

**NATCHITOCHEES PARISH
FIRE PROTECTION DISTRICT NO. 6**

**FINANCIAL REPORT
DECEMBER 31, 2016**

Natchitoches Parish Fire Protection District No. 6
 Financial Report
 December 31, 2016

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Financial Report
December 31, 2016

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NATCHITOCHEs PARISH FIRE PROTECTION DISTRICT NO. 6

114 Magnolia Avenue
Natchitoches, LA 71457

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Natchitoches Parish Fire District No. 6's (hereafter referred to as the District) annual financial report presents an overview and analysis of the District's financial activities for the year ended December 31, 2016. The intent of the MD&A is to look at the District's financial performance as a whole. It should, therefore be read in conjunction with this report. Certain comparative information is presented to provide an overview of the District's operations.

Financial Highlights

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole and presents a longer-term view of the District's finances. These statements tell how these services were financed in the short-term as well as what remains for future spending.

Government-Wide Financial Statements

- The Statement of Net Position presents all of the District's assets and liabilities, with the difference between the two reported as "net position". Over time, increases or decreases in the District's net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- The Statement of Activities presents information showing how the District's net position changed during the current 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 the related cash flows. Therefore, some revenues and some expenses that are reported in this statement will not result in cash flows until future years.

Fund Financial Statements

The services provided by the District are financed through a governmental fund. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District conducts its day-to-day operations through a governmental fund, the General Fund. These statements provide a short-term view of the District's finances and assists in determining whether there will be adequate financial resources available to meet the current needs of the District.

A summary of the basic government-wide financial statements is as follows:

Summary of Statement of Net Position

	<u>2016</u>	<u>2015</u>
ASSETS:		
Assets	\$1,826,146	\$1,643,823
Capital Assets, Net of Accumulated Depreciation	<u>1,289,655</u>	<u>1,369,263</u>
Total Assets	<u>\$3,115,801</u>	<u>\$3,013,086</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 60,934</u>	<u>\$ 12,488</u>
LIABILITIES:		
Accounts Payable	\$ 4,715	\$ 12,854
Payroll Liabilities	6,396	5,775
Net Pension Liabilities	<u>109,319</u>	<u>58,034</u>
Total Liabilities	<u>\$ 120,430</u>	<u>\$ 76,663</u>
DEFERRED INFLOWS OF RESOURCES	<u>\$ 5,817</u>	<u>\$ 4,428</u>
NET POSITION:		
Net Investment in Capital Assets	\$1,289,655	\$1,369,263
Unrestricted	<u>1,760,833</u>	<u>1,575,220</u>
Total Net Position	<u>\$3,050,488</u>	<u>\$2,944,483</u>

Summary of Statement of Activities

	<u>2016</u>	<u>2015</u>
REVENUES:		
Taxes	\$622,422	\$609,704
Intergovernmental	46,880	51,385
Interest & Miscellaneous	19,152	16,866
Nonemployee Pension Revenue	<u>4,149</u>	<u>2,573</u>
Total Revenues	\$692,603	\$680,528
EXPENSES:		
Public Safety	<u>586,598</u>	<u>577,412</u>
Change in Net Position	<u>\$106,005</u>	<u>\$103,116</u>

- The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$3,050,488 for the year. For the prior year this was \$2,944,483.
- Unrestricted net position of \$1,760,833 represents the portion available to maintain the District's obligation to both citizens and creditors. This is an increase of \$185,613 from prior year.

Debt Administration

At the end of the current fiscal year, the District had a total long term debt of \$109,319. Long-term debt of the District includes a net pension liability based on actuarially determined amounts in accordance with GASB No. 68.

Outstanding Debt at Year End

	<u>2016</u>	<u>2015</u>
Net Pension Liability	<u>\$109,319</u>	<u>\$58,034</u>

Additional information on the District's long-term debt can be found in the notes to financial statements section of this report.

General Fund Budgetary Highlights

The actual revenues were more than the budgeted amount for the year by \$51,954. Actual expenditures were \$18,437 less than the budgeted amount.

Economic Factors and Next Year's Budget

The primary revenue source for the District is property taxes. This tax is not subject to changes in the economy, in the short-term. However, in the long-term, significant increases/decreases in the tax base would be evident.

Contacting the Fire District

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to the District at 114 Magnolia Avenue, Natchitoches, LA 71457.

Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, CPA - A Professional Corporation (1927-1996)

Mark D. Thomas, CPA - A Professional Corporation
Roger M. Cunningham, CPA - A Professional Corporation
Jessica H. Broadway, CPA - A Professional Corporation
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INDEPENDENT AUDITOR'S REPORT

Natchitoches Parish Fire
Protection District No. 6
114 Magnolia Avenue
Natchitoches, LA 71457

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of the Natchitoches Parish Fire Protection District No. 6 (District), a component unit of the Natchitoches Parish Government, 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.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedule, Schedule of Employer's Share of Net Pension Liability, and Schedule of Employer Contributions as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is presented for purposes of additional analysis and 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.

The Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer listed as required supplementary information in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

We have applied certain limited procedures to the Management's Discussion and Analysis 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 introductory section because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements.

The Budgetary Comparison Schedule, Schedule of Employer's Share of Net Pension Liability, and Schedule of Employer Contributions, and Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Johnson, Thomas & Cunningham CPA's
Johnson, Thomas & Cunningham, CPA's

June 8, 2017
Natchitoches, Louisiana

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

Natchitoches Parish Fire Protection District No. 6
Statement of Net Position
December 31, 2016

	Governmental <u>Activities</u>
ASSETS:	
Current Assets-	
Cash & Cash Equivalents	\$1,253,009
Revenue Receivable	<u>573,137</u>
Total Current Assets	\$1,826,146
Non-current Assets-	
Capital Assets (Net)	<u>1,289,655</u>
Total Assets	<u>\$3,115,801</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred Pension	\$ <u>60,934</u>
LIABILITIES:	
Current Liabilities-	
Accounts Payable	\$ 4,715
Payroll Liabilities	<u>6,396</u>
Total Current Liabilities	\$ 11,111
Non-Current Liabilities-	
Net Pension Liabilities	<u>109,319</u>
Total Liabilities	\$ <u>120,430</u>
DEFERRED INFLOWS OF RESOURCES:	
Deferred Pension	\$ <u>5,817</u>
NET POSITION:	
Net Investment in Capital Assets	\$1,289,655
Unrestricted	<u>1,760,833</u>
Total Net Position	<u>\$3,050,488</u>

See notes to financial statements.

Natchitoches Parish Fire Protection District No. 6
Statement of Activities
December 31, 2016

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities:					
Public Safety	\$ <u>586,598</u>	\$ <u>0</u>	\$ <u>24,013</u>	\$ <u>0</u>	\$ <u>(562,585)</u>
		General Revenues:			
		Taxes:			
					\$ 547,396
					22,867
					75,026
		Miscellaneous:			
					3,184
					15,968
					<u>4,149</u>
		Total General Revenues			\$ <u>668,590</u>
		Change in Net Position			\$ 106,005
		Net Position January 1, 2016			<u>2,944,483</u>
		Net Position December 31, 2016			<u>\$3,050,488</u>

See notes to financial statements.

FUND FINANCIAL STATEMENTS

Natchitoches Parish Fire Protection District No. 6
Balance Sheet-Governmental Fund
December 31, 2016

Assets:

Cash & Cash Equivalents	\$1,253,009
Revenue Receivable	<u>573,137</u>
Total Assets	<u>\$1,826,146</u>

Liabilities:

Accounts Payable	\$ 4,715
Payroll Liabilities	<u>6,396</u>
Total Liabilities	\$ 11,111

Fund Balance:

Unassigned	<u>1,815,035</u>
Total Liabilities and Fund Balance	<u>\$1,826,146</u>

See notes to financial statements.

Natchitoches Parish Fire Protection District No. 6
Reconciliation of the Governmental Fund
Balance Sheet to the Statement of Net Position
December 31, 2016

Total Fund Balance of the Governmental Fund	\$ 1,815,035
Amounts reported for Governmental Activities in the Statement of Net Position are different because:	
Capital Assets used in Governmental Activities are not current financial resources and, therefore, are not reported in the Governmental Fund Balance Sheet-	
Capital Assets	3,582,179
Less, Accumulated Depreciation	(2,292,524)
Deferred Outflows of Resources used in Governmental Activities are not financial resources and therefore are not reported in the Governmental Fund Balance Sheet-	60,934
Long-term Liabilities are not due and payable in the current period and, therefore, are not reported in the Governmental Fund Balance Sheet-	
Net Pension Liability	(109,319)
Deferred Inflows of Resources are not due and payable in the current period and, therefore are not reported in the Governmental Fund Balance Sheet-	<u>(5,817)</u>
Net Position of Governmental Activities	<u>\$3,050,488</u>

See notes to financial statements.

