

**FIRE PROTECTION DISTRICT NO. 7**

**OF THE PARISH OF ST. MARY  
STATE OF LOUISIANA**

**Annual Component Unit Financial Statements with  
Independent Auditors' Report**

**and**

**Report on Internal Control Over Financial Reporting and  
Compliance and Other Matters**

**For the Year Ended September 30, 2017**

## CONTENTS

	<u>PAGE</u>
 <u>FINANCIAL INFORMATION SECTION</u>	
Independent Auditors' Report	1-2
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	3
Statement of Activities	4
Fund Financial Statements	
Balance Sheet-Governmental Funds	5
Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds	6
Budgetary Comparison – General Fund	7
Notes to the Financial Statements	8-17
 <u>INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS</u>	
Independent Auditor's Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	18-19
Schedule of Findings	20-21
Summary of Prior Year Findings and Related Corrective Action Prepared by the Fire Protection District No. 7 of the Parish of St. Mary	22
Corrective Action Plan Prepared by the Management of Fire Protection District No. 7 of the Parish of St. Mary, State of Louisiana	23

FINANCIAL INFORMATION SECTION



INDEPENDENT AUDITORS' REPORT

The Board of Commissioners  
Fire Protection District No. 7 of the Parish  
of St. Mary, State of Louisiana  
Bayou Vista, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund and the respective budgetary comparison for the General Fund of Fire Protection District No. 7 of the Parish of St. Mary, a component unit of St. Mary Parish, as of and for the year ended September 30, 2017, and the related notes to these financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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.

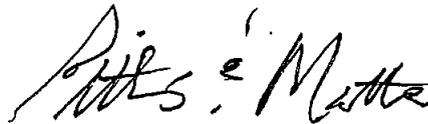
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### 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 each major fund of Fire Protection District No. 7 of the Parish of St. Mary, as of September 30, 2017 and the respective changes in financial position and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 22, 2018, on our consideration of the Fire Protection District No. 7 of the Parish of St. Mary, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contract, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Fire Protection District No. 7 of the Parish of St. Mary, internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Morgan City, Louisiana  
March 22, 2018

**FIRE PROTECTION DISTRICT NO. 7 OF THE PARISH OF ST. MARY  
STATE OF LOUISIANA**

**Statement of Net Position  
September 30, 2017**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 343,961
Total current assets	<u>343,961</u>
Capital Assets	
Property and equipment, net of accumulated depreciation	<u>1,618,475</u>
Total net capital assets	<u>1,618,475</u>
Total Assets	<u>\$ 1,962,436</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	
Liabilities	
Current liabilities	
Accounts payable and accrued expenses	\$ 32,891
Accrued interest payable	3,303
Current portion of long-term debt	<u>108,000</u>
Total current liabilities	<u>144,194</u>
Noncurrent liabilities	
Noncurrent portion of long-term debt	<u>1,069,000</u>
Total noncurrent liabilities	<u>1,069,000</u>
Total liabilities	<u>1,213,194</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pension	<u>129,182</u>
Total deferred inflows of resources	<u>129,182</u>
Total liabilities and deferred inflows of resources	<u>1,342,376</u>
Net Position	
Net Investment in capital assets	441,474
Restricted for:	
Debt service	-
Unrestricted	<u>178,586</u>
Total net position	<u>620,060</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 1,962,436</u>

**FIRE PROTECTION DISTRICT NO. 7 OF THE PARISH OF ST. MARY  
STATE OF LOUISIANA**

**Statement of Activities  
For the Period Ended September 30, 2017**

	Total
<u>Expenses</u>	
Advertising	\$ 1,708
Auto and truck	11,503
Election	3,150
Insurance	21,360
Professional services	16,981
Office	2,577
Repair and maintenance	74,345
Salaries and per diem	31,335
Supplies	9,723
Utilities and telephone	9,633
Taxes- payroll	2,051
Uniforms	618
Miscellaneous	696
Depreciation	157,536
Interest	45,649
Pension expense (benefit)	(32,944)
Fees on long-term debt	380
Total program expenses	356,301
 <u>General revenues</u>	
Advalorem taxes	525,504
Investment income	214
Total general revenues	525,718
 Change in net position	169,417
 Net position - beginning of period	450,643
Net position - end of period	\$ 620,060

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

**FIRE PROTECTION DISTRICT NO. 7 OF THE PARISH OF ST. MARY  
STATE OF LOUISIANA**

**Balance Sheet  
Governmental Funds  
September 30, 2017**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 342,705	\$ 1,256	\$ 343,961
Due from Debt Service Fund	<u>3,358</u>	<u>-</u>	<u>3,358</u>
<b>Total assets</b>	<b><u>\$ 346,063</u></b>	<b><u>\$ 1,256</u></b>	<b><u>\$ 347,319</u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable and accrued expenses	32,891		32,891
Due to General Fund	<u>-</u>	<u>3,358</u>	<u>3,358</u>
<b>Total liabilities</b>	<b><u>32,891</u></b>	<b><u>3,358</u></b>	<b><u>36,249</u></b>
<b>Fund balances:</b>			
Unassigned	313,172		313,172
Restricted for debt service	<u>-</u>	<u>(2,102)</u>	<u>(2,102)</u>
<b>Total fund balances</b>	<b><u>313,172</u></b>	<b><u>(2,102)</u></b>	<b><u>311,070</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 346,063</u></b>	<b><u>\$ 1,256</u></b>	<b><u>\$ 347,319</u></b>

Reconciliation of the total fund balance -- total governmental funds  
to the net position of governmental activities:

Total fund balance - Governmental Funds	\$ 311,070
---	------------

Amounts reported for governmental activities in the Statement of Net Position  
are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	1,618,475
--	-----------

Interest payable on long-term debt does not require current financial resources, and, therefore, interest payable is not reported as a liability in the governmental funds balance sheet.	(3,303)
---	---------

