

**FIRE PROTECTION DISTRICT NO. 4
OF ALLEN PARISH**

**ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT ACCOUNTANTS' REPORTS**

Year Ended December 31, 2016

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Oberlin, LA

**FIRE PROTECTION DISTRICT NO. 4 OF ALLEN PARISH
ANNUAL FINANCIAL STATEMENTS
AND INDEPENDENT ACCOUNTANTS' REPORTS
Year Ended December 31, 2016**

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FIRE PROTECTION DISTRICT NO. 4 OF ALLEN PARISH

Management's Discussion and Analysis

Within this section of the Fire Protection District No. 4 of Allen Parish (District) annual financial report, the District's management is pleased to provide this narrative discussion and analysis of the financial activities of the District for the fiscal year ended December 31, 2016. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The District's assets exceeded its liabilities by \$1,944,435 (net position) for the 2016 fiscal year, compared with \$1,879,531 in net position for the 2015 fiscal year.
- In 2016, total revenues of \$444,463 exceeded total expenses of \$379,559, resulting in a current year surplus of \$64,904. For the fiscal year 2015, total revenues of \$204,399 were exceeded by total expenses of \$310,320, yielding a deficit for that year of \$105,921.
- As of December 31, 2016, total net position is comprised of the following:
 - (1) Invested in capital assets of \$945,541 includes property and equipment, net of accumulated depreciation, and reduced for outstanding debt, if any, related to the purchase of capital assets.
 - (2) Restricted net position of \$111,751 includes funds for debt service.
 - (3) Unrestricted net position of \$887,143.

Comparatively, as of December 31, 2015, total net position was comprised of the following:

- (1) Invested in capital assets of \$421,224 includes property and equipment, net of accumulated depreciation, and are reduced for outstanding debt, if any, related to the purchase of capital assets.
 - (2) Restricted net position of \$81,232 includes funds for debt service.
 - (3) Unrestricted net position of \$1,377,075.
- At the end of the 2016 fiscal year, unassigned fund balance for the General Fund was \$887,174, or 103% of total General Fund expenditures and 238% of total General Fund revenues. Comparatively, at December 31, 2015, unrestricted fund balance for the General Fund was \$1,377,075, or 814% of total General Fund expenditures and 675% of total General Fund revenues.
 - Overall, the District continues to maintain a solid financial position and is continuing to work to improve on this financial position.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

Overview of the Financial Statements

This Management's Discussion and Analysis document introduces the District's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The District also includes in this report additional information to supplement the basic financial statements.

FIRE PROTECTION DISTRICT NO. 4 OF ALLEN PARISH

Management's Discussion and Analysis (Continued)

Government-wide Financial Statements

The District's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide financial statements is the *Statement of Net Position*. This is the government-wide statement of financial position presenting information that includes all of the District's assets and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other nonfinancial factors such as diversification of the taxpayer base in addition to the financial information provided in this report.

The second government-wide financial statement is the *Statement of Activities*, which reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the District's distinct activities or functions on revenues provided.

The government-wide financial statements are presented on pages 11 and 12 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole. Major funds are separately reported while all others, if any, are combined into a single, aggregated presentation.

The District uses governmental funds as follows:

Governmental funds are reported in the fund financial statements and encompass the same function reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the District's governmental funds, including object classifications. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 15 through 18 of this report.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 19 of this report.

FIRE PROTECTION DISTRICT NO. 4 OF ALLEN PARISH

Management's Discussion and Analysis (Continued)

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget presentations. A budgetary comparison schedule and a schedule of compensation paid to board members are included as "required supplementary information" for the General Fund. The budgetary comparison schedule demonstrates compliance with the District's adopted and final budget. Required supplementary information can be found on pages 29 through 30 of this report.

As other supplementary information, the report also presents a schedule of compensation, benefits and other payments to the chief executive officer on page 32 of this report. This report is required by Louisiana statutes.

Financial Analysis of the District as a Whole

The District's net position at December 31, 2016 was \$1,944,435, which compares with its net position as of December 31, 2015 of \$1,879,531. The following table provides a summary of the District's net position:

	<u>2016</u>		<u>2015</u>	
Assets:				
Current assets	\$ 988,184	45%	\$ 1,246,340	57%
Other assets	13,750	1	215,555	10
Capital assets	<u>1,175,306</u>	<u>54</u>	<u>705,148</u>	<u>33</u>
Total assets	2,177,240	<u>100%</u>	2,167,043	<u>100%</u>
Deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	<u>2,177,240</u>		<u>2,167,043</u>	
Liabilities:				
Current liabilities	62,118	27%	61,081	21%
Long-term liabilities	<u>170,687</u>	<u>73</u>	<u>226,431</u>	<u>79</u>
Total liabilities	<u>232,805</u>	<u>100%</u>	<u>287,512</u>	<u>100%</u>
Deferred inflows of resources	-	-	-	-
Total liabilities and deferred inflows of resources	<u>232,805</u>		<u>287,512</u>	
Net position:				
Invested in capital assets, net of related debt	945,541	48%	421,224	22%
Restricted	111,751	6	81,232	4
Unrestricted	<u>887,143</u>	<u>46</u>	<u>1,377,075</u>	<u>74</u>
Total net position	\$ <u>1,944,435</u>	<u>100%</u>	\$ <u>1,879,531</u>	<u>100%</u>