Natchitoches Parish Fire Protection District No. 6
Statement of Revenues, Expenditures and Changes in Fund Balance-
Governmental Fund
Year Ended December 31, 2016

REVENUES:	
Taxes/Fees-	
Property Taxes	\$ 547,396
Revenue Sharing	22,867
Parcel Fee	75,026
Intergovernmental-	
Fire Insurance Rebate	24,013
Miscellaneous-	
Interest	3,184
Other	<u>15,968</u>
Total Revenues	\$ <u>688,454</u>
EXPENDITURES:	
Current-	
Public Safety-	
Insurance	\$ 64,029
Office Expense	15,864
Telephone & Utilities	18,642
Maintenance & Supplies	121,135
Wages & Benefits	207,703
Capital Expenditures	<u>71,240</u>
Total Expenditures	\$ <u>498,613</u>
Excess of Revenues over Expenditures	\$ 189,841
Fund Balance-Beginning of Year	<u>1,625,194</u>
Fund Balance-End of Year	<u>\$1,815,035</u>

See notes to financial statements.

Natchitoches Parish Fire Protection District No. 6
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of the Governmental Fund
to the Statement of Activities
For the Year Ended December 31, 2016

Net Change in Fund Balance-Governmental Fund	\$ 189,841
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. The cost of capital assets recorded in the current period is	71,240
Depreciation expense on Capital Assets is reported in the Government-wide Financial Statements, but does not require the use of current financial resources and is not reported in the Fund Financial Statements. Current year depreciation expense is	(150,848)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in the Fund Financial Statements. These include a net change in-	
Pension Expense	(8,377)
The District's proportionate share of nonemployer contributions to the pension plan do not provide current financial resources and are not reported as revenue in the governmental funds.	<u>4,149</u>
Change in Net Position of Governmental Activities	<u>\$ 106,005</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Natchitoches Parish Fire Protection District No. 6
Notes to Financial Statements
December 31, 2016

Introduction:

Natchitoches Parish Fire Protection District No. 6 was created by the Natchitoches Parish Government, by ordinance in June 1982, under the provisions of Louisiana Revised Statutes 40:1492-1601, for the purpose of providing fire protection to the citizens of the District. The District is governed by a Board of Commissioners who are resident property taxpayers of the District. The commissioners are approved/appointed by the Natchitoches Parish Government. The District was created to acquire and maintain buildings, machinery, equipment, water tanks, water hydrants and water lines, and any other such things necessary to provide proper fire protection and control within the District.

1. Summary of Significant Accounting Policies:

The accounting and reporting policies of Natchitoches Parish Fire Protection District No. 6 conform to generally accepted accounting principles as applicable to governmental units. Such accounting and reporting policies also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the *Louisiana Governmental Audit Guide*.

A. Reporting Entity-

As the governing authority of the Parish, for reporting purposes, the Natchitoches Parish Government is the financial reporting entity for Natchitoches Parish. The financial reporting entity consists of (a) the primary government, (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.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Natchitoches Parish Government for financial reporting purposes. The basic criteria 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. This criteria includes:

1. Appointing a voting majority of an organization's governing body and
 - a. The ability of the Parish Government 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 Parish Government.
2. Organizations for which the Parish Government does not appoint a voting majority but are fiscally dependent on the Parish Government.

Natchitoches Parish Fire Protection District No. 6
Notes to Financial Statements
December 31, 2016

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 Parish Government created by ordinance Fire District No. 6, the District was determined to be a component unit of the Natchitoches Parish Government, 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 Parish Government, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

B. Basis of Presentation-

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Net Position presents the governmental-type activities on a consolidated basis, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

C. Fund Accounting-

The accounts of the District are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The District maintains only one fund. It is categorized as a governmental fund. The emphasis on fund financial statements is on major governmental and enterprise funds; each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity.

Natchitoches Parish Fire Protection District No. 6
Notes to Financial Statements
December 31, 2016

The major fund of the District is described below:

Governmental Fund-

General Fund

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

D. Measurement Focus/Basis of Accounting-

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

Accrual Basis - Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the District as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Modified Accrual Basis - Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are 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 collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

E. Assets, Liabilities, and Equity-

Cash and Interest-Bearing Deposits-

For purposes of the Statement of Net Position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposit of the District.

Natchitoches Parish Fire Protection District No. 6
Notes to Financial Statements
December 31, 2016

Capital Assets-

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. 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 market value at the date of donation. The District maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized.

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. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of useful lives by type of asset is as follows:

Furniture, computers	5 years
Firefighting equipment	10 years
Ladders, hoses, airpacks	7 years
Radios	10 years
Fire trucks	15 years
Other vehicles	5 years
Buildings	40 years

F. Equity Classifications-

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net resources with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net position - All other net resources that do not meet the definition of "restricted" or "net investment in capital assets".