Noncurrent liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet	
Current portion of long-term debt	\$ 108,000
Noncurrent portion of long-term debt	<u>1,069,000</u>
	<u>(1,177,000)</u>

Deferred outflows and inflows of resources do not affect the current period and, therefore, they are not reported in the governmental fund balance sheet:	
Deferred inflows of resources related to pensions	<u>(129,182)</u>

Net position of governmental activities	<u>\$ 620,060</u>
---	-------------------

**FIRE PROTECTION DISTRICT NO. 7 OF THE PARISH OF ST. MARY  
STATE OF LOUISIANA**

**Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Period Ended September 30, 2017**

	General Fund	Debt Service Fund	Total Governmental Funds
<u>Revenues</u>			
Ad valorem taxes	\$ 328,440	\$ 197,064	\$ 525,504
Investment income	135	79	214
	<u>328,575</u>	<u>197,143</u>	<u>525,718</u>
Total revenues			
<u>Expenditures</u>			
Current:			
Advertising	1,708		1,708
Auto and truck	11,503		11,503
Election	3,150		3,150
Insurance	21,360		21,360
Professional services	16,981		16,981
Supplies	9,723		9,723
Office	2,561	16	2,577
Repair and maintenance	74,345		74,345
Salaries and per diem	31,335		31,335
Utilities and telephone	9,633		9,633
Uniforms	618		618
Payroll tax	2,051		2,051
Miscellaneous	696		696
Debt service:			
Principal		302,000	302,000
Interest and fiscal charges		46,508	46,508
Fees		380	380
Capital outlay	159,760	-	159,760
	<u>345,424</u>	<u>348,904</u>	<u>694,328</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	(16,849)	(151,761)	(168,610)
Fund balances, beginning of period	330,021	149,659	479,680
Fund balances, end of period	<u>\$ 313,172</u>	<u>\$ (2,102)</u>	<u>\$ 311,070</u>

Reconciliation of the changes in fund balances - total governmental funds to the change in net position of governmental activities:

Net change in fund balance - Governmental Funds \$ (168,610)

Amounts reported for governmental activities in the Statement of Activities are different because:

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces noncurrent liabilities in the statement of net position. 302,000

Governmental funds report capital outlay expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$159,760) meeting the District's Capitalization policy in the current period exceeds depreciation (\$157,536) in the current period. 2,224

Some expenses reported in the Statement of Activities do not require the use of current financial resources; therefore, they are not reported as expenditures in the governmental funds  
Interest 859

Government funds report employer contributions to pension costs as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions minus the decrease in deferred inflows of resources amortized over the remaining service life is reported as pension (expense) or reduction of expense. This is the amount by which employer contributions (none) is exceeded by cost of pension benefits (none) and decrease in deferred inflow of resources (\$32,944 in 2017) 32,944

Change in net position of governmental activities \$ 169,417

**FIRE PROTECTION DISTRICT NO. 7 OF THE PARISH OF ST. MARY  
STATE OF LOUISIANA**

**Budgetary Comparison - General Fund (Non-GAAP Basis)  
For the Year Ended September 30, 2017**

	Original <u>Budget</u>	Final <u>Budget</u>	Actual <u>Amounts</u>	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Ad Valorem tax	\$ 325,000	\$ 325,000	\$ 328,440	\$ 3,440
Investment income	-	-	135	135
Total revenues	<u>325,000</u>	<u>325,000</u>	<u>328,575</u>	<u>3,575</u>
 <u>Expenditures</u>				
Current:				
Advertising	2,000	2,000	1,708	292
Auto and truck	12,000	12,000	11,503	497
Election	-	-	3,150	(3,150)
Insurance	40,000	40,000	21,360	18,640
Professional services	10,000	10,000	16,981	(6,981)
Office	5,000	5,000	2,561	2,439
Payroll tax	3,000	3,000	2,051	949
Repair and maintenance	50,000	50,000	59,116	(9,116)
Salaries and per diem	29,000	29,000	31,335	(2,335)
Supplies	1,000	1,000	9,723	(8,723)
Utilities and telephone	5,500	5,500	9,633	(4,133)
Training	10,000	10,000	-	10,000
Uniforms	600	600	618	(18)
Miscellaneous	100	100	696	(596)
Capital outlay	<u>150,500</u>	<u>150,500</u>	<u>159,670</u>	<u>(9,170)</u>
Total expenditures	<u>318,700</u>	<u>318,700</u>	<u>330,105</u>	<u>(11,405)</u>
Excess of revenues over expenditures	<u>\$ 6,300</u>	<u>\$ 6,300</u>	<u>\$ (1,530)</u>	<u>\$ (7,830)</u>

**FIRE PROTECTION DISTRICT NO. 7 OF THE PARISH OF  
ST. MARY, STATE OF LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

September 30, 2017

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Fire Protection District No. 7 (the District) of the Parish of St. Mary, State of Louisiana, was created by Ordinance No. 1008 of the St. Mary Parish Council on May 27, 1987. Active operations of the District began on October 24, 2007. The District encompasses the area of the Parish known as Bayou Vista. The purpose of the District is to provide fire prevention, fire protection, medical assistance, and extrication rescue. The District's firefighters are volunteers of the Bayou Vista Volunteer Fire Department.

The financial statements of Fire Protection District No. 7 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

**A. Reporting Entity**

In evaluating how to define the governmental unit, for financial reporting purposes, consideration has been given to the following criteria as set forth in GAAP:

- a. Financial benefit or burden
- b. Appointment of a voting majority
- c. Imposition of will
- d. Fiscally dependent

Based upon the above criteria, the District is a component unit and integral part of the St. Mary Parish Council (the primary government).

These financial statements include only the operations of the District.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### B. Basic Financial Statements - Government-wide Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities which report all activities of the District as a whole. The government-wide presentation focuses primarily on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues.