FIRE PROTECTION DISTRICT NO. 4 OF ALLEN PARISH

Management's Discussion and Analysis (Continued)

The District continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio is 15.91 to 1 and 20.40 to 1 for 2016 and 2015, respectively.

Note that approximately 48% of the governmental activities' net position is tied up in capital assets as of December 31, 2016. This compares with 22% as of December 31, 2015. The District uses these capital assets to provide services to its taxpayers.

Overall, the District reports net position of \$1,944,435 as of December 31, 2016, as compared with \$1,879,531 in net position as of December 31, 2015. This amounts to an increase in net position of \$64,904 in 2016 and a decrease of \$105,923 in 2015. The District's overall financial position improved during fiscal year 2016.

The following table provides a summary of the District's changes in net position:

	<u>2016</u>		<u>2015</u>	
Revenues:				
Program:				
Operating grants and contributions	\$ 111,140	25%	\$ 30,208	15%
Capital grants and contributions	56,500	13	-	-
General:				
Ad valorem taxes	268,135	60	172,352	84
Interest	1,114	-	1,727	1
Miscellaneous	<u>7,574</u>	<u>2</u>	<u>112</u>	<u>-</u>
Total revenues	444,463	<u>100%</u>	204,399	<u>100%</u>
Expenses:				
Program expenses:				
Fire-fighting and rescue	367,933	97%	288,331	93%
Interest on long-term debt	<u>11,626</u>	<u>3</u>	<u>21,989</u>	<u>7</u>
Total expenses	<u>379,559</u>	<u>100%</u>	<u>310,320</u>	<u>100%</u>
Change in net position	64,904		(105,921)	
Beginning net position	<u>1,879,531</u>		<u>1,985,452</u>	
Ending net position	<u>\$ 1,944,435</u>		<u>\$ 1,879,531</u>	

Governmental Revenues

The District is heavily reliant on property taxes to support its operations. Property taxes provided 60% of the District's revenues.

Governmental Functional Expenses

The total function of the District is fire fighting and rescue. The only non-functional cost is interest expense related to the outstanding general obligation bonds. Of the total cost, depreciation on the property and equipment was \$181,278 for 2016 or 48% of total expenses. Similarly, depreciation amounted to \$147,481 for 2015 or 48% of total expenses in 2015.

Major Governmental Funds

The General Fund is the District's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance decreased by \$489,901 in 2016 and increased by \$34,696 in 2015. In fiscal year 2016 revenues increased \$168,411 from 2015 primarily due to decreases in intergovernmental income. Operating expenditures increased by \$693,008 in 2016, primarily due to increases in capital outlays.

FIRE PROTECTION DISTRICT NO. 4 OF ALLEN PARISH

Management's Discussion and Analysis (Continued)

The Debt Service Fund accumulates resources for the payment of long-term debt. The fund balance in the Debt Service Fund increased by \$30,488 in 2016 after decreasing by \$365,279 in 2015.

Budgetary Highlights

The General Fund – When the original 2016 budget was adopted, it was anticipated that the total revenues were going to be less than the previous fiscal year by \$25,895 primarily because of a decrease in ad valorem tax revenue. The original budget reflected an anticipated increase in total expenditures of \$420,801 from the previous fiscal year mainly due to an increase in capital outlays. The budget was amended once primarily to further increase capital outlays due to the acquisition of a new fire truck and other assets. The most significant variance was in capital outlays.

Capital Assets and Debt Administration

Capital assets

The District's investment in capital assets, net of accumulated depreciation, was \$1,175,306 as of December 31, 2016, as compared with \$705,148 as of the previous year-end. See Note D for additional information about changes in capital assets during the fiscal year and the balance at the end of the year. The following table provides a summary of capital asset activity.