Natchitoches Parish Fire Protection District No. 6
Notes to Financial Statements
December 31, 2016

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies unrestricted resources first, unless a determination is made to use restricted resources. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

In the fund statements, governmental fund equity is classified as fund balance and displayed in five components. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- a. Nonspendable fund balance - amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- b. Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- c. Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- d. Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- e. Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

The General Fund has an unassigned fund balance of \$1,815,035. If applicable, the District would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

G. Budget-

Prior to the beginning of each fiscal year, the Natchitoches Parish Fire Protection District No. 6 adopts a budget for the next fiscal year. The budget is open for public inspection. All budgetary appropriations lapse at the end of the fiscal year. The budget is prepared on the modified accrual basis of accounting.

Natchitoches Parish Fire Protection District No. 6
Notes to Financial Statements
December 31, 2016

H. 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 the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures and expenses during the reported period. Actual results could differ from those estimates.

I. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES-

The Statement of Net Position reports a separate section for deferred outflows and (or) deferred inflows of financial resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until the applicable period. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources until that time.

2. Cash and Cash Equivalents:

The cash and cash equivalents of the Natchitoches Parish Fire Protection District No. 6 are subject to the following risk:

Custodial Credit Risk: 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. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. 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 District that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the District's name.

Bank account balances at December 31, 2016, totaled \$742,592, and of this amount \$250,000 was secured by FDIC Insurance. The remaining amount of \$492,592 was secured with pledged securities from MidSouth Bank.

Natchitoches Parish Fire Protection District No. 6
Notes to Financial Statements
December 31, 2016

Certificates of Deposit balance of \$565,121 was secured by \$250,000 FDIC and the remaining \$315,121 by pledged securities from Bank of Montgomery.

3. Capital Assets:

Capital asset balances and activity for the year ended December 31, 2016, is as follows:

Governmental Activities	Balance 01-01-16	Additions	Deletions	Balance 12-31-16
Capital Assets Not Depreciated:				
Land	\$ <u>78,950</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>78,950</u>
Capital Assets Depreciated:				
Equipment	\$ 541,933	\$ 71,240	\$ 0	\$ 613,173
Vehicles	1,834,950	0	0	1,834,950
Buildings	<u>1,055,106</u>	<u>0</u>	<u>0</u>	<u>1,055,106</u>
Total Capital Assets Depreciated	<u>\$3,431,989</u>	<u>\$ 71,240</u>	<u>\$ 0</u>	<u>\$3,503,229</u>
Total Assets	<u>\$3,510,939</u>	<u>\$ 71,240</u>	<u>\$ 0</u>	<u>\$3,582,179</u>
Less, Accumulated Depreciation:				
Equipment	\$ 477,932	\$ 28,289	\$ 0	\$ 506,221
Vehicles	1,485,359	82,194	0	1,567,553
Buildings	<u>178,385</u>	<u>40,365</u>	<u>0</u>	<u>218,750</u>
Total Depreciation	<u>\$2,141,676</u>	<u>\$150,848</u>	<u>\$ 0</u>	<u>\$2,292,524</u>
Net Capital Assets	<u>\$1,369,263</u>	<u>\$(79,608)</u>	<u>\$ 0</u>	<u>\$1,289,655</u>

Depreciation expense of \$150,848 was charged to the public safety function.

4. Compensated Absences:

Employees of the District do not carry forward leave from year to year, therefore no entry is made to record compensated absences.

5. Ad Valorem Taxes/Parcel Fee:

The District levies taxes on real and business personal property located within the boundaries of Natchitoches Parish Fire District No. 6. Property taxes are levied by the District on property values assessed by the Natchitoches Parish Tax Assessor and approved by the State of Louisiana Tax Commission.

Natchitoches Parish Fire Protection District No. 6
Notes to Financial Statements
December 31, 2016

The Natchitoches Parish Sheriff's office bills and collects property taxes for the District. Collections are remitted to the District monthly. The District recognizes property tax revenues when levied.

Property Tax Calendar

Assessment date	January 1
Levy date	June 30
Tax bills mailed	October 15
Total taxes are due	December 31
Penalties and interest added	January 31
Lien date	January 31
Tax Sale	May 15

The District is permitted to levy taxes up to 10% of the assessed property valuation for each specified purpose or, in the aggregate for all purposes 25% of the assessed valuation for the payment of principal and interest on long-term debt after the approval by the voters of the District. Property taxes are recorded as receivables and revenues in the year assessed.