### C. Basic Financial Statements - Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, reserves, fund equity, revenues, and expenditures.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types." The following is a description of the funds utilized by the District.

#### Governmental Funds

The District considers both of its governmental funds to be major funds.

##### General Fund

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

##### Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

### D. Basis of Accounting

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

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Government-wide Statements

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets, all deferred outflows of resources, all liabilities, all deferred inflows of resources (whether current or noncurrent) are included on the statement of net position and the statement of activities presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

### Fund Financial Statements

Governmental fund financial statements are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current deferred outflows of resources, current liabilities, and current deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities (the District uses a thirty day period after year end).

### E. Revenues

The following is a summary of the District's recognition policies for its major revenue sources:

Ad valorem taxes (which are based on population and homesteads in the District) are recorded in the year taxes are assessed and collected.

Interest earnings are generally recorded when earned.

Substantially all other revenues are recorded when received.

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

### F. Expenses/Expenditures

The government-wide financial statements recognize expenses under the accrual basis of accounting and records the related liability at the time the expense is incurred.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In the fund financial statements, expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except principal and interest on long-term debt which is not recognized until due.

### G. Net Pension Liability and Deferred Outflows and Inflows of Resources

During the year ended September 30, 2015, the District implemented GASB Statement No. 68 "Accounting and Financial Reporting for Pensions ". This GASB statement establishes accounting and financial reporting by state and local governments for pensions. This pronouncement requires the District to calculate and recognize a net pension liability and certain deferred outflows and inflows of resources and pension expense. In years prior to 2016, the District was a member of the Firefighters Retirement System of Louisiana (FRS), a cost sharing multiple employer public employee retirement system. For purposes of measuring its net pension liability, deferred outflows and inflows of resources, and pension expense, the District uses the same basis as FRS.

As of 2016, the District no longer employs individuals eligible to participate in the FRS and does not anticipate doing so in the future. Because of this the District is no longer a member of FRS. As long as the District does not employ individuals who qualify for the FRS, it is not anticipated that the District will be required to make future contributions.

However, because of the District's prior membership in FRS, the District reports a Deferred Inflow of Resources related to pensions of \$129,182 at year end. This amount will be reduced over future years based upon actuarial calculations by FRS. These annual reductions will be reported as a reduction of pension expenses in the Statement of Activities. The amount reported as reduction of pension expense in 2017 is \$32,944.

### H. Budgets

Annual appropriated budgets are adopted for the General Fund. The District is not required and does not adopt budgets for its Debt Service Fund. For these reasons, the financial statements do not contain a budget to actual comparisons for this fund. Budgets are adopted on a basis consistent with generally accepted accounting principles except that for budget purposes: regular scheduled maintenance expenses of \$15,229 were budgeted for payment in October 2017 when due, rather than in the current fiscal year when the maintenance was performed. All annual appropriations lapse at fiscal year end. Budgets are amended when necessary with Board approval. In the financial statement comparison of the budget to actual amounts, both the original and final amended budget amounts are shown. The budget comparison is presented as a basic financial statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Cash and Cash Equivalents

Cash and Cash Equivalents

For financial statement purposes, cash and cash equivalents include bank deposits and/or certificates of deposit with original maturities of less than three months.

J. Fixed Assets

The accounting treatment over property, plant, equipment (fixed assets) depends on whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All purchased fixed assets are valued at historical cost. Costs include all auxiliary costs to place the assets in service including delivery fees, freight and capitalized interest costs. Donated fixed assets are valued at their estimated fair market value on the date received. Fixed assets are reported at their historical cost or estimated fair market value less their accumulated depreciation. 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 is computed using the straight-line method based on the estimated useful life of the various assets. The following is a summary of estimated useful lives by classification of the fixed assets:

<u>Category</u>	<u>Years</u>
Building	40
Equipment	3-10
Vehicles	5-15

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operation are accounted for as capital outlay expenditures of the governmental fund when payment is made.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### K. Long-term Debt

#### Government-wide Financial Statements

In the government-wide financial statements, all long-term debt is reported as a liability. The long-term debt of the District consists of bonds payable.

#### Fund Financial Statements

Long-term debt for governmental funds is not reported as liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures.

### L. Equity Classifications

#### Government-wide Statements

Equity is classified as net position and displayed in the three components:

- a) Net investment in capital assets - Consists of capital assets and deposits set aside to purchase capital assets net of accumulated depreciation and reduced by the outstanding balances of bonds that are attributable to the acquisition, construction, or improvement of those assets.
- b) Restricted net position - Consists of net position with constraints placed on its use either by (1) external groups such as creditors, grantors, contributions, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c) Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

#### Fund Financial Statements

Governmental fund equity may be classified by five categories: nonspendable, restricted, committed, assigned, and unassigned. At present, the District only requires reporting of restricted and unassigned. Restricted represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Unassigned represents those portions of fund equity that has not been assigned to other funds and that has not been restricted, committed, or assigned to a specific purpose within the general fund.

### M. Interfund receivables and payable

Temporary reallocations between funds of the District are classified as due to and due from. For the purpose of the Statement of Net Position, all due to and due from amounts between individual governmental funds have been eliminated.

## NOTE 2 - FUND DEFICITS

The District had a deficit fund balance in the Debt Service Fund at year end of \$20,102. The fund deficit will be funded by ad valorem tax revenue next year.

## NOTE 3 - CASH AND CASH EQUIVALENTS

The District does not have a formal investment policy related to interest rate risk (the risk of an investment decreasing in value due to increasing interest rates).

In addition the District does not have a formal investment policy related to credit risk (including concentrations of credit). However the District does follow state law as to limitations on types of deposits and investments as described below.

The District does not invest in any investments subject to foreign currency risk.

Under state law the District may deposit its funds with certain state and federally chartered financial institutions. These deposits are required to be insured or collateralized by the financial institutions.