	December 31	
	2016	2015
Nondepreciable assets-land	\$ 56,323	\$ 16,100
Depreciable assets:		
Buildings	445,953	445,953
Equipment	440,410	538,327
Vehicles	<u>2,242,048</u>	<u>1,926,363</u>
Total depreciable assets	3,128,411	2,910,643
Less accumulated depreciation	<u>2,009,428</u>	<u>2,221,595</u>
Book value-depreciable assets	\$ <u>1,118,983</u>	\$ <u>689,048</u>
Percentage depreciated	<u>64%</u>	<u>76%</u>
Book value-all assets	\$ <u>1,175,306</u>	\$ <u>705,148</u>

Long-term debt

At the end of the 2016 fiscal year, the District had total general obligation bonds outstanding of \$226,561, compared with \$279,962 outstanding as of December 31, 2015. The total amount of these obligations is secured by debt service fund revenue. During the years 2016 and 2015, the District retired \$53,401 and \$339,000, respectively, of the outstanding principal balance. See Note E for additional information regarding long-term debt.

Contacting the District's Financial Management

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations, and demonstrate the District's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the District's Fire Chief, Blake LaFargue, at (337) 738-2233.

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

June 22, 2017

Board of Commissioners
Fire Protection District No. 4 of Allen Parish
Kinder, Louisiana

We have reviewed the accompanying financial statements of the governmental activities and each major fund of Fire Protection District No. 4 of Allen Parish (District), a component unit of the Allen Parish Police Jury, as of and for the year ended December 31, 2016, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of the District. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Management Responsibility for the Financial Statements. Management of the District 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 the financial statements that are free from material misstatement whether due to error or fraud.

Accountants' Responsibilities. Our responsibility is to conduct the review engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion. Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Other Matter Paragraphs

Required Supplementary Information. Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (on pages 3-7), the budgetary comparison schedule (on page 29), and the schedule of compensation paid to board members (on page 30) be presented to supplement the basic financial statements. Such information, although not a required 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context. The information is the representation of management. We have not audited or reviewed such required supplementary information and, accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on it.

Supplementary Information. The accompanying schedule of compensation, benefits and other payments to chief executive officer (on page 32) is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. We have reviewed the information and, based on our review, we are not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. We have not audited the supplementary information and, accordingly, do not express an opinion on such information.

Royce T. Scimemi, CPA, APAC

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)

Fire Protection District No. 4 of Allen Parish
Statement of Net Position
December 31, 2016

	<u>Primary Government</u>
	<u>Governmental Activities</u>
ASSETS	
Cash and interest-bearing deposits	\$ 703,526
Cash and interest-bearing deposits-restricted	15,567
Ad valorem taxes receivable	172,876
Ad valorem taxes receivable-restricted	96,184
Accrued interest receivable	31
Building deposit	13,750
Land	56,323
Capital assets, net	<u>1,118,983</u>
Total Assets	<u>2,177,240</u>
DEFERRED OUTFLOWS OF RESOURCES	
Aggregated deferred outflows	--
Total Deferred Outflows of Resources	--
Total Assets and Deferred Outflows of Resources	<u>2,177,240</u>
LIABILITIES	
Accounts payable	1,965
Payroll taxes payable	1,075
Accrued interest payable	3,204
Long-term liabilities:	
Due within one year	55,874
Due after one year	<u>170,687</u>
Total Liabilities	<u>232,805</u>
DEFERRED INFLOWS OF RESOURCES	
Aggregated deferred inflows	--
Total Deferred Inflows of Resources	--
Total Liabilities and Deferred Inflows of Resources	<u>232,805</u>
NET POSITION	
<i>Invested in capital assets, net of related debt</i>	945,541
<i>Restricted</i>	111,751
<i>Unrestricted</i>	<u>887,143</u>
Total Net Position	<u>\$ 1,944,435</u>

See accompanying notes and independent accountants' review report.

**Fire Protection District No. 4 of Allen Parish
Statement of Activities
For the Year Ending December 31, 2016**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government Governmental Activities</u>
Primary Government					
Governmental Activities:					
Fire fighting and rescue	\$ 367,933	\$ --	\$ 111,140	\$ 56,500	\$ (200,293)
Interest and fiscal charges	11,626	--	--	--	(11,626)
Total Governmental Activities	\$ 379,559	\$ --	\$ 111,140	\$ 56,500	(211,919)
		General Purpose Revenues:			
		Revenues			
					268,135
					1,114
					7,574
					<u>276,823</u>
					64,904
					1,879,531
					\$ 1,944,435

See accompanying notes and independent accountants' review report.

FUND FINANCIAL STATEMENTS (FFS)

FIRE PROTECTION DISTRICT NO. 4 OF ALLEN PARISH

Major Fund Descriptions

General Fund

To account for resources traditionally associated with governments that are not required to be accounted for in another fund.

Debt Service Fund

To account for the accumulation of resources for and the payment of long-term debt.