Assessed values are established by the Natchitoches Parish Tax Assessor each year on a uniform basis at the following ratios to fair market value:

10% land	15% machinery
10% residential improvements	15% commercial improvements
15% industrial improvements	25% public service properties, excluding land

A revaluation of all property is required to be completed no less than every four years. The last revaluation was completed for the roll of January 1, 2016. Total assessed value was \$73,092,621 in 2016. Louisiana state law exempts the first \$7,500 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was a total of \$12,340,810 of the assessed value in 2016. For the year ended December 31, 2016, taxes of 9.59 mils were levied on the property and dedicated to fire protection.

In addition to property taxes, the residents of Fire District No. 6, of Natchitoches Parish voted on and approved a proposition in 2010 to levy and collect an annual parcel fee of \$25 on each lot on which a structure is located. The purpose of this assessment is to provide funds for acquiring, constructing, and maintaining fire protection facilities and equipment. The parcel fees attach as an enforceable lien and are levied in the same manner as property taxes described above. For the year ended December 31, 2016, fees of \$79,525 were levied.

Natchitoches Parish Fire Protection District No. 6
Notes to Financial Statements
December 31, 2016

6. Firefighters' Retirement System of Louisiana (FRS):

Plan Description

The District contributes to FRS which is a cost-sharing multiple employer defined benefit pension plan. FRS was established by Act 434 of 1979 to provide retirement, disability and survivor benefits to firefighters in Louisiana.

Membership in FRS 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 FRS. FRS provides retirement benefits for their members. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through FRS in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

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

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

No person who has attained age fifty or over shall become a member of FRS, unless the person becomes a member by reason of a merger or unless FRS 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 FRS.

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 FRS, 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 FRS, or for any other purpose in order to attain eligibility or increase the amount of service credit in FRS.

FRS issues an annual publicly available financial report that includes financial statements and required supplementary information for the System, which can be obtained at www.lafirefightersret.com or www.la.state.la.us.

Benefits Provided

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Natchitoches Parish Fire Protection District No. 6
Notes to Financial Statements
December 31, 2016

Retirement

Members with twelve years of creditable service may retire at age fifty-five; members with twenty years of service may retire at age fifty; members with twenty-five years of service may retire regardless of age, provided that they have been a member of this system for at least one year. The retirement allowance is equal to three and one-third percent of the member's average final compensation multiplied by his years of creditable service, not to exceed one hundred percent of his average final compensation.

Optional Allowances

Members may receive their benefits as a life annuity, or in lieu of such receive a reduced benefit according to the option selected, which is the actuarial equivalent of the maximum benefit.

Option 1 – If the member dies before he has received in annuity payments the present value of his member's annuity as it was at the time of retirement, the balance is paid to the beneficiary.

Option 2 – Upon retirement, the member receives a reduced benefit. Upon the member's death, the designated beneficiary will continue to receive the same reduced benefit.

Option 3 – Upon retirement, the member receives a reduced benefit. Upon the member's death, the designated beneficiary will receive one-half of the member's reduced benefit.

Option 4 – Upon retirement, the member elects to receive a board approved benefit payable to the member, the member's spouse, or the member's dependent child, which is actuarially equivalent to the maximum benefit.

Disability Benefits

Any member who has been officially certified as totally disabled solely as the result of injuries sustained in the performance of his official duties, or for any cause, provided the member has a least five years of creditable service and provided that the disability was incurred while the member was an active contributing member, is entitled to disability benefits. Any member under the age of fifty who becomes totally disabled will receive a disability benefit equal to 60% of final compensation for an injury received in the line of duty; or 75% of his accrued retirement benefit with a minimum of 25% of average salary for any injury received, even though not in the line of duty. Any member age fifty or older who becomes totally disabled from an injury sustained in the line of duty is entitled to a disability benefit equal to the greater of 60% of final compensation or his accrued retirement benefit. Any member age fifty or older who becomes totally disabled as a result of any injury, even though not in the line of duty, is entitled to a disability benefit equal to his accrued retirement benefit with a minimum of 25% of average salary. The surviving spouse of a member who was on disability retirement at the time of death receives a benefit of \$200/month. When the member takes disability retirement, he/she may in addition take an actuarially reduced benefit in which case the member's surviving spouse receives 50% of the disability benefit being paid immediately prior to the death of the disability retiree. The retirement system may reduce benefits paid to a disability retiree who is also receiving workers compensation payments.

