

District Six Fire Protection District

Baton Rouge, Louisiana

*Financial Statements
and Supplementary Information*

Year Ended December 31, 2016

William D. Mercer, CPA
A PROFESSIONAL ACCOUNTING CORPORATION

CONTENTS

	<u>Page</u>
Independent Auditor's Report	3 – 5
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	6 – 7
Management's Discussion and Analysis	8 – 11
Basic financial statements:	
<i>Government wide financial statements</i>	
Statement of Net Position	12
Statement of Activities	13 – 14
<i>Fund financial statements</i>	
Balance Sheet – Governmental Fund	15
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	16
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund	17 – 18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance	19
Notes to the Financial Statements	20 – 38
Required Supplementary Information:	
Budgetary Comparison Schedule – General Fund	40 – 41
Schedule of the District's Proportionate Share of the Net Pension Liability	42
Schedule of District's Contributions	43
Schedule of Findings	44
Schedule of Prior Year Audit Findings and Responses	45
Supplementary Information:	
Schedule of Compensation, Benefits, and Other Payments to Agency Head	47



WILLIAM D. MERCER, CPA

A PROFESSIONAL ACCOUNTING
CORPORATION

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
District Six Fire Protection District
Baton Rouge, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activity of District Six Fire Protection District 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

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I express no 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activity of District Six Fire Protection District as of December 31, 2016, and the respective changes in financial position 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 management's discussion and analysis and budgetary comparison information on pages 8-11 and 40-41 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. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District Six Fire Protection District's basic financial statements. The schedule of compensation, benefits, and other payments to agency head reported on page 47 is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of compensation, benefits, and other payments to agency head reported on page 47 is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of compensation, benefits, and other payments to agency head on page 47 is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated June 29, 2017, on my consideration of District Six Fire Protection District's internal control over financial reporting and on my 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 my 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 District Six Fire Protection District's internal control over financial reporting and compliance.

WILLIAM A. MERCER, CPA (APR)

Baton Rouge, Louisiana
June 29, 2017



WILLIAM D. MERCER, CPA

A PROFESSIONAL ACCOUNTING
CORPORATION

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Commissioners
District Six Fire Protection District
Baton Rouge, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activity of District Six Fire Protection District, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise District Six Fire Protection District's basic financial statements, and have issued my report thereon dated June 29, 2017.

Internal Control over Financial Reporting

In planning and performing my audits of the financial statements, I considered District Six Fire Protection 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District Six Fire Protection District's internal control. Accordingly, I do not express an opinion on the effectiveness of District Six Fire Protection 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 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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether District Six Fire Protection District's financial statements are free of material misstatement, I 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 my audits, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.

Baton Rouge, Louisiana
June 29, 2017

WILLIAM J. MERCER, CPA (APAC)

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2016

Our discussion and analysis of District Six Fire Protection District's (hereafter referred to as the District) financial performance provides an overview of the District's financial activities for the year ended December 31, 2016.

FINANCIAL HIGHLIGHTS

The financial statements included in this report provide insight into the financial status for the year. Based upon the operations of 2016, the District's net position decreased by \$ 68,483, and resulted in ending net position of \$ 973,275, or a decrease of 6.57 percent.

Total spending for the governmental activity was \$ 1,682,410 for the year, which was \$ 78,634 more than the taxes, fees, and contributions received for this activity, \$ 1,603,776.

The interest earned on checking and money market accounts was \$ 10,151 for the year.

USING THIS ANNUAL REPORT

This report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities found on pages 12 and 13-14 provide information about the financial activities of the District and illustrate a longer-term view of the District's finances. Fund financial statements start on page 15. For governmental type activities, these statements illustrate how these services were financed in the short-term and what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's significant funds.

The District's independent auditor attests in his report that the Basic Financial Statements are fairly stated. The auditor is providing varying degrees of assurance regarding the Required Supplementary Information, the levels of which are illustrated in the auditor's report.

REPORTING THE DISTRICT AS A WHOLE, THE STATEMENT OF NET POSITION AND THE STATEMENT OF ACTIVITIES

Our analysis of the District as a whole begins on page 12. These statements help to illustrate the status of the District resulting from the year's activities. The statements include all assets and liabilities using the accrual basis of accounting. In this method, all of the current year's revenues and expenses are taken into account regardless of when cash is paid or received.

The District's net position is determined by examining the difference in assets and liabilities. The two statements report the District's net position and any changes in it. Examining the District's net position is an effective way to determine the financial status of the District. Increases and decreases in net position are an indicator of the District's overall increasing or decreasing financial performance.

In the Statement of Net Position and Statement of Activities, the District reports only governmental type activities. The majority of the District's activities are of this type, and taxes and contributions finance most of the activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS, FUND FINANCIAL STATEMENTS

The analysis of the District's major fund begins on page 15. The fund financial statements provide detailed information about the most significant fund rather than the District as a whole.

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

THE DISTRICT AS A WHOLE

The District's net position decreased \$ 68,483 as a result of this year's operations, resulting in ending net position of \$ 973,275, or a decrease of 6.57 percent. The balance in net position represents the accumulated results of all past years' operations. Unrestricted net position (the part of net position that can be used to finance daily operations without legal restrictions or obligations) changed from a \$ 392,796 surplus to a \$72,253 surplus at year-end. The District can use these funds to finance the continuing operations of the office. This means that if we had to pay off all of our bills today, we would have \$ 72,253 left.