Fire Protection District No. 4 of Allen Parish
 Balance Sheet
 Governmental Funds
 December 31, 2016

	<u>General</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$ 703,526	\$ --	\$ 703,526
Cash and interest-bearing deposits-restricted	--	15,567	15,567
Ad valorem taxes receivable	172,876	--	172,876
Ad valorem taxes receivable-restricted	--	96,184	96,184
Accrued interest receivable	31	--	31
Due to/from other funds	31	(31)	--
Total current assets			
Building deposit	<u>13,750</u>	<u>--</u>	<u>13,750</u>
Total Assets	890,214	111,720	1,001,934
DEFERRED OUTFLOWS OF RESOURCES			
Aggregated deferred outflows	<u>--</u>	<u>--</u>	<u>--</u>
Total Assets and Deferred Outflows of Resources	\$ 890,214	\$ 111,720	\$ 1,001,934
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 1,965	\$ --	\$ 1,965
Payroll taxes payable	<u>1,075</u>	<u>--</u>	<u>1,075</u>
Total current liabilities	3,040	--	3,040
DEFERRED INFLOWS OF RESOURCES			
Aggregated deferred inflows	<u>--</u>	<u>--</u>	<u>--</u>
Total Liabilities and Deferred Inflows of Resources	3,040	--	3,040
FUND BALANCE			
Restricted	--	111,720	111,720
Unassigned	<u>887,174</u>	<u>--</u>	<u>887,174</u>
Total Fund Balance	887,174	111,720	998,894
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 890,214	\$ 111,720	\$ 1,001,934

See accompanying notes and independent accountants' review report.

Fire Protection District No. 4 of Allen Parish
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2016

Total Fund Balance - Governmental Funds	\$	998,894
Accrued interest payable is accrued on Statement of Net Position and expensed on the Statement of Activities. Interest is expensed on a cash basis on the Statement of Revenues, Expenditures, and Changes in Fund Balance.		(3,204)
Fixed assets are capitalized in the Statement of Net Position and depreciated in the Statement of Activities. These are expensed when acquired in the Statement of Revenues, Expenditures, and Changes in Fund Balance.		1,175,306
Long- term debt is reflected on Statement of Net Position and not in governmental funds balance sheet.		(226,561)
Total Net Position-Governmental Funds	\$	<u>1,944,435</u>

See accompanying notes and independent accountants' review report.

Fire Protection District No. 4 of Allen Parish
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ending December 31, 2016

	<u>Debt Service</u>		<u>Total Governmental Funds</u>
	<u>General</u>	<u>Debt Service Fund</u>	
Revenues			
Ad valorem taxes, net	\$ 171,927	\$ 96,208	\$ 268,135
Interest	1,050	64	1,114
Intergovernmental	167,640	--	167,640
Miscellaneous	31,689	--	31,689
Total Revenues	<u>372,306</u>	<u>96,272</u>	<u>468,578</u>
Expenditures			
Current:			
Advertising	1,565	--	1,565
Board compensation	1,230	--	1,230
Dues	1,474	--	1,474
Fuel	4,126	--	4,126
Insurance	43,337	--	43,337
Miscellaneous	494	--	494
Office supplies	1,615	--	1,615
Payroll taxes	2,906	--	2,906
Postage	409	--	409
Professional fees	17,746	--	17,746
Rent	250	--	250
Repairs and maintenance	33,350	--	33,350
Salaries	37,458	--	37,458
Secretary fees	825	--	825
Supplies	4,662	--	4,662
Training	459	--	459
Travel	5,112	--	5,112
Uniforms	917	--	917
Utilities	9,478	--	9,478
Capital outlay	694,794	--	694,794
Debt service:			
Interest and fiscal charges	--	12,383	12,383
Principal retirement	--	53,401	53,401
Total Expenditures	<u>862,207</u>	<u>65,784</u>	<u>927,991</u>
Net Change in Fund Balance	<u>(489,901)</u>	<u>30,488</u>	<u>(459,413)</u>
<i>Fund Balance at Beginning of Period</i>	1,377,075	81,232	1,458,307
Fund Balance at End of Period	<u>\$ 887,174</u>	<u>\$ 111,720</u>	<u>\$ 998,894</u>

See accompanying notes and independent accountants' review report.

Fire Protection District No. 4 of Allen Parish
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balance with Statement of Activities
For the Year Ending December 31, 2016

Total Net Change in Fund Balances - Governmental Funds	\$	(459,413)
Fixed assets expensed as capital outlay in governmental fund statements, capitalized as fixed assets in Statement of Net Position.		694,794
Principal payments on long-term expensed in governmental fund statements, treated as reductions of outstanding debt in entity-wide statements.		53,401
Basis in assets disposed of during the year.		(43,358)
Depreciation expense reflected in entity-wide statements, not reflected in governmental fund statements.		(181,278)
Accrued interest expense is included in Statement of Activities, and expensed as paid in governmental fund statements.		758
Changes in Net Position - Governmental Funds	\$	<u>64,904</u>

See accompanying notes and independent accountants' review report.

