

***FIRE PROTECTION DISTRICT NO. 6  
Of the Parishes of Terrebonne and Lafourche  
State of Louisiana  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2016***

**FIRE PROTECTION DISTRICT NO. 6**  
**Of the Parishes of Terrebonne and Lafourche**  
**State of Louisiana**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended December 31, 2016**

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**FIRE PROTECTION DISTRICT NO. 6**  
**Of the PARISHES OF TERREBONNE AND LAFOURCHE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2016*

This discussion and analysis of Fire Protection District No. 6's (the District) financial performance provides an overview of the financial activities as of and for the fiscal year ended December 31, 2016. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

**FINANCIAL HIGHLIGHTS**

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

- The net position decreased because of this year's operations. The net position of our governmental activities decreased by \$118,651, or approximately 6%. Because of this year's operations assets exceeded liabilities by \$2,078,913 (net position).
- During the year, expenses were \$887,693 more than the \$20,561 generated in program revenues for governmental programs. General revenues of \$769,042 added to the program revenues for governmental programs made up the shortfall to end the year with revenue exceeding expenditures by (\$118,651). This compares to last year when revenues exceeded expenses by \$109,543.
- Program expenses increased by \$117,017, while revenues decreased by approximately 7%.
- Governmental funds reported an ending fund balance of \$980,042 – of which \$48,497 is non-spendable for prepaid insurance and \$30,000 is assigned by the Board in the 2017 budget for truck replacement – the remainder of \$901,545 is considered unassigned.

**USING THIS ANNUAL REPORT**

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

Our auditor has provided assurance in his independent auditor's report that the basic financial statements are fairly stated. The auditor, regarding the Required Supplemental Information and the Other Supplemental Information is providing varying degrees of assurance.

**FIRE PROTECTION DISTRICT NO. 6**  
**Of the PARISHES OF TERREBONNE AND LAFOURCHE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2016*

A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Annual Report.

***Government-Wide Financial Statements***

The government-wide financial statements are designed to provide readers with a broad overview of the finances, in a manner similar to a private-sector business. The statement of net position presents information on all of the assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as an indicator of whether the financial position is improving or deteriorating.

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

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

***Fund Financial Statements***

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

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

**FIRE PROTECTION DISTRICT NO. 6**  
**Of the PARISHES OF TERREBONNE AND LAFOURCHE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2016*

**FINANCIAL ANALYSIS AS A WHOLE (GWFS)**

The net position decreased by \$118,651 about 6% as noted in the following table. In comparison, last year net position increased by \$109,543 or about 9%. A large portion of the District's net assets reflects its investment in capital assets. Current assets increased by a little over 2%, while capital assets decreased slightly by about 2%. Non-current liabilities increased significantly due to implementing GASB 68 to include net pension liability for the retirement system.

Condensed Statement of Net Position

	2015	2016	Dollar Change	Percent Change
Current and Other Assets	\$1,730,938	\$1,764,170	\$ 33,232	1.9%
Capital Assets	1,701,479	1,664,096	(37,383)	-2.2%
<b>Total Assets</b>	3,432,417	3,428,266	(4,151)	-0.1%
<b>Deferred Outflows</b>	155,054	170,523	15,469	9.1%
Current Liabilities	672	19,763	19,091	96.6%
Non-current Liabilities	547,161	675,342	128,181	19.0%
<b>Total Liabilities</b>	547,833	695,105	147,272	21.2%
<b>Deferred Inflows</b>	842,074	824,771	(17,303)	-2.1%
Invested in Capital Assets	1,701,479	1,664,096	(37,383)	-2.2%
Unrestricted	496,085	414,817	(81,268)	-19.6%
<b>Total Net Position</b>	<u>\$2,197,564</u>	<u>\$2,078,913</u>	<u>\$ (118,651)</u>	-5.7%

The net position of governmental activities decreased as mentioned above and again noted in the following table. The amount spent on operating and maintaining the fire safety (program expenses) of the District increased by over \$100,000 or 19% during the year. Program revenues decreased slightly from the prior year, as did general revenues.

**FIRE PROTECTION DISTRICT NO. 6**  
**Of the PARISHES OF TERREBONNE AND LAFOURCHE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2016*

Condensed Statement of Activities

	2015	2016	Dollar Change	Percent Change
Total program expenses	\$ (731,237)	\$ (908,254)	\$ 177,017	19.5%
Total program revenues	22,293	20,561	(1,732)	-8.4%
<b>Net program income</b>	(708,944)	(887,693)	(178,749)	20.1%
General revenues	818,487	769,042	(49,445)	-6.4%
<b>Change in Net Position</b>	109,543	(118,651)	228,194	-192.3%
<b>Net Position:</b>				
Beginning of the year	2,088,021	2,197,564	109,543	5.0%
End of the year	<u>\$2,197,564</u>	<u>\$2,078,913</u>	<u>\$ (118,651)</u>	-5.7%

**FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS (FFS)**

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

The General fund reported an ending fund balance of \$980,042– of which \$48,497 is non-spendable for prepaid insurance and \$30,000 is assigned by the Board in the 2017 budget for truck replacement – the remainder of \$901,545 is considered unassigned. This reflects an increase of \$49,485 or 5% from the prior year. Capital outlay expenditures were \$56,188, including the purchase of equipment and vehicles.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The original budget for the General Fund was revised during the year. Authorized budget amendments were approved as follows:

Original Budgeted Revenues	\$790,150
<b>Amendments were made for:</b>	
Decreased Ad Valorem taxes	(1,700)
Decreased Intergovernmental revenue	(3,900)
Increased Interest and Miscellaneous	2,250
Increased for Facility Rentals	450
<b>Total revenue amendments</b>	<b>(2,900)</b>
Amended Budgeted Revenues	\$787,250

**FIRE PROTECTION DISTRICT NO. 6**  
**Of the PARISHES OF TERREBONNE AND LAFOURCHE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2016*

Original Budgeted Expenditures	\$1,169,900
<b>Amendments were made for:</b>	
Increased current expenditures	13,490
Decreased Capital Outlay	(376,500)
<b>Total expenditure amendments</b>	<b>(363,010)</b>
Amended Budgeted Expenditures	\$806,890

All variances were favorable and in compliance with the State Budget Law.