Table 1
Net Position

Current and other assets	\$ 1,738,757
Capital assets	<u>1,113,312</u>
Total assets	<u>\$ 2,852,069</u>
 Deferred outflows of resources	 <u>\$ 816,258</u>
 Current and other liabilities	 \$ 93,383
Long-term liabilities	<u>2,424,294</u>
Total liabilities	<u>\$ 2,517,677</u>

Deferred inflows of resources	\$ <u>177,375</u>
Net position:	
Invested in capital assets	901,022
Unrestricted	<u>72,253</u>
Total net position	\$ <u>973,275</u>

The District's total revenues for the year decreased \$ 181,336, or 10.10 percent. This included \$ 1,140,259 in taxes and user fees, \$ 297,977 in operating contributions, and \$ 175,691 in interest income and miscellaneous income. The total cost of all programs and services was \$ 1,682,410 with no new programs added this year.

Table 2
Changes in Net Position

Revenues:	
Taxes	\$ 1,140,259
Operating contributions	297,977
Other	<u>175,691</u>
Total revenues	1,613,927
Expenses	(<u>1,682,410</u>)
Decrease in net position	\$ (<u>68,483</u>)

THE DISTRICT'S FUNDS

As previously mentioned, the District uses funds to help control and manage money for particular purposes. At the completion of the year, the District's governmental fund reported a fund balance of \$ 1,706,864. This reflects a decrease of \$ 167,310 from last year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget was not amended during the last year.

The actual expenditures were \$ 85,718 less than the budgeted amounts.

Resources available for expenditure were \$ 132,278 less than the budgeted amounts.

The District's General Fund balance of \$ 1,706,864 reported on page 14 differs from the General Fund's budgeted fund balance of \$ 1,753,424 reported in the budgetary comparison schedule on page 39.

CAPITAL ASSETS

At the end of the year, the District has \$ 901,022 invested in capital assets, including buildings, furniture, firefighting equipment, and vehicles. This year there were additions of \$ 459,117 and disposals of \$ 173,414, reflecting a net increase in capital assets of \$ 285,703. More detailed information about the District's capital assets is presented in Note G of the financial statements.

Table 3
Capital Assets at Year End
(Net of Accumulated Depreciation)

Buildings	\$ 226,657
Equipment	843,655
Land	43,000
	\$ 1,113,312

DEBT

At year-end, the District had \$ 212,290 in capital lease obligations outstanding. This is an increase from last year of \$ 156,842 or 282.86 percent.

Table 4
Bonds and Capital Leases

Capital leases	\$ <u>212,290</u>
	\$ 212,290

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

During 2016, the District continued its efforts to collect delinquent service fees due the District. It has entered into agreements with the East Baton Rouge Parish Assessor's office and the East Baton Rouge Parish Sheriff's office to perform the billing and collection functions for these fees for 2012 forward. This change has resulted in increased collections of these fees.

Taking all other factors into consideration, the District's general fund balance is expected to remain unchanged by the close of 2016.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, 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 Joel Hancock, Fire Chief, 7878 Prescott Road, Baton Rouge, Louisiana 70812.

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

STATEMENT OF NET POSITION

December 31, 2016

ASSETS

Cash and equivalents	\$ 486,310
Money market deposits	8,661
Ad valorem taxes receivable	981,907
Fire protection service charges receivable	157,453
Due from other governmental units	104,426
Capital assets, net of depreciation	<u>1,113,312</u>

TOTAL ASSETS \$ 2,852,069

DEFERRED OUTFLOWS OF RESOURCES:

Related to net pension liability \$ 816,258

LIABILITIES

Accounts payable	\$ 10,377
Accrued interest expense	7,135
Payroll withholdings and accruals	21,516
Compensated absences	54,355
Noncurrent liabilities:	
Obligations under capital lease – due within one year	26,093
Obligations under capital lease – due in more than one year	186,197
Net pension liability	<u>2,212,004</u>

TOTAL LIABILITIES \$ 2,517,677

DEFERRED INFLOWS OF RESOURCES:

Related to net pension liability \$ 177,375

NET POSITION:

Investment in capital assets	\$ 901,022
Unrestricted	<u>72,253</u>

TOTAL NET POSITION \$ 973,275

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

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

STATEMENT OF ACTIVITIES

Year Ended December 31, 2016

		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total
Governmental activities:					
Public safety –fire protection	\$ 1,557,304	\$ 189,682	\$ 84,000	\$ -	\$ 1,283,622
Depreciation	114,932	-	-	-	114,932
Interest	10,174	-	-	-	10,174
Total governmental activities	1,682,410	189,682	84,000	-	1,408,728
General revenues:					
Ad valorem taxes					950,577
Intergovernmental revenues:					
State revenue sharing					82,228
Fire insurance tax					60,499
Other					71,250
Interest income					10,151
Miscellaneous					165,540
Total General Revenues					1,340,245
Special Items:					
Loss on disposal of assets					-

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

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

STATEMENT OF ACTIVITIES (continued)

Year Ended December 31, 2016

Total General Revenues and Special Items	<u>1,340,245</u>
Change in net position	(68,483)
Net position, beginning of year	1,106,475
Restatement of prior year balances – see Note P	<u>(64,717)</u>
Net position, end of year	\$ <u><u>973,275</u></u>