FIRE PROTECTION DISTRICT NO. 4 OF ALLEN PARISH

Notes to the Financial Statements

December 31, 2016

INTRODUCTION

Fire Protection District No. 4 of Allen Parish was created under the provisions of Louisiana Revised Statutes 40:1491-1510 for the purpose of providing fire protection for the citizens of District 4 of Allen Parish. The district is governed by a board of commissioners composed of five members appointed by the Allen Parish Police Jury.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of Fire Protection District No. 4 of Allen Parish have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

1. Financial Reporting Entity

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

GASB Statement No. 14 established criteria for determining which component units should be considered part of the Allen Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

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

Because the police jury appoints all members to the governing body and has the ability to impose its will on the District, the District was determined to be a component unit of the Allen Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government

FIRE PROTECTION DISTRICT NO. 4 OF ALLEN PARISH

Notes to the Financial Statements-Continued

December 31, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

services provided by the police jury, or the other governmental units that comprise the police jury. The District has no component units.

2. Basis of Presentation

The accompanying basic financial statements of the District have been prepared in conformity with GAAP. The accompanying basic financial statements have also been prepared in conformity with GASB Statement 34, "Basic Financial Statements-and Management's Discussion and Analysis-For State and Local Governments", issued in June 1999.

Government-Wide Financial Statements (GWFS)

The statement of net position and the statement of activities display information about the District as a whole. These statements include all the financial activities of the District. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchanges occur (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions."

The statement of activities presents a comparison between direct expenses and program revenues for each of the functions of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements (FFS)

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The two funds of the District are classified into one category: governmental. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the District or its total assets, liabilities, revenues or expenditures are at least 10% of the corresponding total for all governmental funds. The major funds of the District are described below:

Governmental Fund Types:

General Fund –

The General Fund is the general operating fund of the District. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

FIRE PROTECTION DISTRICT NO. 4 OF ALLEN PARISH

Notes to the Financial Statements-Continued

December 31, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

3. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements.

On the government-wide statement of net position and statement of activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), and financial position. All assets and liabilities (whether current or non-current) associated with their activities are reported. Equity is classified as net position.

The amounts reflected in the governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of District operations. Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The amounts reflected in the governmental funds use the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for the interest and principal payments on long-term debt which are recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes are recorded in the year taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent after December 31. The taxes are generally collected in December, January, and February of the fiscal year. The government considers property taxes as available if they are collected within 60 days after year-end. Property taxes not paid by the end of February are subject to lien. A one-year availability period is used for revenue recognition for all other governmental fund revenues.

Those revenues susceptible to accrual are property taxes, intergovernmental grants, and interest.

FIRE PROTECTION DISTRICT NO. 4 OF ALLEN PARISH

Notes to the Financial Statements-Continued

December 31, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. Capital expenditures are regarded as expenditures at the time purchased.

4. Deposits

Deposits include amounts in demand deposits, interest-bearing demand deposits, and time deposits as well as those investments with a maturity date of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Louisiana Revised Statute 33:2955 authorizes the District to invest in obligations of the U.S. Treasury, U.S. government agencies, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having the principal office in the State of Louisiana or any other federally insured investment. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana. LAMP generates a local government investment pool.

These deposits are stated at cost, which approximates market.

5. Accounts Receivable

Uncollectible amounts due for ad valorem taxes and other receivables of governmental funds are recognized as bad debts at the time information becomes available which would indicate that the particular receivable is not collectible.

6. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of moneys are recorded in order to reserve that portion of applicable appropriations is not employed by the District as an extension of formal budgetary integration in the funds.

7. Budget

A general fund budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. On or before the last meeting of each year, the budget is prepared by function and activity, based on information from the past year and current year estimates for the next fiscal year. The proposed budget is presented to the District's Board of Commissioners for review. The board holds a public hearing. Any changes in the budget must be within the revenues and reserves estimated. The final budget for 2016 consists of the original budget adopted November 19, 2015, which was amended once on January 28, 2016.

FIRE PROTECTION DISTRICT NO. 4 OF ALLEN PARISH

Notes to the Financial Statements-Continued

December 31, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair value at the date of donation. The District maintains a threshold level of \$1,500 or more for capitalizing capital assets. Capital assets are recorded in the statement of net position. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets are depreciated using the straight-line method over the following useful lives:

	<u>Estimated Useful Lives</u>
Buildings	30 Years
Equipment	5-20 Years
Vehicles	10-20 Years

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

9. Equity Classification

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

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, 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 “invested in capital assets, net of related debt”.

FIRE PROTECTION DISTRICT NO. 4 OF ALLEN PARISH

Notes to the Financial Statements-Continued

December 31, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified follows:

- a. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulation of other governments.
- c. Committed – amounts that can be used for specific purposes determined by a formal action of the Board. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions approved by the Board.
- d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Board's adopted policy, only board members may assign amounts for specific purposes.
- e. Unassigned – all other spendable amounts.