**CAPITAL ASSETS**

A summary of current and prior year balances follows:

	12/31/2015 Balance	12/31/2016 Balance
<b>NON-DEPRECIABLE ASSETS</b>		
Land	\$12,378	\$12,378
<b>DEPRECIABLE ASSETS:</b>		
Buildings & Improvements	1,962,047	1,944,468
Machinery & Vehicles	1,412,924	707,883
Office Furniture & Equipment	6,050	1,280
<b>Total Cost of depreciable assets</b>	<b>3,381,021</b>	<b>2,653,631</b>
<b>Total Cost of Assets</b>	<b>3,393,399</b>	<b>2,666,009</b>
Buildings & Improvements	660,532	680,411
Machinery & Vehicles	1,025,338	321,357
Office Furniture & Equipment	6,050	145
<b>Total accumulated depreciation</b>	<b>1,691,920</b>	<b>1,001,913</b>
<b>Net depreciable assets</b>	<b>\$1,689,101</b>	<b>\$1,651,718</b>
<b>Net capital assets</b>	<b>\$1,701,479</b>	<b>\$1,664,096</b>

Capital assets, net of accumulated depreciation of \$1,001,913, for governmental activities at year-end were \$1,664,096. This year there was total additions of \$56,188 for building improvements, vehicles, equipment, and furniture purchased that were capitalized. Deletions and adjustments to capital assets totaled \$783,578. Depreciation of \$90,237 was recorded on capital assets. More detailed information about the capital assets is presented in Note 4 to the financial statements.

**FIRE PROTECTION DISTRICT NO. 6**  
**Of the PARISHES OF TERREBONNE AND LAFOURCHE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2016*

***FIREFIGHTERS RETIREMENT SYSTEM***

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

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES - As of December 31, 2016, the District reported liabilities in the GWFS of \$531,553 in its governmental activities for its proportionate share of the net pension liabilities of the System. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension obligation was determined by an actuarial valuation as of that date. The proportion of the net pension liability was based on a projection of the long-term contributions to the plans relative to the projected contributions of all participating employers, actuarially determined.

For the year ended December 31, 2016 the District recognized a pension expense of \$43,134 in its governmental activities related to its participation in the System. More detailed information is presented in Note 6 to the financial statements.

***OTHER POST EMPLOYMENT BENEFITS***

The District has implemented Governmental Accounting Standards Board (GASB) Statement 45 which addresses the reporting and disclosure requirements for other post-employment benefits (OPEB). GASB Statement 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions," requires the long-term cost of retirement health care and obligations for other postemployment benefits be determined on an actuarial basis and reported similar to pension plans.

The net OPEB obligation for the year ending December 31, 2016 of \$143,789 was recorded in the government-wide financial statements as a non-current liability. More detailed information about the other post-employment benefits is presented in Note 7 to the financial statements.



**FIRE PROTECTION DISTRICT NO. 6**  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2016*

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Highlights of next year's General Fund budget include:

<b>Condensed Summary of Budgeted Finances</b>	
	<u>2017</u>
<b>Anticipated revenues</b>	\$ 786,300
<b>Expenditures:</b>	
Current	717,300
Capital outlay	439,000
<b>Anticipated expenditures</b>	<u>1,156,300</u>
Reserved by Board for Fire Truck Replacement	30,000
Excess of revenues	(400,000)
<b>Fund Balance:</b>	
Beginning of the year	<u>902,496</u>
End of the year	<u>\$502,496</u>

**CONTACTING FINANCIAL MANAGEMENT**

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

Ms. Maryetta Ellender, Chairman  
1105 Hwy 55  
Montegut, LA  
Phone # 985-856-1599

***FINANCIAL SECTION***



# STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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## INDEPENDENT AUDITOR'S REPORT

To the Commissioners of  
Fire Protection District No. 6  
Of the Parishes of Terrebonne and Lafourche

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities and each major fund of the Fire Protection District No. 6 Of the Parishes of Terrebonne and Lafourche (the District), a component unit of Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2016, and the notes to the financial statements, which collectively comprise the basic financial statements, as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

An audit includes performing procedures to obtain audit evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

To the Commissioners of the  
Fire Protection District No. 6  
Of the Parishes of Terrebonne and Lafourche  
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In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluation the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund as of December 31, 2016 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Required Supplementary Information***

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



To the Commissioners of the  
Fire Protection District No. 6  
Of the Parishes of Terrebonne and Lafourche  
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***Other Information***

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

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated May 11, 2017, on our consideration of the internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

*Stagni & Company*

Thibodaux, Louisiana  
May 11, 2017



**FIRE PROTECTION DISTRICT NO. 6  
OF THE PARISHES OF TERREBONNE AND LAFOURCHE**

Statement of Net Position  
December 31, 2016

**ASSETS**

Cash	\$	20,146
Investments		933,872
Ad valorem taxes receivable		33,004
Due from other governmental units		726,778
Miscellaneous receivable		1,873
Prepaid Insurance		48,497
Capital Assets, net of accumulated depreciation		1,664,096
<b>TOTAL ASSETS</b>		<u>3,428,266</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Related to net pension liability		170,523
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**LIABILITIES, DEFERRED INFLOWS AND NET POSITION**