Natchitoches Parish Fire Protection District No. 6
Notes to Financial Statements
December 31, 2016

Survivor's Benefits

Benefits are payable to survivors of a deceased member who dies and is not eligible for retirement as follows. If any member is killed in the line of duty and leaves a surviving eligible spouse, the spouse is entitled to an annual benefit equal to two-thirds of the deceased member's final compensation. If any member dies from a cause not in the line of duty, the surviving spouse is entitled to an annual benefit equal to 3% of the deceased member's average final compensation multiplied by his/her total years of creditable service; however, in no event is the annual benefit less than 40% nor more than 60% of the deceased member's average final compensation. Children of the deceased member who are under the age of eighteen years are entitled to the greater of \$200/month or 10% of average final compensation (not to exceed 100% of average final compensation) until reaching the age of eighteen or until the age of twenty-two if enrolled full-time in an institution of higher learning, unless the surviving child is physically handicapped or mentally retarded in which case the benefit is payable regardless of age. If a deceased member dies leaving no surviving spouse, but at least one minor child, each child is entitled to receive forty percent of the deceased's average final compensation, not to exceed an aggregate of sixty percent of average final compensation.

Deferred Retirement Option Plan (DROP)

In lieu of terminating employment and accepting a service retirement allowance, any member of the system who has at least twenty years of creditable service and who is eligible to receive a service retirement allowance may elect to participate in the commencement of participation in the plan, membership in the system terminates and neither the employee or employer contributions are payable. Compensation and creditable service will remain as they existed on the effective date of commencement of participation in the plan. The monthly retirement benefits that would have been payable, had the member elected to cease employment and receive a service retirement allowance, are paid into the deferred retirement option plan account. Upon termination of employment at the end of the specified period of participation, a participant in the program may receive, at his option, a lump sum payment from the account equal to the payments to the account, or a true annuity based upon his account, or he may elect any other method of payment if approved by the Board of Trustees. The monthly benefits that were being paid into the fund during the period of participation will begin to be paid to the retiree. If employment is not terminated at the end of the thirty-six months, payments into the account cease and the member resumes active contributing membership in the system. If the participant dies during the period of participation in the program, a lump sum payment equal to his account balance is paid to his named beneficiary or, if none, to his estate, in addition, normal survivor benefits are payable to survivors of retirees.

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.

Natchitoches Parish Fire Protection District No. 6
Notes to Financial Statements
December 31, 2016

Cost-of-Living Increases

The Board of Trustees is authorized to grant retired members and widows of members who have retired an annual cost-of-living adjustment (COLA) increase of up to 3% of their current benefit, and all retired members and widows who are sixty-five years of age and older a 2% increase in their original benefit. In order for the Board to grant either of these increases the system must meet certain criteria detailed in the statute related to funding status and interest earnings. In lieu of these cost of living adjustments, the Board may also grant an increase in the form of “ $Xx(A+B)$ ” where “X” is any amount up to \$1/month, and “A” is equal to the number of years of credited service accrued at retirement or at death of the member or retiree, and “B” is equal to the number of years since retirement or since death of the member or retiree to June 30th of the initial year of such increase.

Contributions

Employer contributions are actuarially determined each year. For the measurement date of June 30, 2016, employer and employee contributions for members above the poverty line were 27.25% and 10%, respectively. The employer and employee contribution rates for those members below the poverty line were 29.25% and 8.0%, respectively.

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, but are not considered special funding situations.

The District’s contractually required composite contribution rate for the year ended December 31, 2016 was 27.25% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the District were \$13,364 for the year ended December 31, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2016, the District reported a liability of \$109,319 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2016 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The District’s proportion of the Net Pension Liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the District’s proportion was .016713%, which was an increase of .00596% from its proportion measured as of June 30, 2015.

Natchitoches Parish Fire Protection District No. 6
Notes to Financial Statements
December 31, 2016

For the year ended December 31, 2016, the District recognized pension expense of \$17,338 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$4,404.

At December 31, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$4,327
Changes in assumption	942	30
Net difference between projected and actual earnings on pension plan investments	26,273	0
Changes in employer's proportion of beginning net pension liability	27,306	1,460
Differences between employer contributions and proportionate share of employer contributions	(59)	0
Subsequent Measurement Contributions	6,472	0
Total	\$60,934	\$5,817

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ 7,874
2018	7,874
2019	7,874
2020	7,874
2021	7,874
2022	7,874
2023	7,873
Total	\$55,117

Natchitoches Parish Fire Protection District No. 6
Notes to Financial Statements
December 31, 2016

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2016 is as follows:

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal Cost
Actuarial Assumptions:	
Expected Remaining Service Lives	7 years
Investment Rate of Return	7.5% net of investment expense.
Mortality	The mortality rate assumption used was based upon an experience study performed on plan data for the period July 1, 2009 through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. 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.
Salary Increases, including inflation (2.875%) and merit	Vary from 15.0% in the first two years of service to 4.75% after 25 years

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 the Public Retirement Systems' Actuarial Committee, taking into consideration the recommendation of the 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.

