

FIRE PROTECTION DISTRICT No. 5

OF GRANT PARISH

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2016



**Rozier Harrington
& McKay** | CERTIFIED PUBLIC
ACCOUNTANTS

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**Rozier Harrington
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ACCOUNTANTS |

June 9, 2017

Independent Accountants' Review Report

To the Board of Directors
Fire Protection District No. 5 of Grant Parish

We have reviewed the accompanying financial statements of the governmental activities and each major fund of Fire Protection District No. 5 of Grant Parish, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Fire District's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

ACCOUNTANT'S RESPONSIBILITY

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

ACCOUNTANT'S CONCLUSION

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

REQUIRED SUPPLEMENTARY INFORMATION

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis described 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 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 information is the representation of management. We have not audited or reviewed such required

supplementary information, and, accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on it.

Accounting principles generally accepted in the United States of America require a statement of revenues, expenditures and changes in fund balance (budget and actual) 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. The information is the responsibility of management. We have not audited or reviewed such information and, accordingly, we do not express an opinion, a conclusion, nor provide any assurance on it.

OTHER SUPPLEMENTAL INFORMATION

Our review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the basic financial statements in order to conform with generally accepted accounting principles. The accompanying Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer is presented only for supplementary analysis purposes. This information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements and we are not aware of any material modifications that should be made thereto.

OTHER MATTERS

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, we have issued a report dated June 9, 2017, on the results of our agreed-upon procedures.



ROZIER, HARRINGTON & McKAY
Certified Public Accountants
Alexandria, Louisiana

FIRE PROTECTION DISTRICT #5 OF GRANT PARISH

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2016

This section of annual financial report presents our discussion and analysis of the Fire Protection District No. 5 of Grant Parish's financial performance during the fiscal year ended December 31, 2016.

OVERVIEW OF FINANCIAL STATEMENTS

The basic financial statements include government-wide financial statements and fund financial statements. These two types of financial statements present the Fire District's financial position and results of operations from differing perspectives which are described as follows:

Government –Wide Financial Statements

The government-wide financial statements report information about the Fire District as a whole using accounting methods similar to those used by private-sector companies. These report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the District's assets and all of its liabilities. All of the District's activities are classified as governmental activities in the government-wide financial statements. The governmental activities are financed primarily by property taxes and related revenue sharing.

Fund Financial Statements

Fund financial statements provide detailed information regarding the District's most significant activities and are not intended to provide information for the District as a whole. Funds are accounting devices that are used to account for specific sources of funds. All of the District's funds are limited to its general fund, which is classified as a Governmental Funds. This fund is used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental fund uses a modified accrual basis of accounting that provides a short-term view of the District's finances. Assets reported by the governmental fund are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

An analysis of the government-wide Statement of Net Position is presented as follows:

	<u>December 31,</u>	
	<u>2016</u>	<u>2015</u>
<u>Assets:</u>		
Cash	\$ 537,064	\$ 567,730
Receivables	218,044	216,252
Depreciable Capital Assets, Net	161,015	138,698
Total Assets	\$ 916,123	\$ 922,680
<u>Liabilities:</u>		
Accounts Payable	21,043	1,800
Payroll Liabilities	1,235	1,354
Total Liabilities	\$ 22,278	\$ 3,154

FIRE PROTECTION DISTRICT #5 OF GRANT PARISH

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2016

	December 31,	
	2016	2015
<u>Net Position:</u>		
Unrestricted	732,830	780,828
Invested in Capital Assets	161,015	138,698
Total Net Position	\$ 893,845	\$ 919,526

As the presentation appearing above demonstrates, with the exception of \$161,015 invested in capital assets, the net position of the District is unrestricted and may be used to meet the District's ongoing obligations.

A comparative analysis of the government-wide Statement of Activities is presented as follows:

	For the Year Ended December 31,	
	2016	2015
<u>Revenues:</u>		
Program Revenue:		
Charges for Services	\$ ----	\$ ----
Operating Grants and Contributions	1,363	338
General Revenue:		
Ad Valorem Taxes	200,250	203,092
Intergovernmental Revenues	36,820	45,981
Interest	855	786
Total Revenue	239,288	250,197
<u>Program Expenses:</u>		
Public Safety (Fire Protection)	264,969	180,511
Change in Net Position	(25,681)	69,686
Net Position Beginning	919,526	849,840
Net Position Ending	\$ 893,845	\$ 919,526

As demonstrated by the presentation appearing above, the financial position has decreased. A small portion of reserves were used to enhance services in addition with abnormal expenses made during the year which contributed to the decline.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

For the year ended December 31, 2016, differences between the government-wide presentation and the fund financial statements were limited to transactions involving capital assets.