The District typically uses restricted fund balances first, followed by committed, and assigned as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources and to defer the use of these other classified funds.

10. Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

11. Long-Term Debt

All long-term debts to be repaid from governmental resources are reported as liabilities in the government-wide statements.

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

12. Subsequent Events

Management has evaluated subsequent events through June 22, 2017, the date the financial statements were available to be issued.

FIRE PROTECTION DISTRICT NO. 4 OF ALLEN PARISH

Notes to the Financial Statements-Continued

December 31, 2016

NOTE B – CASH AND INTEREST BEARING DEPOSITS

As of December 31, 2016, the District had cash and interest-bearing deposits (book balances) totaling \$719,093. Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or the collateral securities that are in the possession of an outside party. Under state law, these deposits (or 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. At December 31, 2016, the District had \$726,567 in deposits (collected bank balances) secured as follows:

Bank balances	<u>\$ 726,567</u>
Federal deposit insurance	\$ 346,840
Pledged securities (Category 3)	<u>379,727</u>
Total	<u>\$ 726,567</u>

Pledged securities in Category 3 includes uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the District's name. Even though the pledged securities are considered uncollateralized (Category 3), Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities after being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

NOTE C – AD VALOREM TAXES

For the year ended December 31, 2016, taxes of 10.49 mills were levied on property with taxable assessed valuations totaling \$26,479,464 and were dedicated as follows:

Maintenance millage expiring December 31, 2022	6.74 mills
Bond sinking millage expiring December 31, 2029	3.75 mills

Total taxes levied were \$277,770. Total taxes collected were \$159,801.

Property tax millage rates are adopted before November for the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15th of the current year, and become delinquent after December 31st. Property taxes not paid by the end of February are subject to lien. Since the available debt service funds exceeded two year's funding at January 1, 2016, the District elected not to assess a bond sinking millage for the year 2016.

FIRE PROTECTION DISTRICT NO. 4 OF ALLEN PARISH

Notes to the Financial Statements-Continued

December 31, 2016

NOTE D – CAPITAL ASSETS

A summary of changes in capital assets follows:

	12/31/15 <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	12/31/16 <u>Balance</u>
Capital assets not being depreciated:				
Land	\$ 16,100	\$ 40,223	\$ -	\$ 56,323
Other capital assets:				
Buildings	445,953			445,953
Equipment	538,327	157,173	255,090	440,410
Vehicles	<u>1,926,363</u>	<u>497,398</u>	<u>181,713</u>	<u>2,242,048</u>
Total	2,926,743	694,794	436,803	3,184,734
Less: accumulated depreciation:				
Buildings	315,864	14,865	-	330,729
Equipment	456,718	27,949	250,077	234,590
Vehicles	<u>1,449,013</u>	<u>138,464</u>	<u>143,368</u>	<u>1,444,109</u>
Total	<u>2,221,595</u>	<u>181,278</u>	<u>393,445</u>	<u>2,009,428</u>
Net capital assets	<u>\$ 705,148</u>	<u>\$ 513,516</u>	<u>\$ 43,358</u>	<u>\$ 1,175,306</u>

Depreciation expense in the amount of \$181,278 was charged to fire-fighting and rescue in 2016.

NOTE E – GENERAL LONG-TERM DEBT

1. Debt Outstanding

Bonds payable at December 31, 2016 are comprised of the following issue:

\$865,000 general obligation bonds dated September 4, 2009, originally due in annual installments of \$65,783 through September 4, 2026; interest at 4.375% (this issue secured by levy and collection of ad valorem taxes). \$ 226,561

The following is a summary of the long-term debt transactions during the year:

Long-term debt payable at December 31, 2015	\$ 279,962
Reduction (normal principal payment)	<u>(53,401)</u>
Long-term debt payable at December 31, 2016	\$ <u>226,561</u>

2. Debt Service Requirements to Maturity

The annual requirements to amortize the bond issue including interest payments are as follows:

FIRE PROTECTION DISTRICT NO. 4 OF ALLEN PARISH

Notes to the Financial Statements-Continued

December 31, 2016

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 55,874	\$ 9,909	\$ 65,783
2018	58,318	7,465	65,783
2019	60,870	4,913	65,783
2020	<u>51,499</u>	<u>2,250</u>	<u>53,749</u>
	<u>\$226,561</u>	<u>\$ 24,537</u>	<u>\$251,098</u>