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

Natchitoches Parish Fire Protection District No. 6
Notes to Financial Statements
December 31, 2016

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The long term expected nominal rate of return was 8.34% as of June 30, 2016. Best estimates of real rates of return for each major asset class included in FRS' target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Long-term Target Asset Allocation	Rates of Return	
		Real	Nominal
Fixed Income	24%	1.85%	
Equity	58%	6.77%	
Alternatives	8%	6.67%	
Others	10%	4.30%	
Total	100%		5.34%
Inflation			3.00%
Expected Arithmetic Nominal Return			8.34%

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the Net Pension Liability using the discount rate of 7.5%, as well as what the District's proportionate share of the 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:

	1.0% Decrease (6.5%)	Current Discount Rate (7.5%)	1.0% Increase (8.5%)
Employer's proportionate share of net pension liability	\$148,937	\$109,319	\$75,999

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Firefighters' Retirement System of Louisiana Annual Financial Report at www.lafirefightersret.com or on www.lla.state.la.us.

Payables to the Pension Plan

These financial statements include a payable to the pension plan of \$1,385, which is the legally required contribution due at December 31, 2016. This amount is recorded in accrued expenses.

Natchitoches Parish Fire Protection District No. 6
Notes to Financial Statements
December 31, 2016

7. Pending Litigation:

There were no civil suits seeking damages against the District outstanding at December 31, 2016.

8. Related Party Transactions:

The District had no identified related party transactions for the year ended December 31, 2016.

9. Compensation Paid to Board Members:

The members of the Board of Commissioners of the District receive no compensation for their services.

10. Receivables:

The following is a summary of receivables at December 31, 2016:

<u>Class of Receivable</u>	<u>General Fund</u>
Taxes-	
Ad Valorem	\$509,641
Parcel Fee	<u>63,496</u>
Total	<u>\$573,137</u>

Substantially all receivables are considered to be fully collectible, and no allowance for uncollectibles is used.

11. Subsequent Events:

Management has evaluated events through June 8, 2017, the date which the financial statements were available for issue. There were no items to be reported as subsequent events.

OTHER REQUIRED
SUPPLEMENTARY INFORMATION

Natchitoches Parish Fire Protection District No. 6
General Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2016

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES				
Taxes-				
Property Taxes	\$ 560,000	\$ 520,000	\$ 547,396	\$ 27,396
Revenue Sharing	0	26,300	22,867	(3,433)
Parcel Fee	77,500	52,000	75,026	23,026
Intergovernmental-				
Grant - Local	1,000	0	0	0
Fire Insurance Rebate	24,000	24,000	24,013	13
Miscellaneous-				
Interest	3,000	3,000	3,184	184
Other	<u>17,000</u>	<u>11,200</u>	<u>15,968</u>	<u>4,768</u>
Total Revenues	\$ <u>682,500</u>	\$ <u>636,500</u>	\$ <u>688,454</u>	\$ <u>51,954</u>
EXPENDITURES:				
Current-				
Public Safety-				
Insurance	\$ 53,000	\$ 63,200	\$ 64,029	\$ (829)
Office Expense	42,475	44,950	15,864	29,086
Telephone & Utilities	15,000	19,000	18,642	358
Maintenance & Supplies	73,000	89,900	121,135	(31,235)
Wages & Benefits	205,000	215,000	207,703	7,297
Capital Expenditures	<u>25,000</u>	<u>85,000</u>	<u>71,240</u>	<u>13,760</u>
Total Expenditures	\$ <u>413,475</u>	\$ <u>517,050</u>	\$ <u>498,613</u>	\$ <u>18,437</u>
Excess of Revenues over Expenditures	\$ 269,025	\$ 119,450	\$ 189,841	\$ 70,391
Fund Balance-Beginning of Year	<u>1,625,194</u>	<u>1,625,194</u>	<u>1,625,194</u>	<u>0</u>
Fund Balance-End of Year	<u>\$1,894,219</u>	<u>\$1,744,644</u>	<u>\$1,815,035</u>	<u>\$ 70,391</u>

See notes to financial statements.