***Liabilities:***

Accounts payable		10,318
Unearned revenue-ad valorem taxes		9,445
<b>Noncurrent liabilities:</b>		
Net pension liability		531,553
Other postemployment benefit liability		143,789
<i>Total liabilities</i>		<u>695,105</u>

***Deferred Inflows of Resources-***

Property taxes - subsequent year		764,365
Related to net pension liability		60,406
<i>Total deferred inflows</i>		<u>824,771</u>

***Net Position:***

Net Invested in capital assets		1,664,096
Unrestricted		414,817
<i>Total net position</i>		<u>\$ 2,078,913</u>

See notes to financial statements.

**FIRE PROTECTION DISTRICT NO. 6  
OF THE PARISHES OF TERREBONNE AND LAFOURCHE**

Statement of Activities - Governmental Activities  
For the Year Ended December 31, 2016

FUNCTIONS/PROGRAMS	Expenses	Charges for services	Operating Grants	Net (Expense) Revenue
Public safety-fire protection	\$ 908,254	\$ 1,433	\$ 19,128	\$ (887,693)
Total governmental activities	<u>\$ 908,254</u>	<u>\$ 1,433</u>	<u>\$ 19,128</u>	<u>(887,693)</u>

**GENERAL REVENUES**

Ad valorem taxes	746,469
State revenue sharing	14,189
Miscellaneous	3,520
Unrestricted investment earnings	4,864
<i>Total General Revenues</i>	<u>769,042</u>

**Change in Net Position** (118,651)

**NET POSITION:**

Beginning of year	2,197,564
End of year	<u>\$ 2,078,913</u>

See notes to the financial statements.

**FIRE PROTECTION DISTRICT NO. 6  
OF THE PARISHES OF TERREBONNE AND LAFOURCHE**

Balance Sheet - Governmental Fund - General Fund  
December 31, 2016

**ASSETS**

Cash	\$	20,146
Investments		933,872
Receivables:		
Taxes		33,004
Other miscellaneous		1,873
Due from other governmental units		726,778
Prepaid Insurance		48,497
<b>TOTAL ASSETS</b>		<u><u>\$ 1,764,170</u></u>

**LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE**

***Liabilities -***

Accounts payable and Accrued liabilities	\$	10,318
Unearned revenue-ad valorem taxes		9,445
<b>TOTAL LIABILITIES</b>		<u>19,763</u>

***Deferred Inflows of Resources -***

Property taxes - subsequent period		764,365
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***Fund balances:***

Non-spendable - Prepaid Insurance		48,497
Assigned by the Board for Truck Replacement		30,000
Unassigned		901,545
<b><i>Total fund balance</i></b>		<u><u>980,042</u></u>

**RECONCILIATION TO THE STATEMENT OF NET POSITION:**

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Add Non-depreciable capital assets	12,378	
Add - Depreciable capital assets	2,653,631	
Deduct - Accumulated depreciation	<u>(1,001,913)</u>	1,664,096

Deferred outflows of resources related to net pension liability are not available resources and, therefore, are not reported in the funds		170,523
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Long-term Liabilities not due and payable in the current period and therefore are not reported in the funds		
Deduct - Net pension liability		(531,553)
Deduct - OPEB liability		<u>(143,789)</u>
		(675,342)

Deferred inflows of resources related to net pension liability are not payable from current expendable resources and, therefore, are not reported in the funds		(60,406)
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<b><i>Net position of governmental activities</i></b>		<u><u>\$ 2,078,913</u></u>
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See notes to financial statements.



**FIRE PROTECTION DISTRICT NO. 6  
OF THE PARISHES OF TERREBONNE AND LAFOURCHE**

Statement of Revenues, Expenditures, and Changes  
in Fund Balances - Governmental Fund - General Fund  
For the Year Ended December 31, 2016

**REVENUES**

Ad Valorem Taxes	\$	746,469
Intergovernmental - State of Louisiana		
State Revenue Sharing		14,189
Fire Insurance Tax		19,128
Facility Rentals		1,433
Miscellaneous		3,520
Interest		4,864
TOTAL REVENUES		789,603

**EXPENDITURES**

***Current - Public Safety:***

Salaries and benefits		408,305
Uniforms		20,057
Office operations		3,664
Gasoline, Diesel & Oil		6,738
Operating supplies		12,520
Utilities		19,793
Telephone		8,269
Insurance		64,583
2% Fire Insurance Rebate		11,233
Volunteer response and training		4,621
E-911 Fire Dispatch Services		4,462
Professional service fees		25,552
Publish Proceedings/Class Ads		1,934
Travel & Training		7,968
Membership dues		2,039
Miscellaneous		721
Repairs and maintenance		81,471

*Total current* 983,930

***Capital outlay***

*Capital outlay* 56,188

TOTAL EXPENDITURES 740,118

**NET CHANGE IN FUND BALANCE**

49,485

**FUND BALANCE:**

Beginning of year		930,557
End of year	\$	980,042

See notes to financial statements.

**FIRE PROTECTION DISTRICT NO. 6  
OF THE PARISHES OF TERREBONNE AND LAFOURCHE**

Reconciliation of the Statement of Revenues, Expenditures, and Changes  
in Fund Balances - Governmental Fund to the Statement of Activities  
For the Year Ended December 31, 2016

**Net change in fund balance - governmental fund** \$ 49,485

Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives, and reported as depreciation expense.