NOTE F – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

Fire Protection District No. 4 of Allen Parish
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ending December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
				<u>Final to Actual</u>
Revenues				
Ad valorem taxes, net	\$ 157,000	\$ 157,000	\$ 171,927	\$ 14,927
Interest	2,500	2,500	1,050	(1,450)
Intergovernmental	17,500	17,500	167,640	150,140
Miscellaneous	1,000	1,000	31,689	30,689
Total Revenues	<u>178,000</u>	<u>178,000</u>	<u>372,306</u>	<u>194,306</u>
Expenditures				
Advertising	700	700	1,565	(865)
Board compensation	2,500	2,500	1,230	1,270
Dues	500	500	1,474	(974)
Fuel	6,000	6,000	4,126	1,874
Insurance	50,000	50,000	43,337	6,663
Miscellaneous	500	3,000	494	2,506
Office supplies	--	--	1,615	(1,615)
Payroll taxes	2,400	2,400	2,906	(506)
Postage	500	500	409	91
Professional fees	7,000	7,000	17,746	(10,746)
Rent	200	200	250	(50)
Repairs and maintenance	142,000	76,000	33,350	42,650
Salaries	41,000	41,000	37,458	3,542
Secretary fees	1,200	1,200	825	375
Supplies	10,000	7,500	4,662	2,838
Training	3,000	3,000	459	2,541
Travel	2,500	--	5,112	(5,112)
Uniforms	10,000	10,000	917	9,083
Utilities	10,000	10,000	9,478	522
Capital outlay	300,000	583,500	694,794	(111,294)
Total Expenditures	<u>590,000</u>	<u>805,000</u>	<u>862,207</u>	<u>(57,207)</u>
Net Change in Fund Balance	(412,000)	(627,000)	(489,901)	137,099
<i>Fund Balance at Beginning of Period</i>	1,377,075	1,377,075	1,377,075	--
Fund Balance at End of Period	<u>\$ 965,075</u>	<u>\$ 750,075</u>	<u>\$ 887,174</u>	<u>\$ 137,099</u>

See accompanying notes and independent accountants' review report.

FIRE PROTECTION DISTRICT NO. 4 OF ALLEN PARISH

Schedule of Compensation Paid to Board Members

Year Ended December 31, 2016

Roger D. McGee Jr., President	\$420
Voorhies Leger	330
Mike Smith	120
Mark Kelly	-
Jacob Lacour	<u>360</u>
Total Compensation Paid to Board Members	<u>\$1,230</u>

See independent accountants' review report.

OTHER SUPPLEMENTARY INFORMATION

FIRE PROTECTION DISTRICT NO. 4 OF ALLEN PARISH

Schedule of Compensation, Benefits and Other Payments to
Chief Executive Officer

Year Ended December 31, 2016

Chief Executive Officer: Blake LaFargue, Fire Chief

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 25,539
Benefits-insurance	-0-
Benefits-retirement	-0-
Benefits-cell phone	668
Car allowance	-0-
Vehicle provided by government	-0-
Per diem	-0-
Reimbursements	-0-
Travel	1,284
Registration fees	-0-
Conference travel	519
Continuing professional education fees	-0-
Housing	-0-
Unvouchered expenses	-0-
Special meals	-0-

See independent accountants' review report.

ROYCE T. SCIMEMI, CPA, APAC



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Certified Public Accountants

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Society of Louisiana
Certified Public Accountants

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

June 22, 2017

Board of Commissioners
Fire Protection District No. 4 of Allen Parish
Kinder, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of Fire Protection District No. 4 of Allen Parish and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the District's compliance with certain laws and regulations during the year ended December 31, 2016 included in the accompanying *Louisiana Attestation Questionnaire*. Management of the District is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed 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 the 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.

Public Bid Law

1. Select all expenditures made during the year for materials and supplies exceeding \$30,000, or public works exceeding \$150,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2296 (the public bid law) or LSA-R.S. 39:1551-39:1775 (the state procurement code), whichever is applicable.

There were three expenditures made during the year for materials and supplies exceeding \$30,000, and no expenditures were made during the year for public works exceeding \$150,000. We examined documentation which indicated that all but one of these expenditures had been properly advertised and accepted in accordance with the provisions of R.S. 38:2211-2296.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list including the noted information.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management [agreed-upon procedure (3)] appeared on the list provided by management in agreed-upon procedure (2) as immediate family members.

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budget. There was one budget amendment during the year.

6. Trace the budget adoption and amendments to the minute book.

We traced the adoption of the original budget to the minutes of a meeting held on November 19, 2015, which indicated that the commissioners had adopted the budget unanimously. We traced the adoption of the only amended budget to the minutes of a meeting held on January 28, 2016, which indicated that the commissioners had adopted it unanimously.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceeded budgeted expenditures by 5% or more. (For agencies that must comply with the Licensing Agency Budget Act only, compare the expenditures of the final budget to actual expenditures to determine if actual expenditures exceeded budgeted amounts by 10% or more per category or 5% or more in total).