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

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

BALANCE SHEET – GOVERNMENTAL FUND

December 31, 2016

ASSETS

Cash	\$	486,310
Money market deposits		8,661
Ad valorem taxes receivable		981,907
Fire protection service charges receivable		157,453
Due from other governmental units		<u>104,426</u>

TOTAL ASSETS 1,738,757

LIABILITIES

Accounts payable		10,377
Payroll withholdings and accruals		<u>21,516</u>

TOTAL LIABILITIES 31,893

FUND EQUITY

Fund balance – unassigned	\$	<u>1,706,864</u>
---------------------------	----	------------------

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

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO
THE STATEMENT OF NET POSITION
December 31, 2016

Total fund balances – governmental funds	\$ 1,706,864
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund:	
Cost of capital assets	2,727,504
Accumulated depreciation	(1,614,192)
Certain long-term assets are not reported in the fund financial statements because they are not available to pay certain period expenditures, but they are reported as a component of net position:	
Deferred outflows of resources – pension related	816,258
Annual leave payable may not be due in the current period and therefore is not reported in the fund	(54,355)
Interest payable on long-term debt is not accrued in governmental funds; rather, it is recognized as an expenditure when due	(7,135)
Long-term liabilities, including bonds payable, are not due in the current period and therefore are not reported in the governmental activity in the fund:	
Obligation under capital lease	(212,290)
Net pension liability	(2,212,004)
Deferred inflows of resources – pension related	<u>(177,375)</u>
Net Position	\$ <u>973,275</u>

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

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

Year Ended December 31, 2016

REVENUES:

Taxes and fees:	
Ad valorem taxes	\$ 950,577
Fire protection service fees	189,682
Intergovernmental revenues:	
State fire insurance rebate	60,499
State revenue sharing	82,228
City-Parish General Fund	71,250
Supplemental pay	84,000
Miscellaneous revenue:	
Interest earned	10,151
Miscellaneous revenue	<u>81,585</u>
Total Revenues	<u>1,529,972</u>

EXPENDITURES:

Current operations:	
General government:	
Accounting	16,490
Legal fees	<u>6,398</u>
Total general government	<u>22,888</u>
Public safety:	
Advertising	1,063
Dues	2,306
Employee benefits	354,992
Fee billings	10,864
Food	1,927
Insurance	50,861
Maintenance and repairs	(20,760)
Medical program	480
Miscellaneous	943
Pest control	375
Postage	1,369
Rent	8,157

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

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (continued)

Year Ended December 31, 2016

Salaries	889,940
Supplies	35,450
Telephone	12,472
Training and travel	7,959
Utilities	<u>10,682</u>
Total public safety	<u>1,369,080</u>
Capital outlay:	
Firefighting equipment	<u>459,117</u>
Total capital outlay	<u>459,117</u>
Debt service:	
Principal retirement	55,448
Interest expense	<u>3,039</u>
Total debt service	<u>58,487</u>
Total Expenditures	<u>1,909,572</u>
Excess of expenditures over revenues	(<u>379,600</u>)
OTHER FINANCING SOURCES (USES):	
Capital lease related debt incurred	<u>212,290</u>
Total other financing sources (uses)	<u>212,290</u>
Net change in fund balance	(167,310)
FUND BALANCE, beginning of year	<u>1,874,174</u>
FUND BALANCE, end of year	\$ <u><u>1,706,864</u></u>

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

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
Year Ended December 31, 2016

Net change in fund balance – governmental fund	\$(167,310)
Amounts reported for governmental activity in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense		
Capital outlay		459,117
Depreciation expense	(114,932)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position		
Capital lease related debt incurred	(212,290)
Principal payments		55,448
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds		
Increase in compensated absences payable	(13,921)
Change in accrued interest not recognized in fund financial statements	(7,135)
Pension expense	(<u>67,460</u>)
Change in net position of governmental activity	\$(<u>68,483</u>)

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

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying basic financial statements of the District Six Fire Protection District (“District”) have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments*, issued in June 1999.

Reporting Entity

District Six Fire Protection District was created in the Parish of East Baton Rouge by Parish Resolution 12992, adopted December 22, 1976. Pursuant to the authority granted under Article VI, Sections 15 and 19 of the Louisiana Constitution of 1974, and pursuant to LRS 33:1415 and 40:1491-1506, the Metropolitan Council of the City of Baton Rouge and Parish of East Baton Rouge created and established the Board of Commissioners (“Board”) for District Six Fire Protection District. The Board is composed of five members appointed by the Metropolitan Council and must be resident property taxpayers of the District. The District provides fire protection services to all of the territory situated within its confines.

For financial reporting purposes, in conformity with GASB Codification of Governmental Accounting and Financial Reporting Standards, the District includes all funds and account groups that are controlled by the District.

Basic Financial Statements – Government-Wide Statements

The District’s basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District’s major fund). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District’s general administrative services are classified as governmental type activities.

In the government-wide Statement of Net Position, the business-type column 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 District’s net position is reported in three parts—invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basic Financial Statements – Government-Wide Statements (continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions. The net costs by function are normally covered by general revenues.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

Basic Financial Statements – Fund Financial Statements

The financial transactions of the District are reported in individual funds in the financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund presented in the financial statements is described as follows:

Governmental Funds

General Fund

This fund accounts for all or most of the operations of the District. The focus of the governmental fund's measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of current financial resources) rather than upon net income. Expendable assets are assigned to funds according to the purpose for which they may be used. Current liabilities are assigned to funds from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as a fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period operations of the District's office.