Add - Capital outlay	56,188
Miscellaneous adjustments to capital assets	(3,334)
Deduct - Depreciation expense	(90,237)
	(37,383)

Some expenses reported in the government-wide statement of activities do not require the use of current financial resources, and, therefore, are not reported as expenditures in the governmental funds.

Deduct - Increase in Net Pension Liability	(97,096)
Change in Deferred Outflows and Inflows	(2,572)
Deduct - Increase in OPEB Liability	(31,085)

***Change in net position - governmental activities*** \$ (118,651)

**FIRE PROTECTION DISTRICT NO. 6**  
**Of the Parishes of Terrebonne and Lafourche, State of Louisiana**  
Notes to the Financial Statements  
For the Year Ended December 31, 2016

Fire Protection District No. 6 of the Parishes of Terrebonne and Lafourche (the District) was formed under La. Revised Statute 40:1492 and 40:1496 and by Terrebonne Parish resolution adopted June 11, 1947 and revised by Terrebonne Parish ordinance 5175 adopted January 12, 1994. The District is governed by a Board of Commissioners comprised of seven members appointed by the Terrebonne and Lafourche Parish Councils.

The District was formed for the acquisition, purchase, construction, improvement, maintenance, and operations of fire protection facilities and equipment, and obtaining water for fire protection purposes in Ward 6 of the Parish of Terrebonne and in Ward 11 of the Parish of Lafourche.

**Note 1**                      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

As the governing authority, the Terrebonne Parish Consolidated Government is the financial reporting entity for Terrebonne Parish. The majority of ad valorem tax revenue is received from Terrebonne Parish. Because the Terrebonne Parish Consolidated Government could by definition in statute be financially burdened by the Fire District No. 6, the District was determined to be a component unit of the Terrebonne Parish Consolidated Government. The accompanying financial statements present information only on the funds maintained by the District and its component unit and do not present information on the Terrebonne Parish Consolidated Government, the general government services provided by that governmental unit, or the other governmental reporting entity. The accompanying financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish.

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**Of the Parishes of Terrebonne and Lafourche, State of Louisiana**  
Notes to the Financial Statements  
For the Year Ended December 31, 2016

**Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

**B.      Basis of Presentation**

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

***Governmental Fund Type***

Governmental funds account for all or most of the general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance.

The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period programs or operations. The governmental fund is the General Fund. The General Fund is used to account for all financial resources and expenditures except those required to be accounted for in other funds.

**C.      Measurement Focus / Basis of Accounting**

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

***Fund Financial Statements (FFS)***

The amounts reflected in fund financial statements, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of operations.

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**Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

**C.      Measurement Focus / Basis of Accounting (continued)**

The amounts reflected in the fund financial statements, use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. 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 interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

- **Revenues** – Ad valorem taxes and the related state revenue sharing are recorded as revenue in the period for which levied, thus the 2015 property taxes which were levied to finance the 2016 budget are recognized as revenue in 2016. The 2016 tax levy is recorded as deferred revenue in the current financial statements. Charges for services are recorded when earned since they are measurable and available. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable or available until actually received.
- **Expenditures** – The major expenditures current public safety supplies, insurance and audit and accounting fees are recorded when payable or when the fees are incurred.

**Government-Wide Financial Statements (GWFS)**

The government-wide financial statements display information as a whole. These statements include all the financial activities. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting.

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**Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

**C.      Measurement Focus / Basis of Accounting (continued)**

Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed).

Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from non-exchange transactions are recognized in accordance with the requirements of Section N50.

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

**D. Use of Estimates**

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

**E. Operating Budgets**

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

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**Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

**F.      Cash and Investments**

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

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

Investments are stated at fair value as established by open market, except for the Louisiana Asset Management Pool (LAMP). LAMP is an external pool which is operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met.

**G.      Receivables**

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

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**Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

**H.      Prepaid Insurance**

The District has recorded prepaid insurance in the General Fund. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**I.      Deferred Outflows and Inflows of Resources**

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

**J.      Vacation and Sick Leave**

Accumulated vacation and sick leave is recorded as an expenditure of the period in which paid in the Governmental Fund. Full time employees are entitled to eighteen days' vacation after one year of service. Each year the employee must use vacation time accumulated before their anniversary date (the day they first began working), if not taken it is forfeited. The vacation period is increased one day for each year of service over ten years, up to a maximum of thirty days. There is no material accumulated vacation or sick leave at year end.

**K.      Capital Assets**

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



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**Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

**K. Capital Assets (continued)**

CATEGORY	LIFE
BUILDINGS AND IMPROVEMENTS	25-40 YEARS
MACHINERY AND EQUIPMENT	5-20 YEARS
OFFICE FURNITURE, FIXTURES & EQUIPMENT	5-10 YEARS

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

**L. Fund Equity**

For government-wide statement of net position, net assets are displayed in three components:

- Invested in capital assets – including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets, if any.
- Restricted net assets – those with constraints placed on the use either by:
  - i. External groups such as creditors, grantors, contributions or laws or regulations of other governments; or
  - ii. Law through constitutional provisions or enabling legislation.
- Unrestricted net assets – all other assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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**Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

**L. Fund Equity (continued)**

Governmental fund equity is classified as fund balance. Fund balance is further classified as:

- Non-spendable fund balance cannot be spent because of its form.
- Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions.
- Committed fund balance is a limitation imposed by the Board through approval in minutes.
- Assigned fund balances is a limitation imposed by a designee of the Board.
- Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories.

Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

**Note 2      DEPOSITS AND INVESTMENTS**

Deposit balances at year end are as follows:

	Per Bank	As Reported
Cash	\$ 62,110	\$20,146

State law requires that deposits be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits.