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Budgeted revenues did not exceed actual revenues by 5% or more. Actual expenditures did exceed budgeted expenditures by 5% or more.

Accounting and Reporting

8. Randomly select six disbursements made during the period under examination and:

- a. trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- b. determine if payments were properly coded to the correct fund and general ledger account; and

The payments were properly coded to the correct fund and general ledger account.

- c. determine whether payments received approval from proper authorities.

The payments received proper approvals.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:11 through 42:28 (the open meetings law).

The District is only required to post a notice of each meeting and the accompanying agenda at the building where the meeting is to be held with such posting to be at least 24 hours in advance of the meeting. We found no evidence of noncompliance.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We inspected all bank deposits recorded in the District's records for the period under examination and noted no deposits which appear to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees that may constitute bonuses, advances, or gifts.

Our review of the District's records and minutes indicated no discussion or authorization for any payments that would constitute bonuses, advances or gifts. Our review of the District's payroll records for the year did not reveal any instances which would indicate payments that would constitute bonuses, advances, or gifts.

Prior Comments and Recommendations

12. Review any prior year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved.

Our prior year report, dated May 26, 2016, did not include any comments or unresolved matters, except for segregation of duties.

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. This report is intended solely for the use of management of Fire Protection District No. 4 of Allen Parish and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

ALLEN PARISH FIRE PROTECTION DISTRICT NO. 4

Kinder, Allen Parish, Louisiana

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)

June 6th, 2017
(Date Transmitted)

Royce T. Scimemi, CPA, APAC
Attention: Mr. Royce T. Scimemi
Post Office Box 210
Oberlin, LA 70655

In connection with your review of our financial statements as of December 31, 2016 and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of this 6th day of June 2017.

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes No []

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes No []

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes No []

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.

Yes No []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes No []

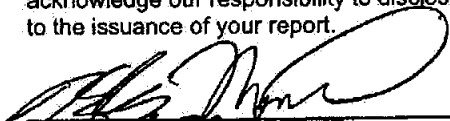
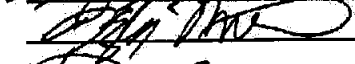

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance that may occur subsequent to the issuance of your report.

	Secretary	<u>6-6-17</u>	Date
	Treasurer	<u>6-6-17</u>	Date
	President	<u>6-6-17</u>	Date

Fire Protection District No. 4 of Allen Parish

Schedule of Findings and Responses

Year Ended December 31, 2016

1. Summary of Accountants' Results:

- a) Accountants issued a review report on the financial statements.
- b) The attestation procedures yielded evidence of two noncompliances.

2. Findings Related to the Financial Statements Which Are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards:

Current Year:

Findings – Financial Statement Review

Finding #2016-1 I/C:

Inadequate Segregation of Duties

Criteria: Because of the lack of a large staff, more specifically accounting personnel, there is insufficient segregation of duties necessary for proper controls. We do note that this situation is inherent in most entities of this type and is difficult to resolve due to the funding limitations of the District. This was also a prior year finding.

Cause: Lack of a large staff.

Effect: Possible inadequate segregation of duties.

Recommendation: The board continue to take an active interest in the review of all of the financial information.

Response: The District will not change staff levels.

Finding #2016-2 C:

Public Bid Law Compliance

Criteria: The District purchased \$59,443 in bunker gear that may not have been in compliance with the Public Bid Law. The District was required under the R.S. 38:2212.1 B (1) to have documentation of two advertisements for bids for the acquisition of this equipment. Although the District did accept the lowest of three bids, the advertisements were not available for review.

Cause: Documentation of compliance with the Public Bid Law was not gathered at the time the purchases were made.

Effect: Possible violation of the Public Bid Law.

Recommendation: Closely monitor departmental acquisition of large purchases by the District to ensure that adequate documentation is maintained.

Response: The District will obtain documentation of two bidding advertisements for the acquisition of all materials and supplies over \$30,000 in the future.

Finding #2016-3 C:

Local Governmental Budget Act Compliance

Criteria: The actual expenditures in the general fund were in excess of budgeted amounts by more than 5%.

Cause: Budgets are being prepared with very conservative constraints on spending.

Effect: Possible violation of the Louisiana Local Governmental Budget Act.

Recommendation: Closely monitor budgets and annualize interim expenditures in calculating original and amended budgets.

Response: Management will monitor budgets and annualize interim expenditures to calculate compliant budgets.

Prior Year:

Finding #2015-1 I/C:

Inadequate Segregation of Duties

Because of the lack of a large staff, more specifically accounting personnel, there is insufficient segregation of duties necessary for proper controls. We do note that this situation is inherent in most entities of this type and is difficult to resolve due to the funding limitations of the District.

3. Findings and Questioned Costs for Federal Awards:

N/A