The general fund is the principal fund of the District and accounts for all financial resources, except those required to be accounted for in other funds. The general fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to the District's policies.

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

Basis of accounting refers to the point at which 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:

Business-type activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual:

The governmental fund financial statement is presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. “Available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

Budget Practices

A proposed operating budget for the General Fund, prepared on the modified accrual basis of accounting, is approved by the Board of Commissioners and adopted in accordance with the Local Government Budget Law. The proposed operating budget is legally adopted and amended, as necessary, by the District. All appropriations lapse at year-end.

Formal budget integration is employed as a management control device. Budget amounts included in the accompanying financial statements include the original budget amounts and all subsequent amendments, if any.

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. The District has defined cash and cash equivalents to include cash on hand, demand deposits, and time deposits with original maturities of 90 days or less. Under Louisiana Revised Statutes 39:1271 and 33:2955, the District may deposit funds in demand deposits, interest-bearing demand deposits, or certificates of deposit with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Deferred Outflows / Inflows of Resources

The statement of net position reports in a separate section deferred inflows and outflows of resources. Deferred outflows of resources is a consumption of net assets by the government that is applicable to a future reporting period while deferred inflows of resources is an acquisition of net assets by the government that is applicable to a future reporting period.

Capital Assets

Capital assets purchased or acquired with an original cost of \$ 500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	40 years
Fire trucks	15 years
Firefighting equipment	10 years
Office equipment	5 years
Furniture and equipment	5 years

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

The District has the following policies related to annual and sick leave:

Annual leave is determined by the number of years of service and accrues each pay period. Accrued annual leave may be carried over from year to year based on the employee's years of service. Employees who have from 1-10 years of service will be allowed to accrue no more than 25% of vacation time to which they are eligible at the end of each calendar year. Employees with 10 or more years of service will be allowed to accrue 33% of vacation time to which they are eligible at the end of each calendar year. Employees will be paid for all accrued vacation time when they are no longer employed by the District.

Firemen employed by the District are entitled to full pay during sickness or incapacity not brought about by his or her negligence or culpable indiscretion for a period of not less than fifty-two weeks.

At December 31, 2016, employees of the District had accumulated and vested \$ 54,355 in annual leave benefits that was computed in accordance with GASB Statement No. 16.

Encumbrances

Encumbrance accounting, under which contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of that appropriation, is not employed by the District.

Fund Equity

Fund Financial Statements

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually obligated or required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors.

Committed – Amounts that can only be used for specific purposes determined by a formal action of the District. These amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed.

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Equity (continued)

Assigned – Amounts that are designated as committed by the District but are not spendable until a budget ordinance is passed.

Unassigned – All amounts not included in other spendable classifications. The District has not adopted a policy to maintain the general fund's unassigned fund balance above a certain minimum level.

The details of the fund balances are included in the Balance Sheet – Governmental Fund (page 14). As noted above, restricted funds are used first as appropriate. Assigned funds are reduced to the extent that expenditure authority has been budgeted by the District or the assignment has been changed by the District. Decreases in fund balance reduce first unassigned fund balance; in the event that unassigned fund balance becomes zero, then assigned and committed fund balances are used in that order.

Government-Wide Statements

In the government wide financial statements, net position is classified as follows:

Net investment in capital assets – Consists of net capital assets reduced by the outstanding balance of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

Restricted net position – Net position is considered restricted if its use is constrained to a particular purpose. Restrictions can be imposed by either external organizations, such as creditor (such as debt covenants), grants, contributors, laws, or regulation of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pension plan

The District is a participating employer in a cost-sharing multiple-employer defined benefit program pension plan as described in Note H. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary position of the Firefighters Retirement System (FRS) and additions to or deductions from FRS's fiduciary net position have been determined on the same basis as they are reported by FRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value in the plan.

NOTE B – CASH

At December 31, 2016, the District had cash and cash equivalents totaling as follows:

Cash in bank – checking	\$	486,310
Cash in bank – money market deposits		<u>8,661</u>
	\$	<u>494,971</u>

These deposits are stated at cost, which approximates market. Under state law, 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 the amount on deposit with the fiscal agent bank. 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.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2016, none of the District's deposits were exposed to custodial credit risk because all deposits were insured by FDIC insurance or collateralized by securities held by the Federal Reserve Bank in a three way custodial account.

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE C – PROPERTY TAXES

The 1974 Louisiana Constitution (Article 7 Section 18) provided that land and improvements for residential purposes be assessed at 10% of fair market value; other property and electric cooperative properties, excluding land, are to be assessed at 15%; and public service properties, excluding land, are to be assessed at 25% of fair market value. Fair market value is determined by the elected assessor of the parish on all property subject to taxation except public service properties, which are valued by the Louisiana Tax Commission. The correctness of assessments by the assessor is subject to review and certification by the Louisiana Tax Commission. The assessor is required to reappraise all property subject to taxation at intervals of not more than four years.

The Sheriff of East Baton Rouge Parish, as provided by LRS 33:1435, is the official tax collector of general property taxes levied by the Parish and Parish Special Districts. By agreement, the Sheriff is also the tax collector for City property taxes for which he receives a commission of 4.5% of total taxes collected for the City. December tax collections remitted to the District by the Sheriff in January are reported as a component of “Due from other governmental units.”