Obligations furnished, as security must be held by the District or with an unaffiliated bank or trust company for the account of the political subdivision. Under the provision of GASB, pledged securities, which are not in the name of the governmental unit, are considered uncollateralized.

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

Custodial credit risk is the risk that in the event of a bank failure, deposits may not be returned to it. At year end none of the bank balance was exposed to custodial credit risk.

The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

*Investments:*

Investment balances and maturities at year end are as follows:

Investment Type	As Reported	Fair Value	Maturity
Louisiana Asset Management Pool	\$933,872	\$933,872	LESS THAN 1 YEAR

At year-end the balance of investments is invested in the Louisiana Asset management Pool (LAMP). LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2-a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments.

The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33:2955.

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

Accordingly, LAMP investments are restricted to securities issued, guaranteed, or back by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with maturity in excess of 397 days. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value.

For purposes of determining participants' shares, investments are valued at amortized cost, which approximates fair value. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP is rated AAAM by Standard & Poor's. LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required for custodial credit risk. Pooled investments are excluded from the 5 percent disclosure requirement regarding the concentration of credit risk. 2a-7 like investments pools are excluded from the interest rate disclosure requirement, nor is foreign currency risk disclosure applicable.

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

Interest rate risk inherent in the portfolio is measured by monitoring the segmented time distribution of the investments in the portfolio. For an investment, custodial credit risk is the risk that, in the event of a failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued at amortized cost, which approximates fair value. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP has a Standard & Poor's Rating of AAAM.

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**Note 3 AD VALOREM TAXES**

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

Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2015, on which the 2016 revenue was recorded was \$16.00 per \$1,000 of assessed valuation on property within Fire Protection District No. 6 for the purpose of acquiring, constructing, maintaining and operating fire protection facilities within the District and paying the cost of obtaining water for fire protection purposes, including fire hydrant rentals and service.

**Note 4 CAPITAL ASSETS**

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

	Balance	Additions	Deletions/ Adjustments	Balance
<b>NON-DEPRECIABLE ASSETS</b>				
Land	\$ 12,378	\$ -	\$ -	\$12,378
	<b>12,378</b>	<b>-</b>	<b>-</b>	<b>12,378</b>
<b>DEPRECIABLE ASSETS:</b>				
Buildings & Improvements	1,962,047	10,499	(28,078)	1,944,468
Machinery & Vehicles	1,412,924	44,409	(749,450)	707,883
Office Furniture & Equipment	6,050	1,280	(6,050)	1,280
Total Cost of depreciable assets	<b>3,381,021</b>	<b>56,188</b>	<b>(783,578)</b>	<b>2,653,631</b>
Total Cost of Assets	3,393,399	56,188	(783,578)	2,666,009

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**Note 4 CAPITAL ASSETS (continued)**

ACCUMULATED DEPRECIATION				
Buildings & Improvements	660,532	47,956	(28,077)	680,411
Machinery & Vehicles	1,025,338	42,136	(746,117)	321,357
Office Furniture & Equipment	6,050	145	(6,050)	145
<b>Total accumulated depreciation</b>	<b>1,691,920</b>	<b>90,237</b>	<b>(780,244)</b>	<b>1,001,913</b>
Net depreciable assets	<u>\$1,689,101</u>			<u>\$1,651,718</u>
Net capital assets	<u><b>\$1,701,479</b></u>			<u><b>\$1,664,096</b></u>

Depreciation Expense of \$90,237 was recorded in the governmental activities.

At the May 23, 2016 meeting the Board accepted the bid from E-One/Sunbelt for a new fire engine for a total price of \$429,811 along with a foam system for \$4,517.

**NOTE 5 DUE FROM OTHER GOVERNMENTAL UNITS**

The detail from whom amounts are due at year end are as follows:

Lafourche Parish Tax Collector	\$24,690
Terrebonne Parish Tax Collector	702,088
Total	\$726,778

**NOTE 6 FIREFIGHTERS RETIREMENT SYSTEM**

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

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**Of the Parishes of Terrebonne and Lafourche, State of Louisiana**  
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**NOTE 6      FIREFIGHTERS RETIREMENT SYSTEM (continued)**

*PLAN DESCRIPTION* – The District contributes to the Firefighters' Retirement System of Louisiana (FRS), a cost-sharing multiple-employer defined benefit public retirement system, which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries.

Act 434 of the 1979 Louisiana Legislative Session established the plan. The System is governed by Louisiana R.S. 11:2251 – 11:2269, specifically, and other general laws of the State. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Firefighters' Retirement System of Louisiana, 2051 Silverside Dr., Suite 210, Baton Rouge, LA 70808-4136 or at their website <http://www.lafirefightersret.com>.

*ELIGIBILITY REQUIREMENTS* – Membership in the System is a condition of employment for any full time firefighters who earn at least \$375 per month and are employed by any municipality, parish, or fire protection district of the State of Louisiana in addition to employees of the Firefighters Retirement System. Any person who becomes an employee as defined in R.S. 11:2252 on and after January 1, 1980 shall become a member as a condition of employment. No person who has attained age fifty or over shall become a member of the System, unless the person becomes a member by reason of a merger or unless the System received an application for membership before the applicant attained the age of fifty. No person who has not attained the age of eighteen years shall become a member of the System.

Any person who has retired from service under any retirement system or pension fund maintained basically for public officers and employees of the state, its agencies or political subdivisions, and who is receiving retirement benefits therefrom may become a member of this System, provided the person meets all other requirements for membership. Service credit from the retirement system or pension plan from which the member is retired shall not be used for reciprocal recognition of service with this System, or for any other purpose in order to attain eligibility or increase the amount of service credit in this System.