At year end, the carrying amount of the District's cash was \$343,961 and the bank balance was \$349,324 (\$251,256 was covered by federal depository insurance, the remaining \$98,068 was collateralized by securities held by a third party in the District's name.

## NOTE 4 - TAXES

The District's property tax is levied in October of each year on the assessed value of property within the District's taxing area. Taxes are due and payable by December 31 and taxes are considered delinquent January 1. Notices regarding seizures are sent out in April with the seizure date being May 1. The taxes are collected on behalf of the District by the Sheriff and then remitted to the District. The District actually receives most of the taxes in January.

The District receives 7 mils of property tax, 5 mils is distributed to the General Fund and dedicated to operations and maintenance and 2 mils is distributed to the Debt Services Fund and dedicated to debt retirement.

Based upon the taxable assessed value of the property within the District each mil of assessment generated approximately \$75,000 of tax revenue in 2017.

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the period ended September 30, 2017:

Balance at September 30, 2016	\$1,479,000
Reductions-regular payments	( 102,000)
Reductions-retirement of bonds	( <u>200,000</u> )
Balance at September 30, 2017	<u>\$1,177,000</u>

Obligations payable at September 30, 2017, are as follows:

General Obligation Bonds

\$750,000 of General Obligation Bonds were issued on June 1, 2008, for the purpose of acquiring, constructing and improving fire protection facilities and equipment, including purchasing and equipping a ladder truck. The bonds bear interest at rates of 3.95 percent and are payable through the year 2023. The bonds are to be retired with ad valorem taxes by the Debt Service Fund.

\$170,000

\$1,250,000 of General Obligation Bonds were issued on August 30, 2012, for the purpose of acquiring, constructing, and improving fire protection facilities, machinery, and equipment. The bonds bear interest at a rate of 3.15 percent and are payable through the year 2032. The bonds are to be retired with ad valorem taxes by the Debt Service Fund.

1,007,000  
\$1,177,000

The following is an approximation of future debt requirements at September 30, 2017:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 108,000	\$ 36,515	\$ 144,515
2019	110,000	32,641	142,641
2020	117,000	28,606	145,606
2021	59,000	25,594	84,594
2022	61,000	23,704	84,704
2023-2027	333,000	88,216	421,216
2027-2032	<u>389,000</u>	<u>31,421</u>	<u>420,421</u>
	<u>\$1,177,000</u>	<u>\$266,697</u>	<u>\$1,443,697</u>

NOTE 6 - LONG-TERM DEBT (continued)

The District is subject to certain affirmative and negative covenants pursuant to its bond and debt agreements. The covenants include but are not limited to:

1. Establishment and funding of a debt service fund.
2. Restriction as to additional debt issuance.

NOTE 7 - DUE TO/FROM

Due to/from other funds at September 30, 2017 consists of the following:

<u>Payable To</u>	<u>Due From</u>	<u>Amount</u>
General Fund	Debt Service Fund	\$3,358

The \$3,358 payable to the General Fund is for the General Fund ad valorem taxes received by the Debt Service Fund.

NOTE 8 - RELATED PARTIES

The District and the Bayou Vista Volunteer Fire Department jointly provide fire protection for the area. The Bayou Vista Volunteer Fire Department provides the use of the fire station, fire trucks, certain fire equipment, and services of volunteer firefighters. No amounts are reported for these items or services in these financial statements.

NOTE 8 - COMPENSATION OF BOARD MEMBERS AND CHIEF EXECUTIVE OFFICER

The Chairmen (the Chief Executive Officers do not receive any additional reimbursement of expenses, benefits, or compensation other than regular per diem) and the other board members received the following per diems for the year ended September 30, 2017.

Myron Bourque (Chairman & Chief Executive Officer Beginning June 2017)	\$ 840
Ned Davis	240
Dennis Gilmore (Chairman & Chief Executive Officer Through June 2017)	720
Alvin Lodrigue	660
Jason Vining	180
Robert Wilkerson	<u>780</u>
	<u>\$3,420</u>

NOTE 9 – CONCENTRATIONS

Ad valorem taxes accounted for approximately 100% of the District's revenues.

INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE  
AND OTHER MATTERS SECTION



INDEPENDENT AUDITORS' 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

Board of Commissioners  
Fire Protection District No. 7 of the Parish  
of St. Mary, State of Louisiana.  
Bayou Vista, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the Budgetary Comparison for the General Fund of the Fire Protection District No. 7 of St. Mary Parish (District), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated March 22, 2018.

Internal Control Over Financial Reporting

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

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

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

#### Compliance and Other Matters

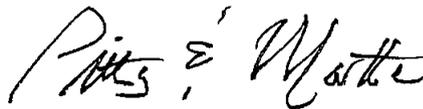
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 one instance of noncompliance or other matters that are required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings as item 2017-001.

#### The District's Response to Finding

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

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is considered a public record and may be distributed by the Louisiana Legislative Auditor.



CERTIFIED PUBLIC ACCOUNTANTS

Morgan City, Louisiana  
March 22, 2018

**FIRE PROTECTION DISTRICT NO. 7**  
Of the Parish of St. Mary, State of Louisiana

Schedule of Findings  
For the Year Ended September 30, 2017

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of the Fire Protection District No. 7 of the Parish of St. Mary.

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

Internal Control

No findings are required to be reported for the year ended September 30, 2017.

Compliance and Other Matters

There was one instance of noncompliance which is required to be reported.

3. Federal Awards

This section is not applicable for the year ended September 30, 2017.

4. Management Letter

No letter was issued.

## B.FINDINGS – FINANCIAL STATEMENT AUDIT

### ITEM OF NONCOMPLIANCE

ITEM NO. 2017-001 – Incorrect Payment of Per diems

#### Auditors' Comments

Condition: During the course of the audit, we discovered that members of the board of directors were paid monthly per diems of \$60. This amount is not in accordance with the amounts specified in state statutes.