The 2016 property tax calendar is as follows:

Levy date	December 1, 2016
Millage rates adopted	December 1, 2016
Tax bills mailed	December 1, 2016
Due date	December 31, 2016
Lien date	January 1, 2017

State law requires the Sheriff to collect property taxes in the calendar year in which the assessment is made. Property taxes become delinquent January 1 of the following year. If taxes are not paid by the due date, taxes bear interest at the rate of 1.25% per month until the taxes are paid. After notice is given to the delinquent taxpayers, the Sheriff is required by the Constitution of the State of Louisiana to sell the least quantity of property necessary to settle the taxes and interest owed. Therefore, there are no delinquent taxes at year-end.

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE C – PROPERTY TAXES (continued)

All property taxes are recorded in governmental funds, and as explained in Note A, revenues in governmental funds are recognized in the accounting period in which they become available and measurable. Property taxes are considered measurable in the calendar year of the tax levy. Accordingly, the entire tax roll less an estimate for uncollectible taxes is recorded as revenue in the current calendar year. Uncollectible taxes are those taxes which, based on past experiences, will not be collected in the subsequent year and are primarily due to subsequent adjustments of the tax rolls. All of the net taxes receivable at the end of the year are considered available. Available means due, or past due and receivable within the current period, and collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. Property taxes are considered available because they are substantially collected within 60 days subsequent to year-end or they are completely available for short-term debt and short-term advances from the tax collector due to time lags between collections and the remittance to the District.

NOTE D – FIRE PROTECTION SERVICE CHARGES

The District is empowered to assess a service fee of \$ 32 for each residential and commercial structure in the District. On July 1, 1994, the Board of Commissioners of the District voted to raise the service fee charged by the District from \$ 16 per structure to \$ 32 per structure effective July 1, 1994.

The Board, on that same day, adopted the following service fee calendar for subsequent years:

Initial bills to be sent	July 1
Second bills to be sent	August 15
Certified letter sent to property owner	October 1
Lien date	December 1
File lawsuit	June 1

The Board has also adopted policies regarding the collection of costs associated with the collection of delinquent service fees. At present, the Board has decided to charge an additional \$ 100 for each person and structure against which a lien and privilege is imposed in the collection process.

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE D – FIRE PROTECTION SERVICE CHARGES (continued)

The service fees are recorded in the governmental fund, and as explained in Note A, revenues in governmental funds are recognized in the accounting period in which they become available and measurable. Service fees are considered measurable in the calendar year of the assessment. Accordingly, the entire assessment less an estimate for uncollectible service fee is recorded as revenue in the current calendar year. All of the net service fees receivable at the end of the year are considered available. Available means due, or past due and receivable within the current period, and collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period.

NOTE E – RECEIVABLES

Property taxes and fire protection service charges receivable and estimated uncollectible for the District as of December 31, 2016, are as follows:

Property taxes:		
Amounts receivable	\$	1,019,001
Estimated uncollectible		<u>37,094</u>
	\$	<u>981,907</u>
Fire protection service charges:		
Amounts receivable	\$	163,482
Estimated uncollectible		<u>6,029</u>
	\$	<u>157,453</u>

NOTE F – DUE FROM OTHER GOVERNMENTAL UNITS

The amounts due from other governmental units as of December 31, 2016, are as follows:

East Baton Rouge Parish Sheriff	\$	49,607
Louisiana State Revenue Sharing		<u>54,819</u>
	\$	<u>104,426</u>

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE G – CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2016, follows:

	Balance, January 1, <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance, December 31, <u>2016</u>
Land	\$ 43,000	\$ -	\$ -	\$ 43,000
Buildings	489,318	-	-	489,318
Equipment	1,218,940	46,827	4,684	1,261,083
Equipment under capital lease	<u>517,128</u>	<u>412,290</u>	<u>168,730</u>	<u>760,688</u>
	2,268,386	459,117	173,414	2,554,089
Less accumulated depreciation	<u>1,499,259</u>	114,932	173,414	<u>1,440,777</u>
Capital assets, net	\$ <u>769,127</u>			\$ <u>1,113,312</u>

NOTE H – PENSION PLANS

Plan Description. The District contributes to the Firefighters' Retirement System (FRS). The plan is a cost-sharing, multiple-employer defined-benefit pension plan. The plan is administered by a board of trustees. The plan provides retirement benefits and annual cost-of-living adjustments to plan members and beneficiaries.

Benefits provided – All full time employees of the District become a member of the Retirement System. The pension plan provides retirement benefits, as well as death and disability benefits. The benefits of the Firefighters Retirement System are available to members with 12 years of creditable service who may retire at age 55, members with 20 or more years of service who have attained age 50, or members with 25 years of service may retire regardless of age, provided they have been a member of the system for at least one year. Benefits equal to 3-1/3% of the employees' average compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 100%. Under the provisions of R.S. 11:246 and 11:2260A(7), retired members and widows/widowers of members receive an annual cost of living increase of up to 3% of their current benefit and all retired members and widows/widowers who are 65 years of age and older a 2% increase.

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE H – PENSION PLANS (continued)

Survivor spouse benefits- Under the Firefighters Retirement System, survivor spouses are entitled to an annual benefit equal to two-thirds of the deceased member's compensation if the member's death is in the line of duty. If a member dies from a cause not in the line of duty, the surviving spouse is entitled to an annual benefit of 3% of the deceased member's average compensation multiplied by their total years of creditable service. In no event is the annual benefit less than 40% or more than 60% of the deceased member's average final compensation. The surviving spouse of a member who is on disability retirement at the time of death receives a benefit of \$200 per 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.