BUDGET HIGHLIGHTS

For the year ended December 31, 2016, one revision was necessary to provide for funds that were not anticipated when the original budget was adopted.

FIRE PROTECTION DISTRICT #5 OF GRANT PARISH

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2016

CAPITAL ASSET ADMINISTRATION

For the year ended December, 31, 2016, capital asset activity was limited to equipment additions and recording depreciation on existing assets.

DEBT ADMINISTRATION

For the year ended December 31, 2016, there was no debt activity and no debts are outstanding at year end.

FACTORS EXPECTED TO EFFECT FUTURE OPERATIONS

At the present time, no known issues are expected to have a significant impact on future operations.

Fire Protection District #5 of Grant Parish

Statement of Net Position

December 31, 2016

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 537,064
Accounts Receivable	218,044
Capital Assets, Net of Depreciation	<u>161,015</u>
Total assets	<u>916,123</u>
<u>LIABILITIES</u>	
Accounts Payable	21,043
Payroll Liabilities	<u>1,235</u>
Total liabilities	<u>22,278</u>
<u>NET POSITION</u>	
Unrestricted	732,830
Invested in Capital Assets	<u>161,015</u>
Total Net Position	<u><u>\$ 893,845</u></u>

See accompanying notes and accountants' report

Fire Protection District #5 of Grant Parish

Statement of Activities

Year Ended December 31, 2016

	<u>Governmental Activities</u>
Expenses:	
Public Safety (Fire Protection)	
Payroll & Related Benefits	\$ 28,069
Operating Services	87,706
Materials & Supplies	117,717
Depreciation	<u>31,477</u>
Total Expenses	<u>264,969</u>
Program Revenues:	
Charges for Services	-
Capital Grants and Contributions	-
Operating Grants and Contributions	<u>1,363</u>
Total Program Revenues	<u>1,363</u>
Net Expenses - Public Safety Activities	<u>(263,606)</u>
General Revenues:	
Ad Valorem Taxes	200,250
2% State Insurance Rebate	20,506
State Revenue Sharing	16,314
Interest	<u>855</u>
Total General Revenues	<u>237,925</u>
Change in Net Position	(25,681)
Net Position - Beginning	<u>919,526</u>
Net Position - Ending	<u>\$ 893,845</u>

See accompanying notes and accountants' report

Fire Protection District #5 of Grant Parish

Balance Sheet

Governmental Funds

Year Ended December 31, 2016

	General Fund
<u>Assets</u>	
Cash and Cash Equivalents	\$ 537,064
Accounts Receivables	<u>218,044</u>
Total Assets	<u>755,108</u>
<u>Liabilities and Fund Balance</u>	
Liabilities	
Accounts Payable	21,043
Payroll Liabilities	<u>1,235</u>
Total Liabilities	<u>22,278</u>
Fund Balance	
Unassigned	<u>732,830</u>
Total Liabilities and Fund Balance	<u>\$ 755,108</u>

Fund Balance	\$ 732,830
Amounts reported for governmental activities in the statement of net assets are different because capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>161,015</u>
Net Position of Governmental Activities	<u>\$ 893,845</u>

See accompanying notes and accountants report

Fire Protection District #5 of Grant Parish

Statement of Revenue, Expenditures and Changes in Fund Balance

Governmental Funds

Year Ended December 31, 2016

	General Fund
Revenues:	
Ad Valorem Taxes	\$ 200,250
2% State Insurance Rebate	20,506
State Revenue Sharing	16,314
Interest	855
Other	1,363
Total revenues	<u>239,288</u>
Expenditures:	
Public Safety (Fire Protection)	
Payroll & Related Benefits	28,069
Operating Services	87,706
Materials & Supplies	117,717
Capital Outlay	53,795
Total expenditures	<u>287,287</u>
Change in Fund Balance	(47,999)
Fund balance - beginning of year	<u>780,829</u>
Fund balance - end of year	<u>\$ 732,830</u>