Criteria: State statutes related to fire protection districts states in part:

“Members of the governing board of fire protection districts...may be paid a per diem of thirty dollars for attending meetings of the board, not to exceed two meetings in any one calendar month....”

Cause: The board was not fully knowledgeable of the statute and evidently confused the \$60 total per month cap imposed by the statute as the amount to be paid per month.

Recommendation: The District should cease paying the improper amount and begin paying the proper amount. In addition, the District should recover from its board members any amounts paid in excess of those authorized under state statute.

#### Management's Response:

Upon being advised that members were over paid, we immediately began paying the correct amount and notified board members of amount of overpayments. All current board member with the exception of one, who is in the process of paying, have paid. We are contacting former board members to arrange collections of amounts overpaid to them.

## C. FINDINGS AND QUESTIONED COSTS – FEDERAL AWARDS PROGRAMS

This section is not applicable for the year ended September 30, 2017.

SUMMARY OF PRIOR YEAR FINDINGS AND RELATED CORRECTIVE ACTION  
PREPARED BY FIRE PROTECTION DISTRICT NO. 7  
OF ST. MARY PARISH, STATE OF LOUISIANA

No findings reported in the prior year.

St. Mary Parish Fire Protection District #7  
P.O. Box 143  
Berwick, LA 70342

March 22, 2018

Mr. Daryl Purpera, CPA, CFE  
Legislative Auditor, State of Louisiana  
P.O. Box 94397  
Baton Rouge, LA 70803-9397

Dear Mr. Purpera:

Fire Protection District No. 7 of the Parish of St. Mary, State of Louisiana respectfully submits the following corrective action plan for their year ended September 30, 2017.

CORRECTIVE ACTION:

Person Responsible: Myron Bourque, Chairman  
Fire Protection District No. 7 of the Parish  
of St. Mary, State of Louisiana  
1701 Saturn Rd.  
Morgan City, LA 70380

Time of Completion: September 30, 2018

Item of Noncompliance: Re: Item No. 2017-001

Incorrect Payment of Per diem: During the audit, our auditors noted that members of the board of directors were paid monthly per diems of \$60. This amount is not in accordance with the amounts specified in the state statutes.

Corrective Action: Upon being advised that members were over paid, we immediately began paying the correct amount and notified board members of amount of overpayment. All current board members with the exception of one, who is in the process of paying, have paid. We are contacting former board members to arrange collections of amounts overpaid to them.



Myron Bourque  
Chairman

**FIRE PROTECTION DISTRICT NO. 7**

**OF THE PARISH OF ST. MARY  
STATE OF LOUISIANA**

SCHEDULE OF PROCEDURES PERFORMED AND  
ASSOCIATED FINDINGS BASED UPON THE  
STATEWIDE AGREED-UPON PROCEDURES

FOR THE YEAR ENDED  
September 30, 2017

WITH  
AGREED UPON PROCEDURES REPORT  
BY  
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

## TABLE OF CONTENTS

	<b>Page No.</b>
Independent Certified Public Accountants' Report on Applying Agreed Upon Procedures	1
Schedule of Procedures Performed and Associated Findings Based upon the Statewide Agreed-Upon Procedures	
Guide to Presentation Format	2
Written Policies and Procedures	3-5
Board	6
Bank Reconciliations	7
Collections	8-9
Disbursements – General (Excluding Credit Card/ Debit Card/ Fuel Card/ P-Card Purchases or Payments)	10-11
Credit Card/Debit Card/Fuel Cards/P-Cards	12-14
Travel and Expense Reimbursement	15-16
Contracts	17-18
Payroll and Personnel	19-20
Ethics	21
Debt Service	22
Other	23



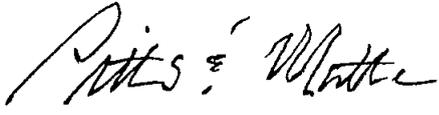
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners  
St. Mary Parish Fire Protection  
District No.7  
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated in the attached Schedule of Procedures Performed and Associated Findings Based Upon the Statewide Agreed-Upon Procedures (Schedule), which were agreed to by St. Mary Parish Fire Protection District No. 7 (District) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2016 through September 30, 2017. The District's management is responsible for those C/C areas identified in the SAUPs presented in the attached Schedule. 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 in the attached Schedule either for the purpose for which this report has been requested or for any other purpose.

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*. 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 may be distributed by the LLA as a public document.

  
CERTIFIED PUBLIC ACCOUNTANTS

Morgan City, Louisiana  
March 22, 2018

**ST. MARY PARISH  
FIRE PROTECTION DISTRICT NO.7  
Schedule of Procedures Performed and Associated Findings Based upon the  
Statewide Agreed-Upon Procedures  
For the Year Ended September 30, 2017**

Guide to Presentation Format

This report contains these items presented in this order:

Statewide Agreed-Upon Procedures (AUPS) prescribed by the Louisiana Legislative Auditor (LLA),

Procedures performed by the Independent Certified Public Accountant,

Findings based upon the procedures performed, and

Management's Comments relative to the findings, if applicable.

In order to facilitate understanding this report - the procedures and findings are presented in the following format:

<u>Order of Presentation</u>	<u>Presentation Format</u>
Area or function	<b>Centered All CAPITALS IN BOLD TYPE</b>
Statewide Agreed-Upon Procedures Prescribed (AUPS) by Louisiana Legislative Auditor (LLA)	Regular type highlighted with numbers or letters (if there are multiple parts)
Actual procedures performed by Independent Certified Public Accountant	Denoted as <b>Procedure Performed:</b> (in bold type) followed by procedure in regular type
Finding based upon procedure performed	Denoted as <b>Findings:</b> (in bold type) followed by findings in regular type
Management's response to findings	Denoted as <b>Management's Response:</b> (in bold type) followed by <i>managements response in italics</i>

## 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:

### **Budgeting**

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

**Procedure Performed:** Inquired of management and obtained management's written confirmation that they do not have written policies and procedures for budgeting, however, they follow state budget law which includes all required functions.