Deferred Retirement Option Plan (DROP) – After completing 20 years of creditable service and age 50, or 25 years at any age, a member may elect to participate in the deferred retirement option plan (DROP) for up to 36 months.

The employer and employee contributions to the System cease for anyone participating in the DROP plan. The monthly retirement benefit that would have been payable is paid into the deferred retirement option plan account. If an employee that is participating in the program is terminated, they shall receive, at their option, a lump sum payable from the account of an annuity based on the deferred retirement option plan account balance in addition to their regular monthly benefit.

If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to the System. No payments may be made from the DROP account until the participant retires.

Contributions – The Firefighters' Retirement System contribution rates are under the provision of R.S. 11:62, 11:103, and 22:1476A(3), and is financed by a combination of employee contributions, employer contributions, and insurance premium taxes. The employee contribution rate is set by R.S. 11:62 and cannot be less than 8% or more than 10%. Plan members of the Firefighters' Retirement System are required by the plan to contribute 10% effective January 1, 2012, and 8% for year 2011. The employer rate as of July 1, 2016, was 25.25%; July 1, 2015, was 27.25%; July 1, 2014, was 28.25%; July 1, 2012, was 24%; July 1, 2011, was 23.25%; and 21.5% as of January 1, 2010, of the annual covered payroll. The contributions paid by the District for the years ended December 31, 2016, 2015, and 2014, were \$ 207,787, \$ 211,951, and \$ 193,788, respectively, and equaled the required contributions for each year.

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE H – PENSION PLANS (continued)

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 \$ 2,212,004 for its proportionate share of the net pension liability for the Firefighters' Retirement System. 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 the Firefighters' Retirement System, actuarially determined. At June 30, 2016, the District's proportion was 0.33818%, which was an increase of 0.00948% from its proportion measured as of June 30, 2015.

Actuarial assumptions – A summary of the actuarial methods and assumptions used in determining the total pension liability as of the respective years shown below are as follows:

Valuation date	June 30, 2016
Actuarial cost method	Entry Age Method
Actuarial value of assets	Market value
Discount rate	7.50%
Expected long-term rate of return	7.50%
Municipal bond rate	N/A
Inflation	2.875%
Investment rate of return – net of pension plan investment expense, including inflation	7.50%
Expected remaining service lives	7 years

The mortality schedules used for the Firefighters' Retirement System were the RP-2000 Healthy Annuity Mortality Table selected for health annuitants and beneficiaries; the RP-2000 Employee Mortality Table selected for active members; and the RP-2000 Disabled Lives Mortality Table selected for disabled annuitants.

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE H – PENSION PLANS (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate 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. 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 target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the following table:

<u>Asset class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	24%	1.85%
Equity	58%	6.77%
Alternatives	8%	6.67%
Other	<u>10%</u>	<u>4.30%</u>
Totals	<u>100%</u>	5.34%
Inflation		<u>3.00%</u>
Expected Arithmetic Nominal Return		<u>8.34%</u>

Discount rates – The discount rate used to measure the total pension liability was 7.5% for the Firefighters’ Retirement System. The projection of cash flows used to determine the discount rate assumed that contributions for plans members will be made at the current contribution rates and that contributions from participating employers and non-employer entities will be made at the actuarially determined rates approved by the Board of Trustees and PRSAAC, taking into consideration the recommendations of the Firefighters’ Retirement System actuary. Based on those assumptions, Firefighters’ Retirement 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.

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE H – PENSION PLANS (continued)

Sensitivity of the Net Pension Liability to changes in the discount rate – The following presents the net pension liability using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate of 1 percent point lower (6.50%) or 1 percent point higher (8.50%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount rate</u>	<u>1% increase</u>
Rates	6.50%	7.50%	8.50%
District’s share of NPL	\$ 3,013,675	\$ 2,212,004	\$ 1,537,811

Pension plan fiduciary net position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued financial report. The Firefighters’ Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Firefighters’ Retirement System, 3100 Brentwood Drive, Baton Rouge, Louisiana, or by calling (225) 925-4060. This financial report can also be obtained online.

NOTE I – LEASES

Annual rental fees of fire hydrants totaled \$ 8,157 for the year ended December 31, 2016. There is no lease agreement for these fire hydrants. The leasing of this equipment is mandated by the City-Parish of Baton Rouge in an agreement with the local water companies.

The District records items under capital leases as an asset and an obligation in the accompanying financial statements. The following is an analysis of capital leases for 2016:

<u>Type</u>	
Equipment	\$ 760,688

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE I – LEASES (continued)

The following is a schedule of future minimum lease payments under the capital leases, together with the present value of the net minimum lease payments, as of December 31, 2016:

Year ending <u>December 31,</u>		\$	
2017		36,510	
2018		36,510	
2019		36,510	
2020		36,510	
2021 and later		<u>109,528</u>	
		255,568	
Less amount representing interest		<u>43,278</u>	
Outstanding principal		<u>\$ 212,290</u>	

NOTE J – LONG-TERM DEBT

A summary of the general long-term obligations of the District as of December 31, 2016, is as follows:

	Balance, January 1, <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance, December 31, <u>2016</u>
Capital lease	\$ 55,448	212,290	55,448	\$ 212,290
Compensated absences	<u>40,434</u>	<u>13,921</u>	<u>-</u>	<u>54,355</u>
	<u>\$ 95,882</u>	<u>\$ 226,211</u>	<u>\$ 55,448</u>	<u>\$ 266,645</u>

An equipment lease was originally issued in April 2016, with an original balance of \$ 212,290 payable over a six year period bearing interest at 4.85% for the purpose of purchasing a fire truck. Payment of \$ 36,510 is made annually.

