selected (i.e. each of the 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)

Transactions tested were supported by original itemized receipts.

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

Transactions tested contained documentation of business purpose except as noted below:

Exception: Seventeen (17) of the twenty-five (25) receipts tested did not have the business purpose documented on the receipt.

Management's Response: The District will document the business purpose on all receipts in the future.

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

No other documentation is required by the District's written credit card policy.

- 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.

We compared each transaction tested to the agency's written policies and public bid law. There were no exceptions noted.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

The District's documentation met the requirements of Article 7, Section 14.

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.

Management provided the requested information, along with 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.

Amounts tested did not exceed GSA rates.

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.

Amounts tested did not exceed GSA 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)

Amounts tested were supported by itemized receipts and documentation of business purpose. No other documentation is required by written policies.

- 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.

The District's documentation met requirements of Article 7, Section 14 of the Louisiana Constitution.

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

Documentation for expenses tested was approved by someone other than the person receiving the reimbursement.

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.

Management provided the requested information, along with 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.

There were formal, written contracts supporting the services arrangement and the amounts paid for the contracts selected for testing

- 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)

Not applicable.

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

Exception. Quotes were not obtained for the one contract selected for testing which was for an office copier lease of \$1,646 annually.

Management's Response The District will solicit quotes as a best practice when feasible.

- 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.

None of the contracts selected for testing were amended during the testing period.

- 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.

The largest payment selected for testing from the contract was supported by an invoice that agreed with the terms 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)

The contract selected for testing did not require Board of Commissioners approval.

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.

Management provided the requested information, along with 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

Payment was made in accordance with the terms of the approved pay rates.

- 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.

Changes made to hourly pay rates/salaries during the fiscal period were approved in writing and in accordance with the District's written policy.

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).

For transactions selected for testing, daily attendance and leave were documented

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

Transactions selected for testing contained evidence that supervisors approved the attendance and leave of the selected employees

- 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.

For the transactions selected for testing, the District maintained 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

Termination payments selected for testing were made in accordance with the District's policy and approved by management.

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.

Employee and employer portions of payroll taxes and retirement contributions, as well as required reporting forms, were 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.

Exception: Documentation to demonstrate that revised ethics training was completed was not provided for three (3) of the five (5) employees tested.

Management's Response: It is the District's policy for all employees to comply with the required ethics training.

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.

There were no alleged ethics violations reported to management.

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.

The District did not issue any new debt during the current fiscal year.

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.

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.

The District does not have any tax millages relating to outstanding debt.

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.

Management is not aware of any misappropriation 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.lia.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

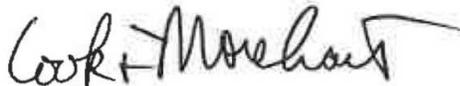
The District has posted on its premises the notice required by R.S. 24:523.1. The District does not have a functioning website.

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

We have not observed or identified any exceptions regarding management's representations in the above 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.



Cook & Morehart
Certified Public Accountants
May 21, 2018