Net change in fund balances of Governmental Funds	\$ (47,999)
<p>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 those assets is allocated over estimated useful lives and reported as depreciation expense.</p>	
Capital Expenditures	53,795
Depreciation	<u>(31,477)</u>
Change in net position of governmental activities	<u>\$ (25,681)</u>

See accompanying notes and accountants' report

FIRE PROTECTION DISTRICT #5 OF GRANT PARISH

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fire Protection District No. 5 of Grant Parish (the Fire District) was created to provide fire protection for portions of Grant Parish. It is governed by a Board consisting of five members and the majority of the members are appointed by the Grant Parish Police Jury. The Fire District is a component unit of the Grant Parish Police Jury, the primary governing body of the Parish and the governmental body with oversight responsibility. The accompanying financial statements present information only on the funds maintained by the Fire District and do not present financial information on the primary government, the general government services provided by that entity, or the other governmental units that are accountable to the primary government.

The accompanying policies conform to generally accepted accounting principles for governmental units.

Financial Reporting Entity

The Governmental Accounting Standards Board (GASB) established criteria for determining which component units should be considered part of a financial reporting entity. The basic criterion for including a potential component unit within a reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

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

Based on the previous criteria, the Fire District is a component unit of the Grant Parish Police Jury. The accompanying component unit financial statements present information only on the funds maintained by Fire Protection District No. 5 and do not present information on the police jury, the general government service provided by that governmental unit, or other governmental units that comprise the financial reporting entity.

FIRE PROTECTION DISTRICT #5 OF GRANT PARISH

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

Basic Financial Statements

The basic financial statements include both government-wide and fund financial statements. Both government-wide and fund financial statements categorize all of the Fire District's operations as governmental activities. Governmental activities involve government services that are normally supported by taxes and intergovernmental revenues.

The government-wide and fund financial statements present the Fire District's financial position and results of operations from differing perspectives which are described as follows:

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the Fire District as a whole. The effect of most interfund activity is eliminated from these financial statements. Furthermore, government-wide financial statements exclude any fiduciary activities which are reported in the fund financial statements.

Program revenues reported in the Statement of Activities consist of amounts that are directly associated with a governmental service. Program revenues include any charges for services and most grants.

Fund Financial Statements

Funds are separate accounting entities that are designed to assist with demonstrating legal compliance and segregating transactions by activity. Major individual funds are reported as separate columns in the fund financial statements. The Fire District's major funds is described as follows:

- General Fund – This fund is the primary operating fund of the Fire District is used to account for all resources.

Basis of Accounting and Measurement Focus

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The basis of accounting and measurement focus used for various financial statement presentations are described as follows:

<u>Financial Statement Presentation</u>	<u>Basis of Accounting</u>	<u>Measurement Focus</u>
Government-Wide Financial Statements	Accrual Basis	Economic Resources
Fund Financial Statements	Modified Accrual Basis	Current Financial Resources

Under the accrual basis of accounting and the economic resources measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred.

Under the modified accrual basis of account and the current financial resources measurement focus revenue is recognized when it is considered measurable and available. Revenue is considered available if

FIRE PROTECTION DISTRICT #5 OF GRANT PARISH

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

it is collected within 60 days of year end. In addition, expenses are generally recorded when a liability has been incurred. Furthermore, when the current financial resources measure focus is used, amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure of funds. In addition, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt are reported as other financing sources and repayment of long-term debt is reported as an expenditure of funds.

Use of Estimates

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

Budget Practices

Budgets of the General Fund are prepared on the modified accrual basis of accounting. Unexpended appropriations of this fund lapse at the end of each fiscal year. Budgets of the General Fund and all changes and amendments to these budgets are approved by the Board of Commissioners as a whole.

Capital Assets

Capital assets include significant acquisitions of equipment that are expected to remain in service for a period of years. Capital assets are reported in the government-wide financial statements but are excluded from the fund financial statements. Instead, the funds report the acquisition of capital assets as expenditures rather than asset acquisitions.

All capital assets are reported at historical cost less accumulated depreciation. Depreciation is computed using the straight-line method and estimated useful lives that are based on the expected durability of the particular asset. Useful lives typically range from five to forty years.

Cash

Amounts reported as cash and cash equivalents (restricted and unrestricted) include all cash on hand, cash in bank accounts, certificates of deposit and highly liquid investments.

NOTE 2 - CASH

Deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. 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.