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**NOTE 6      FIREFIGHTERS RETIREMENT SYSTEM (continued)**

RETIREMENT BENEFITS – Benefit provisions are authorized within Act 434 of 1979 and amended by LRS 11:2251-11:2272. Any member of the System who has completed at least twenty-five years of creditable service, who has been a member of this system for at least one year, regardless of age, or any member who has completed at least twenty years of creditable service, who has been a member of this system for at least one year, and who has attained the age of fifty years, or any member who has completed at least twelve years of service, who has been a member of this system for at least one year, and who has attained the age of fifty-five shall be entitled to retire from service.

Upon such retirement, the member shall be paid an annual retirement allowance equal to three and one-third percent of average final compensation multiplied by total years of creditable service. However, the annual retirement allowance shall not exceed one hundred percent of average final compensation.

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

The monthly retirement benefit that would have been payable is paid into the DROP plan account. Upon termination of employment, a participant in the program shall receive, at his option, a lump-sum payment from the account or an annuity based on the DROP plan account balance in addition to his regular monthly benefit. If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to the System. No payments may be made from the DROP account until the participant retires.

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

EMPLOYER CONTRIBUTIONS – Employer contributions are actuarially determined each year. For the year ended June 30, 2016, employer and employee contributions for members above the poverty line were 29.25% and 10.0% respectively. The employer and employee contribution rates for those members below the poverty line were 31.25% and 8.0%, respectively.



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**NOTE 6      FIREFIGHTERS RETIREMENT SYSTEM (continued)**

NON-EMPLOYER CONTRIBUTIONS – The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue during the year ended June 30, 2016 and were excluded from pension expense. Non-employer contributions received by the System during the year ended June 30, 2016 was \$24,825,521.

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES - As of December 31, 2016, the District reported liabilities in the GWFS of \$531,553 in its governmental activities for its proportionate share of the net pension liabilities of the System. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension obligation was determined by an actuarial valuation as of that date. The proportion of the net pension liability was based on a projection of the long-term contributions to the plans relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2016, the District's proportional share of the System was .081266% which was an increase of .00077% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016 the District recognized a pension expense of \$43,134 in its governmental activities related to its participation in the System. At December 31, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred outflows</b>	<b>Deferred inflows</b>
Differences between expected and actual experience	\$109,836	\$(22,396)
Changes in assumption	4,581	(148)
Changes in proportion	5,869	(19,113)
Difference in contribution	50,237	(18,749)
	<u>\$170,523</u>	<u>\$(60,406)</u>

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**NOTE 6      FIREFIGHTERS RETIREMENT SYSTEM (continued)**

The deferred outflows of resources related to pensions resulting from contributions after the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2017	\$ 46,329
2018	46,329
2019	54,353
2020	31,225
	\$178,236

**ACTUARIAL ASSUMPTIONS** - The total pension liabilities in the December 31, 2016, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurements:

Valuation Date	June 30, 2016
Actuarial cost method	Entry Age Normal
<b>Actuarial cost assumptions:</b>	
Expected remaining service lives	7 years
Investment rate of return	7.5% per annum
Inflation rate	2.875% per annum
Projected salary increases	Vary from 15% in the first two years of service to 4.75% after 25 years
Mortality	RP-2000 Employee Table for active members RP-2000 Healthy Annuitant Table for healthy annuitants RP-2000 Disables Lives Mortality Tables for disabled annuitants
Cost of Living Adjustments	Only those previously granted

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**NOTE 6      FIREFIGHTERS RETIREMENT SYSTEM (continued)**

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

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

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**SENSITIVITY OF THE CHANGES IN DISCOUNT RATE** - The following presents the net pension liabilities of the participating employers calculated using the discount rate of 7.5%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.5% or one percentage point higher 8.5% than the current rate as of June 30, 2016.

	<b>1% Decrease 6.50%</b>	<b>Current Discount Rate 7.50%</b>	<b>1% Increase 8.50%</b>
Net Pension Liability	\$724,198	\$ 531,553	\$ 369,542

**SUPPORT OF NON-EMPLOYER CONTRIBUTING ENTITIES** – Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The District recognizes revenue in an amount equal to its proportionate share of the total contributions to the pension plan from these non-employer contributing entities.

**FIRE PROTECTION DISTRICT NO. 6**  
**Of the Parishes of Terrebonne and Lafourche, State of Louisiana**  
Notes to the Financial Statements  
For the Year Ended December 31, 2016

**NOTE 6      FIREFIGHTERS RETIREMENT SYSTEM (continued)**

During the year ended December 31, 2016, the District recognized revenue as a result of support received from the non-employer contributing entities of \$20,175 for its participation in the System.

**NOTE 7      POST EMPLOYMENT HEALTHCARE BENEFITS**

**Plan Description.** The District administers a single employer defined benefit healthcare plan (the Plan). The Plan provides for the payment of medical, dental and life insurance premiums to eligible employees, retirees and their dependents as approved by the Board of Commissioners. The District funds the entire premium for all benefits on all employees. District employees retiring with at least ten years of permanent full-time creditable service with the District shall be eligible to participate in the Plan approved by the Board of Commissioners under the following vesting schedule: 1 to 15 years of service, 2.75% per year; 16 to 20 years of service, 41.25 % plus 3.75% per year of service between 16 and 20; 21 years or more of service, 60% plus 5% per year of service over 21, limited to 85% of the premium. A retired employee may provide dependent hospitalization coverage at applicable dependent rates. The District does not issue a publicly available financial report on the Plan.