Natchitoches Parish Fire Protection District No. 6
Schedule of Employer's Share of Net Pension Liability
For the Year Ended December 31, 2016

	<u>2015</u>	<u>2016</u>
Employer's Proportion of the Net Pension Liability (Asset)	.010753%	.016713%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$58,034	\$109,319
Employer's Covered Employee Payroll	\$23,916	\$ 49,044
Employer's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Employee Payroll	243%	223%
Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability	72.45%	68.16%

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

Changes of Assumptions:

- There were no changes of benefit assumptions for the year ended December 31, 2016.

See independent auditor's report.

Natchitoches Parish Fire Protection District No. 6
Schedule of Employer Contributions
For the Year Ended December 31, 2016

	<u>2015</u>	<u>2016</u>
Contractually Required Contributions	\$ 6,748	\$13,364
Contributions in Relation to Contractually Required Contribution	\$ 6,748	\$13,364
Contribution Deficiency (Excess)	\$ 0	\$ 0
Employer's Covered Employee Payroll	\$23,916	\$49,044
Contributions as a Percentage of Covered Employee Payroll	29%	27%

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

Changes of Assumptions:

- There were no changes of benefit assumptions for the year ended December 31, 2016.

See independent auditor's report.

Natchitoches Parish Fire Protection District No. 6
Schedule of Compensation, Benefits and Other Payments to
Agency Head or Chief Executive Officer
For the Year Ended December 31, 2016

Agency Head Name: Dan Dyess, Chairman

<u>Purpose</u>	<u>Amount</u>
Salary	\$0
Benefits-Insurance	0
Benefits-Retirement	0
Deferred Compensation	0
Benefits-Other	0
Car allowance	0
Vehicle provided by government	0
Cell phone	0
Dues	0
Vehicle rental	0
Per diem	0
Reimbursements	0
Travel	0
Registration fees	0
Conference travel	0
Housing	0
Unvouchered expenses	0
Special meals	0
Other	<u>0</u>
Total	<u>\$0</u>

See independent auditor's report.

Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, CPA - A Professional Corporation (1927-1996)

Mark D. Thomas, CPA - A Professional Corporation
Roger M. Cunningham, CPA - A Professional Corporation
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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*

Natchitoches Parish Fire
Protection District No. 6
114 Magnolia Avenue
Natchitoches, LA 71457

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 and the *Louisiana Governmental Audit Guide*, the financial statements of the governmental activities and major fund as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Natchitoches Parish Fire Protection District No. 6's (District) basic financial statements and have issued our report thereon dated June 8, 2017.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings as item 2016-001 that we consider to be a significant deficiency.

Compliance and Other Matters

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

Natchitoches Parish Fire Protection District No. 6's Response to Finding

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 25:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Johnson, Thomas + Cunningham, CPA's
Johnson, Thomas & Cunningham, CPA's

June 8, 2017
Natchitoches, Louisiana

Natchitoches Parish Fire Protection District No. 6
Schedule of Audit Findings
Year Ended December 31, 2016

I. SUMMARY OF AUDIT RESULTS

The following summarize the audit results:

1. An unmodified opinion was issued on the financial statements of the Natchitoches Parish Fire Protection District No. 6 as of and for the year ended December 31, 2016.
2. The audit disclosed one significant deficiency in internal control, and this deficiency was not determined to be a material weakness.
3. The audit disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

II. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Internal Control

2016-001 Segregation of Duties

Criteria - The District should have employees available to execute the ongoing duties related to financial matters.

Condition - Our evaluation of the internal control structure revealed an absence of appropriate segregation of duties and the lack of personnel available to prepare financial statements including the related note disclosures.

Effect - Intentional or unintentional errors could be made and not detected within the accounting system.

Cause - The District does not have a sufficient number of employees to adequately separate accounting duties or to prepare the District's annual financial statements with related note disclosures.

Recommendation - Since the costs associated with establishing an appropriate system of internal control should not outweigh the benefits derived from it, we do not have a recommendation to make.

Management's Response - It is not economically feasible to add a sufficient number of employees to adequately segregate accounting duties. In addition, we have evaluated the cost/benefit of establishing a system to prepare our annual financial statements and have determined that it is in the best interest of the District to have our independent auditors prepare our annual financial statements. We understand that we should review the financial statements and notes and accept responsibility for their contents and presentation.

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III. PRIOR YEAR AUDIT FINDINGS

2015-001 Segregation of Duties

Condition - The District does not have employees to prepare the annual financial statements with related note disclosures.

Status - As of December 31, 2016, this finding is unresolved. See Finding 2016-001.