**Findings:** The entity does not have any written policies and procedures for budgeting. However, the Entity follows state budget law which includes all required functions.

### **Purchasing**

- 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.

**Procedure Performed:** Inquired of management and obtained management's written confirmation that they do not have written policies and procedures for purchasing.

**Findings:** The entity does not have any written policies and procedures for purchasing.

### **Disbursements**

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

**Procedure Performed:** Inquired of management and obtained management's written confirmation that they do not have written policies and procedures for disbursements.

**Findings:** The entity does not have any written policies and procedures for disbursements.

### **Receipts**

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

**Procedure Performed:** Inquired of management and obtained management's written confirmation that they do not have written policies and procedures for receipts.

**Findings:** The entity does not have any written policies and procedures for receipts.

## WRITTEN POLICIES AND PROCEDURES (CONTINUED)

---

### Payroll/Personnel

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

**Procedure Performed:** Inquired of management and obtained management's written confirmation that they do not have written policies and procedures for payroll and personnel.

**Findings:** The entity does not have any written policies and procedures for payroll and personnel.

### Contracting

- 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.

**Procedure Performed:** Inquired of management and obtained management's written confirmation that they do not have written policies and procedures for contracting.

**Findings:** The entity does not have any written policies and procedures for contracting.

### Credit Cards

- 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.

**Procedure Performed:** Inquired of management and obtained management's written confirmation that they do not have written policies and procedures for credit cards (and debit cards, fuel cards, P-cards)

**Findings:** The entity only has fuel cards. The entity does not have any written policies and procedures for fuel cards.

### Travel and expense reimbursement

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

**Procedure Performed:** Inquired of management and obtained management's written confirmation that they do not have written policies and procedures for travel and expense reimbursement.

**Findings:** The entity does not have written policies and procedures for travel and expense reimbursement.

## WRITTEN POLICIES AND PROCEDURES (CONTINUED)

---

### Ethics

- 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.

**Procedure Performed:** Inquired of management and obtained management's written confirmation that they do not have written policies and procedures for ethics.

**Findings:** The entity does not have any written policies and procedures for ethics.

### Debt Service

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

**Procedure Performed:** Inquired of management and obtained management's written confirmation that they do not have written policies and procedures for debt

**Findings:** Found the entity does not have written policies and procedures for debt service.

### **Management's response:**

*The District has policies and procedures in all areas however, they are not in writing.*

*Due to the small size of our District, the simple scope of our business operations and our limited number of personnel, we do not believe it is cost effective to have written procedures in all areas.*

*We do plan to put into writing our policies and procedures related to:*

*Purchasing (including contracting)*

*Disbursements*

*Payroll/Personnel (including credit cards and ethics) and*

*Receipts.*

## BOARD

---

### 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.

**Procedure Performed:** Obtained and read the board minutes for the fiscal period (October 1, 2016 to September 30, 2017).

**Findings:** The board met monthly with a quorum present.

- 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.

**Procedure Performed:** Obtained and read the board minutes for the fiscal period.

**Findings:** Found that the entity's minutes do not reference budget-to-actual comparisons on the General Fund or Debt Service Fund.

The General Fund did not operate at a deficit. The Debt Service operated at a deficit of \$2,102. There is no formal/written plan to eliminate the deficit.

- 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.

**Procedure Performed:** Obtained and read the board minutes for the fiscal period.

**Findings:** The minutes contained non-budgetary financial information (approval of disbursements) for all monthly meetings during the fiscal period.

### **Management's response:**

*The deficit in the Debt Service Fund was caused by a onetime extra payment of \$200,000 to retire future outstanding bonds.*

## BANK RECONCILIATIONS

---

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

**Procedure Performed:** Obtained the listing of bank accounts from management, and received management's written representation that the list is complete.

**Findings:** The listing includes only two bank accounts.

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.

**Procedure Performed:** Selected 2 bank accounts out of a total of 2 accounts. Inspected bank statements and bank reconciliations prepared for each month during the fiscal period for both accounts.

**Findings:** A bank reconciliation was prepared for each bank account for all months in the fiscal period.

- 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

**Procedure Performed:** Inspected bank reconciliations for all months in the fiscal period.

**Findings:** Found there is no evidence that a member of management (with no involvement in the transactions associated with the bank account) had reviewed each 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.

**Procedure Performed:** Inspected bank reconciliations for the end of the fiscal period.

**Findings:** There were no items outstanding for more than 6 months.

***Management's response:***

*In the future we will have our bank reconciliations reviewed by a board member.*

## COLLECTIONS

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

**Procedure Performed:** Obtained the listing of cash/check/money order (cash) collections locations and management's written representation that the listing is complete.

**Findings:** The entity has only one cash collection location. Found the entity does not receive any cash nor money orders, only checks all of which are from other governmental entities.

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.

**Procedure Performed:** Inquired and obtained written confirmation as to all of the requirements listed above for the entities one cash collection location and requested and inspected any written documentation (bank reconciliations and deposit slip).

**Findings:** The entity does not have written documentation in this area other than bank reconciliations and deposit slips.

The secretary/treasurer responsible for collecting checks is not bonded.

The secretary/treasurer is responsible for depositing the checks in the bank, however an outside accountant is responsible for recording the related transactions and reconciling the related bank account.

The secretary/treasurer does not share a cash drawer with any other employee.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

**Procedure Performed:** Inquired of management concerning the process for reconciling cash collections. Obtained and inspected and compared the written documentation (bank reconciliations, deposit slips and general ledger).

**Findings:** The entity has a formal process to reconcile cash collections, it is not in writing.

The entity reconciles the cash collections to the general ledger. The reconciliation is done by a person not responsible for cash collections.