**Funding Policy.** The District fully funds required premiums based on pay-as-you-go financing requirements. For fiscal year 2016 the District did not pay any premiums for the retirees.

**Annual OPEB Cost and Net OPEB Obligation.** The District recognizes a net other postemployment benefit (OPEB) obligation for covered postemployment healthcare benefits in accordance with the provisions of GASB Statement No. 45, *Accounting for Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB 45). GASB 45 was implemented prospectively with zero net obligation and transition.

The District's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortized any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The table on the following page shows the components of District's annual OPEB cost for the year, the premiums actually paid and the District's net OPEB obligation.

**FIRE PROTECTION DISTRICT NO. 6**  
**Of the Parishes of Terrebonne and Lafourche, State of Louisiana**  
Notes to the Financial Statements  
For the Year Ended December 31, 2016

**NOTE 7 POST EMPLOYMENT HEALTHCARE BENEFITS (continued)**

The following table represents the OPEB costs for the year and the annual required contribution:

Normal cost	\$	19,231
Minimum Amortization of Unfunded		10,881
Interest Adjustment to Year-end		1,054
Annual Required Contribution	\$	31,166
Annual Required Contribution	\$	31,166
ARC adjustment		(4,027)
Interest Adjustment to net OPEB Obligation		3,945
Annual OPEB Cost		31,084
Contributions Made		-
Increase in Net OPEB Obligation		(31,084)
Net OPEB Obligation - beginning of year		112,705
Net OPEB Obligation - end of year	\$	143,789

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last 3 years was as follows:

Fiscal year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/13/2014	\$25,568	0.0%	\$114,460
12/31/2015	\$26,564	0.0%	\$112,704
12/31/2016	\$31,084	0.0%	\$143,789

**FIRE PROTECTION DISTRICT NO. 6**  
**Of the Parishes of Terrebonne and Lafourche, State of Louisiana**  
Notes to the Financial Statements  
For the Year Ended December 31, 2016

**NOTE 7 POST EMPLOYMENT HEALTHCARE BENEFITS (continued)**

**Funding Status and Funding Progress.**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll ('c)	Percentage of Covered Payroll ((b-a)/c)
1/1/2012	-	\$326,375	326,375	0%	\$109,138	299.0%
1/1/2014	-	\$541,981	541,981	0%	\$144,963	373.9%
1/1/2016	-	\$304,553	304,553	0%	\$183,983	165.5%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectation and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information, presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities and benefits.

**Actuarial Methods and Assumptions.** Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer an eligible employees and retirees) and include the types of benefits provide that at the time of each valuation and on the historical pattern of sharing benefit cost between the employer and eligible employees and retirees to that point.

Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets.

Significant methods and assumptions were as follows:

- Actuarial valuation date 1/1/2016
- Discount rate – 3.5%
- Salary Increase – 3%
- Mortality Rates – uses the RP-2000 Combined Healthy Mortality table projected to 2016 using Scale AA
- Turnover Rate – 9.5%
- Retirement Rates – 1.5%

**FIRE PROTECTION DISTRICT NO. 6**  
**Of the Parishes of Terrebonne and Lafourche, State of Louisiana**  
 Notes to the Financial Statements  
 For the Year Ended December 31, 2016

**Note 8      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; natural disasters; and group health benefits for which the District participates in the Parish's risk management program for general liability, workers' compensation, group insurance, property and auto liability. No settlements were made during the year that exceeded the insurance coverage. The Parish handles all claims filed against the District.

**Note 9      COMPENSATION OF BOARD MEMBERS**

Board Member per diem payments are included in salaries and benefits on the financial statements. Compensation was paid to Board Members during the current year as follows:

Board Member	Per Diem
Michelle A. Chaisson	\$ 300
Maryetta Ellender	360
Curvin Chauvin	330
Alcee Dupre, Jr.	360
Kevin Belanger	240
Gale LeBoeuf	270
Grant J. Dupre	300
	\$ 2,160

***REQUIRED SUPPLEMENTAL  
INFORMATION***



**FIRE PROTECTION DISTRICT NO. 6  
OF THE PARISHES OF TERREBONNE AND LAFOURCHE**

Budget Comparison Schedule - General Fund  
For the Year Ended December 31, 2016

	Budgets		Actual	Variance
	Original	Amended		Favorable (Unfavorable)
<b>REVENUES</b>				
Ad Valorem Taxes	\$750,300	\$748,600	\$746,469	\$ (2,131)
Intergovernmental:				
State of Louisiana:				
State Revenue Sharing	11,500	10,500	14,189	3,689
Fire Insurance Tax	22,000	19,100	19,128	28
Facility Rentals	1,000	1,450	1,433	(17)
Interest	350	5,000	4,864	(136)
Miscellaneous	5,000	2,600	3,520	920
<b>TOTAL REVENUES</b>	<u>790,150</u>	<u>787,250</u>	<u>789,603</u>	<u>2,353</u>
<b>EXPENDITURES</b>				
Public safety - current:				
Salaries and benefits	387,000	400,300	408,305	(8,005)
Office operations	43,900	35,200	3,664	31,536
Uniforms and Bunker Gear	20,000	20,000	20,057	(57)
Gasoline, Diesel & Oil	8,000	8,000	6,738	1,262
Operating supplies	10,000	12,000	12,520	(520)
Utilities	25,000	20,000	19,793	207
Telephone & Communication	10,000	8,500	8,269	231
Insurance	70,500	65,190	64,583	607
2% Fire Insurance Rebate	12,000	8,000	11,233	(3,233)
Volunteer response and training	6,000	18,000	4,621	13,379
E-911 Fire Dispatch Services	4,500	4,500	4,462	38
Professional service fees	30,000	26,600	25,552	1,048
Publish Proceedings/Class Ads	1,000	2,200	1,934	266
Travel & Training	6,000	8,000	7,968	32
Membership dues	500	2,100	2,039	61
Miscellaneous	-	-	721	(721)
Repairs and maintenance	68,500	77,800	81,471	(3,671)
Total public safety - current	<u>702,900</u>	<u>716,390</u>	<u>683,930</u>	<u>40,465</u>
Capital expenditures	467,000	90,500	56,188	34,312
<b>TOTAL EXPENDITURES</b>	<u>1,169,900</u>	<u>806,890</u>	<u>740,118</u>	<u>74,777</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(379,750)</u>	<u>(19,640)</u>	<u>49,485</u>	<u>69,125</u>
<b>FUND BALANCES</b>				
Beginning of year	801,292	930,557	930,557	-
End of year	<u>\$421,542</u>	<u>\$910,917</u>	<u>\$980,042</u>	<u>\$0</u>