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE J – LONG-TERM DEBT (continued)

Annual payments on long-term obligations outstanding at December 31, 2016, are as follows:

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 26,093	\$ 10,417	\$ 36,510
2018	27,477	9,033	36,510
2019	28,810	7,700	36,510
2020	30,208	6,302	36,510
2021-2026	<u>99,702</u>	<u>9,827</u>	<u>109,529</u>
	<u>\$ 212,290</u>	<u>\$ 43,279</u>	<u>\$ 255,569</u>

NOTE K – POSTEMPLOYMENT BENEFITS

The District has not adopted policies regarding postemployment benefits other than retirement. Therefore, the District has not estimated expenditures/expenses or liabilities for postemployment benefits as of December 31, 2016.

NOTE L – DEFERRED COMPENSATION PLAN

The District participates in The National Association of Counties (NACO) Deferred Compensation Program, which is a cost-sharing multiple-employer public employee deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all District employees, permits them to defer a portion of their salary until future periods. Participation in the plan is optional. The deferred compensation is not available to employees until termination, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts are held in trust for the exclusive benefit of the participants and their beneficiaries. Participants' rights under the plan are equal to the fair market value of their deferred accounts.

It is the opinion of the State's Attorney General that the District has no liability for losses under the plan, but does have the duty of due care that would be required of an ordinary investor. The plan's trustee, who provides certain options, manages investments. The participants make the choice of investment options.

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE M – ON-BEHALF PAYMENTS FOR SALARIES

Supplementary salary payments are made by the state directly to a certain group of employees of the District. Therefore, the basis for recognizing the revenue and expenditure (expense) payments is the actual contribution made by the state. For 2016, the state paid supplemental salaries to employees of the District in the amount of \$ 84,000. These payments are recorded as revenues and expenditures (expenses) in the 2016 financial statements under the General Fund.

NOTE N – COMMITMENTS AND CONTINGENCIES

The District is involved in several legal actions, which arose during the ordinary course of business. Management believes that the District has adequate legal defenses or insurance coverage with respect to each of these actions. However, the ultimate outcome of the litigation is unknown at the present time. Accordingly, no provision for any liability that might result has been made in the accompanying financial statements. In the opinion of management, the existing litigation will not materially affect the District's results of operations or financial position.

NOTE O – EVALUATION OF SUBSEQUENT EVENTS

Subsequent events were evaluated through June 27, 2017, which is the date the financial statements were available to be issued.

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE P – ADOPTION OF NEW ACCOUNTING STANDARDS AND RESTATEMENT OF NET POSITION

In 2015, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions, and Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Subsequent to the issuance of the prior year financial statements, certain errors were discovered by management related to the deferred inflows of resources and deferred outflows of resources under GASB Statement No. 68. These errors were corrected in the current year, and net position as of December 31, 2015, was restated as follows:

Total net position, December 31, 2015, as previously reported	\$ <u>1,106,475</u>
Adjustments to previously reported net position:	
Deferred inflows of resources	23,351
Deferred outflows of resources	(<u>88,068</u>)
Net adjustments to previously reported net position	(<u>64,717</u>)
Total net position, December 31, 2015, as restated	\$ <u>1,041,758</u>

NOTE Q – COMPENSATION PAID TO COMMISSION MEMBERS

The following is a list of commission members appointed for the year ended December 31, 2016. The commission members did not receive any compensation for their service on the board of District Six Fire Protection District during the year ended December 31, 2016.

Chris Medine, Chairman
Reginald Higgins, Vice-Chairman
Charles May, Commissioner
Sharon Graves, Commissioner
Stanley Pullman, Commissioner

REQUIRED SUPPLEMENTARY INFORMATION

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND

Year Ended December 31, 2016

	<u>Budgeted</u>		<u>Actual</u> <u>Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
REVENUES:				
Taxes:				
Ad valorem taxes	\$ 1,110,000	\$ 1,110,000	\$ 950,577	\$(159,423)
Fire protection service fees	<u>190,000</u>	<u>190,000</u>	<u>189,682</u>	<u>(318)</u>
Total taxes	<u>1,300,000</u>	<u>1,300,000</u>	<u>1,140,259</u>	<u>(159,741)</u>
Intergovernmental revenues:				
State fire insurance rebate	68,000	68,000	60,499	(7,501)
State revenue sharing	100,000	100,000	82,228	(17,772)
City-Parish General Fund	<u>71,250</u>	<u>71,250</u>	<u>71,250</u>	<u>-</u>
Total intergovernmental funds	<u>239,250</u>	<u>239,250</u>	<u>213,977</u>	<u>(25,273)</u>
Miscellaneous revenue:				
Interest earned	9,000	9,000	10,151	1,151
Miscellaneous revenues	<u>30,000</u>	<u>30,000</u>	<u>81,585</u>	<u>51,585</u>
Total miscellaneous revenue	<u>39,000</u>	<u>39,000</u>	<u>91,736</u>	<u>52,736</u>
Total Revenue	<u>1,578,250</u>	<u>1,578,250</u>	<u>1,445,972</u>	<u>(132,278)</u>
EXPENDITURES:				
Current operations:				
General government:				
Accounting fees	16,300	16,300	16,490	(190)
Legal fees	<u>10,000</u>	<u>10,000</u>	<u>6,398</u>	<u>3,602</u>
Total general government	<u>26,300</u>	<u>26,300</u>	<u>22,888</u>	<u>3,412</u>
Public safety:				
Advertising	1,900	1,900	1,063	837
Dues	500	500	2,306	(1,806)
Employee benefits	367,100	367,100	354,992	12,108
Fee billings	21,000	21,000	10,864	10,136
Food	2,500	2,500	1,927	573
Insurance	44,000	44,000	50,861	(6,861)
Maintenance and repair	77,300	77,300	(20,760)	98,060
Medical program	2,000	2,000	480	1,520