## COLLECTIONS (CONTINUED)

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.

**Procedure Performed:** Obtained and inspected the entity's collection documentation (deposit slips, reconciliations, and bank statements) for the week in which the entity had its largest weekly receipts. We traced daily collections to the deposit date on the corresponding bank statement.

**Findings:** The entity does not maintain records of when checks are received, therefore, it is not possible to determine the time between when checks are received and deposited.

- 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.

**Procedure Performed:** Observed and compared bank deposit slips, bank statements and general ledger postings for the items selected in 6(c).

**Findings:** All collections recorded in the general ledger agree with and are supported by documentation (deposit slips and bank statements)

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.

**Procedure Performed:** Inquired of management and obtained management's written confirmation that they do not have written policies and procedures to determine the completeness of all collections by a person who is not responsible for collections.

**Findings:** The entity does not have written documentation or a process specifically defined to determine completeness of all collections.

### **Management's response:**

*We will put our policies and procedures in this area in writing.*

*We will obtain a fidelity bond for our office manager.*

*We will document when checks are received.*

*Our policies and procedures will include a process to determine completeness of collections.*

**DISBURSEMENTS – GENERAL (EXCLUDING CREDIT CARD/DEBIT CARD/FUEL CARD/P-CARD PURCHASES OR PAYMENTS):**

---

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

**Procedure Performed:** Obtained the listing of disbursements, and received management's written representation that the listing was complete.

**Findings:** Management confirmed the listing is complete. The listing contained 182 disbursements which totaled \$285,185.

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.

**Procedure Performed:** Randomly selected 25 disbursements from the list provided in #8 and obtained supporting documentation (approved vendor invoices, [also used to evidence receipt of goods] and check images). Compared supporting documents, approved invoices and check images with payees, dates, check number and amounts with list obtained in #8 above.

- Findings:**
- a) The entity does not use a purchase requisition or purchase order system.
  - b) The entity does not use purchase orders, therefore there is no approval of a purchase order.
  - c) Payments for purchases were made without an approved purchase requisition or purchase order.

No payments were made without approval of receipt of goods and an approved invoice.

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

## DISBURSEMENTS – (CONTINUED)

---

**Procedure Performed:** We inquired of management and obtained documentation (board minutes) related to adding vendors to the entity's purchasing/disbursement system.

**Findings:** The Board of Directors approves adding of new vendors. The person responsible for processing payments is prohibited from adding vendors to the entity's purchasing /disbursement system, without Board approval

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

**Procedure Performed:** Inquired of management and obtained management's written confirmation that they do not have written documentation in this area. See also procedures performed in #9 above.

**Findings:** There is no written documentation in this area. However, based upon procedures in #9 above it is determined that the person with final authorization for disbursements do not initiate or record 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.

**Procedure Performed:** Inquired of management, and obtained management's written confirmation and observed that all supplies of unused checks are maintained in a locked location, with access restricted to only those persons that do not have signatory authority.

**Findings:** Supplies of unused checks are maintained in a locked location. The secretary/treasurer and chairman of the board of directors have access to the checks and both are authorized check signers. However, all checks require two signatures.

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.

**Not applicable-a signature stamp or signature machine is not used**

***Management's response:***

*As noted above, we will put our policies and procedures in this area in writing.*

*We will utilize a purchase order system for certain of our purchases.*

## 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.

**Procedure Performed:** We requested a listing of all credit cards, bank debit cards, fuel cards, and P-cards and related information and obtained management's written confirmation that the list was complete.

**Findings:** The list contains 11 fuel cards, of which only 9 were active during the fiscal period, and related information. The entity has no other types of cards.

15 Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year.

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

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

**Procedure Performed:** We randomly selected 3 fuel cards from the list obtained in #14 above that were used during the fiscal period and obtained monthly statements for all fuel cards selected. We selected the monthly statement with the largest dollar activity for each card and observed evidence that the monthly statement and supporting documentation (original itemized receipts) was reviewed and approved in writing by someone other than the authorized card holder.

Observed the monthly fuel card statements to determine whether finance charges and/or late fees were assessed on the selected statements.

**Findings:** The monthly statements are reviewed and approved in writing by the Board of Directors prior to payment.

The District does not maintain individual receipts.

Found that no finance charges or late fees were assessed.

## CREDIT CARDS/DEBIT CARDS/FUEL CARDS/P-CARDS (CONTINUED)

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)

**Procedure Performed:** Compared each transaction in the sample as shown in the applicable monthly billing statement to the original supporting itemized receipt.

**Findings:** Found that 0 out of 4 transactions were supported by itemized receipts. See listing below:

- Card #1- 2 transactions totaling \$187.48 which were not supported by original itemized receipts. Transaction #1 totaled \$97.00 and transaction #2 totaled \$90.48.
- Card #2- 1 transaction totaling \$120.73 which was not supported by a original itemized receipt.
- Card #3- 1 transaction totaling \$106.49 which was not supported by a original itemized receipt

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

**Not applicable as cards are used only to purchase fuel**

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

**Not applicable-the entity does not have other documentation required by written policies**

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.

**Not applicable the entity does not have written policies and none of the transactions are subject to Louisiana Public Bid Law.**

## CREDIT CARDS/DEBIT CARDS/FUEL CARDS/P-CARDS (CONTINUED)

- 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

**Procedure Performed:** Read Article 7, Sections 14 of the Louisiana Constitution and compared it's prohibited transactions to the transactions selected for testing above.

**Findings:** Found that none of the transactions in the test were prohibited.

***Management's Response:***

*We will retain original receipts for all fuel purchases in the future.*

## 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.

**Procedure Performed:** Inquired of management and obtained management's written confirmation that the entity does not have travel and related expense reimbursements during the fiscal period.