At December 31, 2016, deposits were secured by FDIC insurance coverage in the amount of \$250,000 and \$660,199 in pledged securities.

FIRE PROTECTION DISTRICT #5 OF GRANT PARISH

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 3 - RECEIVABLES

At December 31, 2016, receivables were limited to ad valorem taxes and related revenue sharing collected by other governmental units on behalf of the Fire District. These amounts are considered fully collectible and there is no allowance for doubtful accounts.

NOTE 4 – CAPITAL ASSETS

A summary of the Fire District’s capital assets is provided as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<u>Depreciable Capital Assets</u>				
Equipment	\$ 217,877	\$ 23,528	\$ ----	\$ 241,405
Vehicles	560,022	30,262	----	590,284
Buildings and Improvements	131,561	----	----	131,561
Accumulated Depreciation	<u>(770,762)</u>	<u>(31,473)</u>	----	<u>(802,235)</u>
Depreciable Capital Assets (Net)	<u>\$ 138,698</u>	<u>\$ 22,317</u>	<u>\$ ----</u>	<u>\$ 161,015</u>

For the year ended December 31, 2016, depreciation expense totaled \$31,477.

NOTE 5 - RISK MANAGEMENT

The Fire District is exposed to various risks of loss related to torts; theft, damage or destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Fire District insures against these risks by participating in a public entity risk pool that operates as a common insurance program and by purchasing commercial insurance. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 6 – PROPERTY TAXES

Property taxes are assessed on a calendar year basis and are due on or before December 31 in the year the tax is levied. Revenues from property taxes are recognized as revenue in the year billed. For the year ended December 31, 2016, the Assessment District was authorized to levy 11.98 mills.

NOTE 7 – OTHER MATTERS

During the period from June 2016 to February 2017, fraudulent charges were made by a former Fire District employee. Charges have been filed against a former employee and an investigation has begun. Amounts in question total approximately \$13,000 and the amount of any restitution that may be recovered cannot be predicted at the present time. Since recoveries cannot be predicted, no accruals have been recorded.

Fire Protection District #5 of Grant Parish

Statement of Revenues, Expenditures and Changes in Fund Balances Budget and Actual Year Ended December 31, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<u>Revenues:</u>				
Ad Valorem Taxes	\$ 150,000	\$ 205,000	\$ 200,250	\$ (4,750)
State Revenue Sharing	10,000	5,200	16,314	11,114
2% State Insurance Rebate	14,500	20,500	20,506	6
Interest	1,000	650	855	205
Other	4,750	790	1,363	573
Total revenues	180,250	232,140	239,288	7,148
<u>Expenditures:</u>				
General Government				
Payroll & Related Benefits	23,000	28,000	28,069	(69)
Operating Services	100,925	106,543	87,706	18,837
Materials & Supplies	29,404	72,500	117,717	(45,217)
Travel and Other	2,200	195	-	195
Capital Outlay	29,825	47,755	53,795	(6,040)
Total expenditures	185,354	254,993	287,287	(32,294)
Net Change in Fund Balances	(5,104)	(22,853)	(47,999)	(25,146)
Fund balance - beginning of year	780,829	780,829	780,829	-
Fund balance - end of year	\$ 775,725	\$ 757,976	\$ 732,830	\$ (25,146)

See accompanying accountants' report

Fire Protection District #5 of Grant Parish

***Schedule of Compensation, Benefits and Other Payments to
Agency Head or Chief Executive Officer
For the Year Ended December 31, 2016***

Agency Head - A.D. Futrell, President

Purpose:

Compensation	-
Benefits	-
Reimbursements	-
	<hr/>

ADDITIONAL INFORMATION

The President of the Fire District is the head of the agency and its chief executive officer. The President volunteers his services and does not receive any compensation, benefits, or reimbursements.

See accompanying accountants' report



**Rozier Harrington
& McKay** | CERTIFIED PUBLIC
ACCOUNTANTS |

June 9, 2017

INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
Fire Protection District No. 5 of Grant Parish

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of Fire Protection District No. 5 of Grant Parish and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Fire District's compliance with certain laws and regulations during the year ended December 31, 2016, included in the *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

PUBLIC BID LAW:

1. Select all expenditures made during the year for material and supplies exceeding \$30,000, or public works exceeding \$150,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

During the year, there were no expenditures meeting the scope of the public bid law.

CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

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

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

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

Management provided us with all payroll records.

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

Fire Protection District No. 5 of Grant Parish

June 9, 2017

None of the employees included on the list of employees provided by management in agreed-upon procedure (3) appeared on the reports provided by management in agreed-upon procedure (2).

BUDGETING

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

Management provided us with a copy of the original and amended budget.

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

Minutes indicate that the budget was adopted on December 14, 2015 and amended on December 13, 2016.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues or expenditures exceed budgeted amounts by more than 5%.

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Unfavorable variances exceeded the five percent (5%) limit allowed by law. This matter is reported in the accompanying Management's Corrective Action Plan as finding 2016-2.

ACCOUNTING AND REPORTING

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

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

One of the six disbursements was a credit card transaction in which unauthorized transactions existed. This item did not have all required supporting documentation showing the entire detail of the expense. In addition, due to the absence of documentation, the adequacy of coding could not be evaluated. This matter is reported in the accompanying Management's Corrective Action Plan as finding 2016-1.

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

One of the six disbursements was a credit card transaction in which unauthorized transactions existed. This item did not have all required supporting documentation showing the entire detail of the expense. In addition, due to the absence of documentation, the adequacy of coding could not be evaluated. This matter is reported in the accompanying Management's Corrective Action Plan as finding 2016-1.

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

Inspection of documentation supporting each of the six selected disbursements indicated that each check included a form of approval.

MEETINGS

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Fire Protection District No. 5 of Grant Parish

June 9, 2017

The District is only required to post a notice of each meeting and the accompanying agenda on the door of the meeting facility. Although management has asserted that such documents were properly posted, we could find no evidence supporting such assertion.

DEBT

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

We inspected the general ledger detail for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

ADVANCES AND BONUSSES

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

We inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

ADDITIONAL CONSIDERATIONS

12. Prior Comments and Recommendations:

As part of our engagement we have considered prior-year suggestions, recommendations, and comments.

Our consideration of prior comments and recommendations is presented in the accompanying Schedule of Prior Year Findings and Questioned Cost.

13. Unauthorized Transactions:

An investigation by management has revealed that a former employee engaged in unauthorized credit card charges of a personal nature. Unauthorized activity totals approximately \$13,000 and the matter has been referred to law enforcement for prosecution. This matter is reported in the accompanying Management's Corrective Action Plan as Finding 2016-3.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Fire Protection District No. 5 of Grant Parish and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.



ROZIER, HARRINGTON & MCKAY
CERTIFIED PUBLIC ACCOUNTANTS
ALEXANDRIA, LOUISIANA

FIRE PROTECTION DISTRICT #5 OF GRANT PARISH

MANAGEMENT'S CORRECTIVE ACTION PLAN

For the Year Ended December 31, 2016

<u>SECTION I</u> REVIEW REPORT	
<u>FINDINGS</u>	<u>RESPONSE</u>
No Findings.	No Findings.
<u>SECTION II</u> ATTESTATION REPORT	
<u>FINDINGS</u>	<u>RESPONSE</u>
<p><u>2016-1: Supporting Documentation and Coding</u> One of the six disbursements was a credit card transaction in which unauthorized transactions existed. This item did not have all required supporting documentation showing the entire detail of the expense. In addition, due to the absence of documentation, the adequacy of coding could not be evaluated. This transaction is included in the finding described in 2016-3 below.</p> <p><u>2016-2: Budget Violation</u> Management was not in compliance with budget requirements imposed by State Law due to expenses exceeding appropriations by more than variances allowed.</p> <p><u>2016-3: Unauthorized Credit Card Transactions</u> Numerous unauthorized credit card transactions totaling approximately \$13,000 were made by a former employee of the Fire District.</p>	<p><u>2016-1: Supporting Documentation and Coding</u> The Fire District's Board is aware of the misuse of funds and is currently pursuing legal action against the former Secretary. Additional steps have been taken to make sure payments are properly approved by Board members of the Fire District.</p> <p><u>2016-2: Budget</u> The unfavorable variance resulted from unauthorized expenditures and other expenditures not anticipate when the amended budget was adopted. Additional steps have been taken to make sure payments are properly approved and recorded timely by Board members of the Fire District.</p> <p><u>2016-3: Unauthorized Credit Card Transactions</u> The corrective action described in 2016-1 above is expected to detect and prevent future unauthorized transactions.</p>
<u>SECTION III</u> MANAGEMENT LETTER	
No management letter was issued with this report.	Response – N/A