**Notes to budget comparison schedule:**

**1 Basis of Accounting**

The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP).

**2 Budgetary Practices**

The District prepares and adopts a budget in accordance with LSA-RS 39:1301 et seq. The annual budget for the General Fund is prepared in accordance with the basis of accounting utilized by that fund.

Neither encumbrance accounting nor formal integration of the budget into the accounting records is employed as a management control device. However, periodic comparisons of budget and actual amounts are performed.

**FIRE PROTECTION DISTRICT NO. 6**  
**OF THE PARISHES OF TERREBONNE AND LAFOURCHE**  
Schedule of Employer's Share of Net Pension Liability  
December 31, 2016

**Year Ended June 30	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset) (a)	Employer's Covered Employee Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	0.081266%	\$ 531,553	\$ 170,305	312.12%	68.20%
2015	0.080498%	\$ 434,457	\$ 164,197	264.59%	72.45%

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

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

**Notes to Retirement System Schedules:**

**Changes of Benefit Terms.** There were no changes of benefit terms for the year ended June 30, 2016.

**Changes of Assumptions.** There were no changes of benefit assumptions for the year ended June 30, 2016.

**FIRE PROTECTION DISTRICT NO. 6  
OF THE PARISHES OF TERREBONNE AND LAFOURCHE**

Schedule of Employer Contributions  
December 31, 2016

**Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2016	\$ 50,237	\$ 50,237	\$ -	\$ 225,309	22.30%
2015	\$ 48,064	\$ 48,064	\$ -	\$ 170,305	28.22%

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

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

**Notes to Retirement System Schedules:**

**Changes of Benefit Terms.** There were no changes of benefit terms for the year ended June 30, 2016.

**Changes of Assumptions.** There were no changes of benefit assumptions for the year ended June 30, 2016.

***OTHER INFORMATION***

**FIRE PROTECTION DISTRICT NO. 6**  
**OF THE PARISHES OF TERREBONNE AND LAFOURCHE**  
 Schedule of Compensation, Benefits and Other Payments to Agency Head  
 For the Year Ended December 31, 2016

**Agency Head Name: Toby Henry, District Fire Chief**

<b>Purpose</b>	<b>Amount</b>
Salary	\$ 57,729
Supplemental Pay	\$ 6,000
Benefits-insurance	\$ 17,973
Benefits-retirement	\$ 15,180
Deferred compensation (contributions made by the agency)	\$ -
Benefits-other (Volunteer Incentive Pay)	\$ 200.00
Car allowance	\$ -
Vehicle provided by government (enter amount reported on W-2 adjusted for various fiscal years)	\$ -
Cell phone	\$ -
Dues	\$ -
Vehicle rental	\$ -
Per diem meals for conference	\$ 149
Reimbursements-safety apparatus for animals	\$ -
Travel	\$ -
Registration fees	\$ -
Conference travel	\$ -
Housing	\$ -
Unvouchered expenses (expample: travel advances, etc.)	\$ -
Special meals	\$ -
Other (including payments made by other parties on behalf of the agency head)	\$ -

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

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



# STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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## **Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

To the Board of Commissioners of  
Fire Protection District No. 6  
Of the Parishes of Terrebonne and Lafourche

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Fire Protection District No. 6, Of the Parishes of Terrebonne and Lafourche , a component unit of Terrebonne Parish Consolidated Government as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents and have issued our report thereon dated May 11, 2017.

### **Internal Control Over Financial Reporting**

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

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

To the Board of Commissioners  
Fire Protection District No. 6  
Of the Parishes of Terrebonne and Lafourche  
Page 2

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Fire Protection District No. 6's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

### ***Purpose of this Report***

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

*Stagni & Company*

Thibodaux, LA  
May 11, 2017





**Fire Protection District No. 6**  
**Of the Parishes of Terrebonne and Lafourche, State of Louisiana**  
**Schedule of Current Year Findings**  
*For the Year Ended December 31, 2016*

**Section I - Summary of Auditor's Reports**

- The auditor's report expresses an unmodified opinion on the basic financial statements.
- No deficiencies in internal control over financial reporting were disclosed during the audit of the financial statements.
- No instances of noncompliance or other matters under *Government Auditing Standards* were disclosed during the audit of the financial statements.
- No instances of noncompliance under the provisions of Louisiana Governmental Audit Guide were disclosed during the audit of the basic financial statements.
- There was no management letter issued in connection with this audit.
- The District neither received nor expended any federal awards during the year.

**Section II - Financial Statement Findings**

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

**Section III - Federal Award Findings and Questioned Costs**

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