**Findings:** The entity does not have travel and expense reimbursements.

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

**Not Applicable the entity does not have travel and expense reimbursements. (see Procedure performed at #17)**

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse).

**TRAVEL AND EXPENSE REIMBURSEMENT (CONTINUED)**

---

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

Item 19a through d are not applicable as the entity does not have travel and expense reimbursements. (see Procedure Performed at #17)

*Management's response:*

*No comments.*

## 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.

**Procedure Performed:** Obtained a listing of all vendors from the entity, and management's written confirmation that the listing was complete, on which the entity denoted these under contract in effect during the fiscal period.

**Findings:** Found the list contained 10 vendors denoted as contracts (other than our firm).

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

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

b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

➤ If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

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

c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

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

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

## CONTRACTS (CONTINUED)

---

**Procedure Performed:** We selected the five vendors that were paid the most during the fiscal period from the listing at #20 and read the board minutes and obtained the related formal/ written contracts and related paid invoices. We selected the largest payment to each of the five vendors and obtained and compared the supporting invoices and related payment to the contract to ensure compliance with terms and conditions of the contract.

**Findings:**

- a) Of the five contracts, two are with insurance providers and one is a maintenance agreement they have written contracts. The remaining two do not have written contracts, one is a utility/internet provider and the other a supply vendor.  
The three contracts under written agreement support the service arrangements and amounts paid. The remaining two contracts are supported by monthly invoices.
- b) None of the five contracts are subject to the Louisiana Public Bid Law or Procurement Code.  
The entity did not solicit quotes for the contracts.
- c) None of the contract were amended during the fiscal period.
- d) For the largest payment made to each of the five contracts during the fiscal period. We found that invoices and related payments complied with the terms and conditions of the written contracts.
- e) Found documentation of board approval of all five contracts in minutes.

***Management's response:***

*We will include our definition of a "contract" and our procedures for handling contracts in the written policies and procedures for Purchases and Disbursements.*

## 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.

**Procedure Performed:** We obtained a listing of employees with their related salaries and obtain management's written representation that the listing is complete.

**Findings:** The listing contained 1 employee with a salary of \$26,715. There are no elected officials.

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.

**Procedure Performed:** Selected the 1 employee from the above listing, obtained and inspected his personnel file. We inspected check stubs and cancelled check images for the fiscal period for the employee selected and compared to authorized pay rates.

**Findings:** Found that there are no employee contracts, however, payments were made in accordance with the employment pay rate structure.

b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

**Procedure Performed:** Obtained and inspected check stubs, cancelled checks and board minutes for the individual selected at #22a for changes made to hourly pay rates/salaries during the fiscal period.

**Findings:** Found board minutes contained approval of a pay raise which agreed with changes made to hourly pay rates/salaries during the fiscal period.

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

a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

**Procedure Performed:** Inquired of management and obtained management's written confirmation that the entity pays only for time worked, there is no compensation paid for time not worked.

**Findings:** The employee did not receive any compensation for time not worked.

## PAYROLL AND PERSONNEL (CONTINUED)

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

**Not applicable- (see Procedure Performed at #23a).**

- 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.

**Not applicable- (see Procedure Performed at #23a).**

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.

**Procedure Performed:** Inquired of management and obtained management's written confirmation that no employees were terminated during the fiscal period.

**Findings:** Found that no one was terminated and no termination payments were made during the fiscal period.

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

**Procedure Performed:** Obtained and inspected all forms relating to payroll taxes for the fiscal period along with EFT documentation for the fiscal year to determine if all forms and payments were submitted to the proper agencies by the required deadlines.

**Findings:** Found that all forms and payments relating to payroll taxes (including FICA) were filed/paid by the required deadline.

The employer does not make retirement contributions other than FICA.

***Management's response:***

*We will put our current policies and procedures for personnel/payroll in writing.*

## ETHICS

---

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.

**Procedure Performed:** Obtained and inspected ethics compliance certificates from management for the 1 randomly selected employee from #22.

**Findings:** Found that the entity maintained required ethics training documentation.

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.

**Procedure Performed:** Inquired of management and obtained management's written confirmation that no alleged ethics violations were reported during the fiscal period.

**Findings:** Found that no alleged ethics violation were reported during the fiscal period.

***Management's response:***

*Our written policies and procedures for Personnel/Payroll will include a section on Ethics*

## DEBT SERVICE

---

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

**Procedure Performed:** Inquired of management and obtained management's written confirmation that no debt was issued during the fiscal period.

**Findings:** Found that no debt was issued during the fiscal period.

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.

**Procedure Performed:** Obtained and inspected debt service schedules and images of canceled checks for outstanding debt during the fiscal period and obtained and read debt covenants for outstanding debt.

**Findings:** The entity made scheduled debt service payments as required by debt covenants' Debt reserves are not required.

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.

**Procedure Performed:** Obtained a confirmation of the amount of advalorem taxes paid to the District during the fiscal period from the St. Mary Parish Sheriff Office and compared the amount to the amount of debt service payments determined in #29 above.

**Findings:** The amount received for advalorem tax does not exceed the amount of debt service payments for the fiscal year.

No millages have been received for debt that has been paid.

***Management's response:***

*If we plan to incur debt in the future (including leases) we will contact our legal advisor for guidance.*

## 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.

**Procedure Performed:** Inquired of management and obtained management's written confirmation that the entity had no misappropriation of public funds or assets during the fiscal period.

**Findings:** Found that the entity had no misappropriation of public funds or assets during the fiscal period.

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

**Procedure Performed:** Observed that the entity had posted on its premises the notice required by R.S. 24:523.1. The entity does not have a website.

**Findings:** Found that the entity posted the above mentioned notice as required.

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

**Procedure Performed:** Inspected all procedures, and the results of such procedures and compared them to managements representation.

**Findings:** Found no exceptions regarding management's representations in the procedures above.

***Management's response:***

*No comment.*