FIRE PROTECTION DISTRICT #5 OF GRANT PARISH

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COST For the Year Ended December 31, 2016

SECTION I REVIEW REPORT	
<u>FINDINGS</u>	<u>RESPONSE</u>
No findings.	No findings.
SECTION II ATTESTATION REPORT	
<u>FINDINGS</u>	<u>RESPONSE</u>
<u>2015-1: Budget</u> Minutes indicate that a budget was adopted during a period of time when a former employee was responsible for maintaining records. The current management could not locate the budget that was described in the minutes. Due to the absence of records, management was not able to demonstrate compliance with budget requirements imposed by State Law.	<u>2015-1: Resolved</u> Management has provided us with timely adopted budgets for the 2016 year.
SECTION III MANAGEMENT LETTER	
No management letter was issued with the previous report.	Response – N/A

LOUISIANA ATTESTATION QUESTIONNAIRE
FOR THE YEAR ENDED DECEMBER 31, 2016

**LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)**

_____ (Date Transmitted)

Rozier, Harrington & McKay
Post Office Box 12178
Alexandria, Louisiana 71315

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

These representations are based on the information available to us as of June 8, 2017

Public Bid Law

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

Yes [X] No []

Code of Ethics for Public Officials and Public Employees

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

Yes [X] No []

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

Yes [X] No []

Budgeting

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

Yes [] No [X]

Accounting and Reporting

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

Yes [X] No []

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

Yes [X] No []

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

Yes [X] No []

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

Yes [X] No []

Meetings

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

Yes [X] No []

Debt

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

Yes [X] No []

Advances and Bonuses

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

Yes [X] No []

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

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

A. D. Futrell President 7/26/17 Date

FIRE PROTECTION DISTRICT #5 OF GRANT PARISH

Louisiana Legislative Auditor's Finding Template for Reporting Fraud and Misappropriations For the Year Ended December 31, 2016

#	ELEMENT OF FINDING	RESPONSE
1	A general statement describing the fraud or misappropriation that occurred.	Unauthorized credit card transactions.
2	A description of the funds or assets that were the subject of the fraud or misappropriation (ex., utility receipts, petty cash, computer equipment).	A former employee charged items of a personal nature to the Fire Districts accounts.
3	The amount of funds or approximate value of assets involved.	\$13,000 approximately.
4	The department or office in which the fraud or misappropriation occurred.	The Fire District's administrative offices located at 4141 Hwy 8, Pollock, Louisiana 71467.
5	The period of time over which the fraud or misappropriation occurred.	Calendar year 2016.
6	The title/agency affiliation of the person who committed or is believed to have committed the act of fraud or misappropriation.	Part time clerical employee.
7	The name of the person who committed or is believed to have committed the act of fraud or misappropriation, if formal charges have been brought against the person and/or the matter has been adjudicated.	Christy Dunn
8	Is the person who committed or is believed to have committed the act of fraud still employed by the agency?	No
9	If the person who committed or is believed to have committed the act of fraud is still employed by the agency, do they have access to assets that may be subject to fraud or misappropriation?	N/A
10	Has the agency notified the appropriate law enforcement body about the fraud or misappropriation?	Yes
11	What is the status of the investigation at the date of the auditor's/accountant's report?	Pending
12	If the investigation is complete and the person believed to have committed the act of fraud or misappropriation has been identified, has the agency filed charges against that person?	Yes
13	What is the status of any related adjudication at the date of the auditor's/accountant's report?	The investigation was in progress.
14	Has restitution been made or has an insurance claim been filed?	No
15	Has the agency notified the Louisiana Legislative Auditor and the District Attorney in writing, as required by Louisiana Revised Statute 24:523 (Applicable to local governments only)	Yes
16	Did the agency's internal controls allow the detection of the fraud or misappropriation in a timely manner?	No
17	If the answer to the last question is "no," describe the control deficiency/significant deficiency/material weakness that allowed the fraud or misappropriation to occur and not be detected in a timely manner.	Payments were approved based on credit card statements rather than actual vendor invoices.
18	Management's plan to ensure that the fraud or misappropriation does not occur in the future	Procedures have been revised to require suitable supporting documentation.