See auditor's report on supplementary information.

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (continued)

Year Ended December 31, 2016

	<u>Budgeted</u>		<u>Actual</u> <u>Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Miscellaneous	-	-	943	(943)
Pest control	500	500	375	125
Postage	1,500	1,500	1,369	131
Rent	8,100	8,100	8,157	(57)
Retirement costs – other	36,000	36,000	-	36,000
Salaries	745,000	745,000	805,940	(60,940)
Supplies	46,500	46,500	35,450	11,050
Telephone	13,000	13,000	12,472	528
Training and travel	15,000	15,000	7,959	7,041
Utilities	<u>12,300</u>	<u>12,300</u>	<u>10,682</u>	<u>1,618</u>
Total public safety	<u>1,394,200</u>	<u>1,394,200</u>	<u>1,285,080</u>	<u>109,120</u>
Capital outlay:				
Firefighting equipment	20,000	20,000	46,827	(26,287)
Vehicles	<u>412,290</u>	<u>412,290</u>	<u>412,290</u>	<u>-</u>
Total capital outlay	<u>432,290</u>	<u>432,290</u>	<u>459,117</u>	<u>(26,827)</u>
Debt service:				
Principal retirement	58,500	58,500	55,448	3,052
Interest expense	<u>-</u>	<u>-</u>	<u>3,039</u>	<u>(3,039)</u>
Total debt service	<u>58,500</u>	<u>58,500</u>	<u>58,487</u>	<u>13</u>
Total Expenditures	<u>1,911,290</u>	<u>1,911,290</u>	<u>1,825,572</u>	<u>85,718</u>
OTHER FINANCING SOURCES (USES):				
Capital lease related debt incurred	<u>212,290</u>	<u>212,290</u>	<u>212,290</u>	<u>-</u>
Total other financing sources (uses)	<u>212,290</u>	<u>212,290</u>	<u>212,290</u>	<u>-</u>
Net change in fund balance	(120,750)	(120,750)	(167,310)	(46,560)
Fund balance, beginning of year	<u>1,874,174</u>	<u>1,874,174</u>	<u>1,874,174</u>	<u>-</u>
Fund balance, end of year	\$ <u>1,753,424</u>	\$ <u>1,753,424</u>	\$ <u>1,706,864</u>	\$(<u>46,560</u>)

See auditor's report on supplementary information.

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY

Year ended December 31,	Employer's Proportionate Share of the Net Pension Liability (Assets)	Employer's Proportion of the Net Pension Liability (Assets)	Employer's Covered- Employee Payroll	Employer's Proportionate Share of Net Pension Liability (Assets) as % of Covered- Employee Payroll	Plan Fiduciary Net Position As a Percentage of Total Pension Liability
2016	0.33818%	\$ 2,212,003	\$ 741,822	298.1851	68.16%
2015	0.3287%	\$ 1,774,286	\$ 750,993	236.2587%	72.45%

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

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

SCHEDULE OF DISTRICT'S CONTRIBUTIONS

Year ended December 31,	Contractually required contribution	Contributions in relation to contractually required contributions	Contributions deficiency (excess)	Contributions as a % of covered-employee payroll
2016	\$ 268,967	\$ 268,967	\$ 0	36.2576%
2015	\$ 287,050	\$ 287,050	\$ 0	38.2227%

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

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

SCHEDULE OF FINDINGS

Year Ended December 31, 2016

There were no findings or questioned costs for the year ended December 31, 2016.

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

SCHEDULE OF PRIOR AUDIT FINDINGS AND RESPONSES

Year Ended December 31, 2016

There were no findings or questioned costs for the year ended December 31, 2015, noted in the prior audit report dated June 27, 2016.

SUPPLEMENTARY INFORMATION

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO AGENCY HEAD
Year Ended December 31, 2016

Agency Head: Joel Hancock, Fire Chief

Purpose:	Amount:
Salary	\$ 102,768
Benefits – insurance	\$ 10,762
Benefits – retirement	\$ 25,761
Benefits – other	\$ 1,473
Car allowance	None
Vehicle provided by government	None
Per diem	None
Reimbursements	None
Travel	None
Registration fees	None
Conference travel	None
Continuing professional education fees	None
Cell phone provided by government	\$ 1,248
Unvouchered expenses	None
Special needs	None

See auditor's report on supplementary information.