

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA

Financial Statements
For the Year Ended December 31, 2017

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Lincoln Parish Fire Protection District No. 1
Ruston, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities of the Lincoln Parish Fire Protection District No. 1, as of and for the year ended December 31, 2017, 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 controls 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 opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

To the Board of Commissioners
Lincoln Parish Fire Protection District No. 1
Ruston, Louisiana

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Lincoln Parish Fire Protection District No. 1, as of December 31, 2017, 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 the Management's Discussion and Analysis and Budgetary Comparison Information on pages 3-5 and 22-25 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

The Schedule of Compensation, Reimbursements, Benefits and Other Payments to Agency Head, Political Subdivision Head, or Chief Executive Officer is the responsibility of management and was derived directly from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements 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, Reimbursements, Benefits and Other Payments to Agency Head, Political Subdivision Head, or Chief Executive Officer is fairly stated in all material respects in relation to the financial statements as a whole.

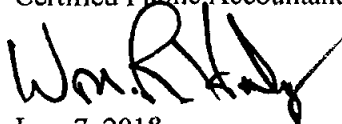
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated June 7, 2018 on my consideration of the 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 the testing, and not to provide an opinion on internal control over financial reporting or on compliance.

To the Board of Commissioners
Lincoln Parish Fire Protection District No. 1
Ruston, Louisiana

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lincoln Parish Fire Protection District No. 1's internal control over financial reporting and compliance.

WILLIAM R. HULSEY (APAC)
Certified Public Accountant

A handwritten signature in black ink, appearing to read "Wm. R. Hulsey", written over the printed name.

June 7, 2018

**REQUIRED SUPPLEMENTAL INFORMATION (PART A)
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**LINCOLN PARISH FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

Our discussion and analysis of the Lincoln Parish Fire Protection District provides an overview of the District's activities for the year ended December 31, 2017 as compared to 2016. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Fire District as a whole.

**Reporting the District as a Whole
The Statement of Net Position and the Statement of Activities**

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector entities. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report to the District's net position and changes in them. The District's net position (the differences between assets and liabilities) measure the District's financial position. The increases or decreases in the District's net position are an indicator or whether its financial position is improving or not.

THE FIRE DISTRICT AS A WHOLE

For the year ended December 31, 2017 and 2016, net position changed as follows:

	<u>2017</u>	<u>2016</u>
Beginning Net Position	\$3,376,253	\$ 3,062,682
Increase in Net Position	<u>417,691</u>	<u>313,571</u>
Ending Net Position	\$3,793,944	\$ 3,376,253

The Fire District's FUNDS

The following schedule presents a summary of revenues and expenditures for the years ended December 31, 2017 and 2016:

Revenues	2017 Amount	Percent Of Total	2016 Amount	Percent Of Total
Sales Tax	\$ 878,031	53.24%	\$ 795,554	50.94%
Structure Fees	638,993	38.73%	621,605	40.32%
Grants	-	0%	10,000	1.48%
Other revenues	132,676	8.00%	130,964	7.26%
Total Revenues	\$1,649,700	100.00%	\$1,558,123	100.00%

Expenditures	2017 Amount	Percent Of Total	2016 Amount	Percent Of Total
Public Safety	\$ 1,145,476	92.94%	\$1,143,903	96.10%
Capital Outlay	87,008	7.06%	45,438	3.90%
Total Expenditures	\$1,232,484	100.00%	\$1,189,341	100.00%

GENERAL FUND BUDGETARY HIGHLIGHTS

The Fire District's General Fund revenues were above the final budgeted amount by \$94,563 while expenditures had a favorable variance of \$26,304.

CAPITAL ASSETS AND DEBT ADMINISTRATION

At December 31, 2017, the Fire District had \$5,897,764 (\$1,001,176, net of accumulated depreciation) invested in capital assets including buildings, vehicles, and machinery and equipment as shown below:

	December 31 2016	Additions	Disposals	December 31 2017
Vehicles	\$1,650,003	\$ 54,275	\$ -	\$1,704,278
Building	981,627	-	-	981,627
Machinery & Equipment	3,199,059	-	-	3,199,059
Land	12,800	-	-	12,800
Construction in Progress	-	-	-	-
Totals at Historical Cost	\$5,843,490	54,275		5,897,764
Less Accumulated Depreciation	(4,859,015)	(37,572)	-	(4,896,588)
Totals, net	\$ 984,475	\$ 16,703	\$ -	\$1,001,176

Debt

The District had a total liability for compensated absences of \$5,309 at year end.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Fire District has continued to hire additional firefighter/operators in the last several years. The District has also within the last two years completed two additional fire stations and renovated another. At year end, the District had completed the construction adding on to its main facility. It is the goal of the District to provide the best fire protection possible for the citizens of Lincoln Parish and will continue to improve its fire rating.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about the report or need additional information, contact the following:

Contact Person: Kevin Reynolds
Title: Fire Chief

GOVERNMENT-WIDE FINANCIAL STATEMENTS

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
STATEMENT OF NET POSITION
DECEMBER 31, 2017

	<u>Governmental Activities</u>
<i>Assets</i>	
Cash	\$ 1,601,417
Investments	2,012,663
Accounts Receivable	628,378
Due from LPPJ	6,258
Non-Depreciable Assets	12,800
Depreciable Assets	<u>988,376</u>
Total Assets	<u>5,249,892</u>
<i>Deferred Outflows of Resources</i>	
Pension Related	144,698
Prepaid Expenses	<u>58,307</u>
Total Deferred Outflows of Resources	203,005
<i>Liabilities</i>	
Accounts Payable	25,419
Due to LPPJ	789
Non-Current Liabilities	
Net Pension Liability	1,288,199
Compensated Absences	<u>5,309</u>
Total Liabilities	<u>1,319,716</u>
<i>Deferred Inflows of Resources</i>	
Pension Related	339,237
<i>Net Position</i>	
Net Investment in Capital Assets	1,001,176
Unrestricted	<u>2,792,768</u>
Total Net Position	<u>\$ 3,793,944</u>

The accompanying notes are an integral part of this financial statement.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Function/Program Activities				Net (Expense) Revenue and Changes in Net Position	
Government Activities:				Governmental Activities	
Public Safety	\$ 1,288,893	\$ 638,993	\$ -	\$ -	\$ (649,900)

General Revenues:

Sales Tax	878,031
Fire Insurance Rebate	85,867
Interest Earned	103,693
Miscellaneous Revenue	-
Total General Revenues	1,067,591
Changes in Net Position	417,691
Net Position - Beginning	3,376,253
Net Position - Ending	\$ 3,793,944

The accompanying notes are an integral part of this financial statement.

FUND FINANCIAL STATEMENTS

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Equipment Reserve Fund</u>
ASSETS:			
Cash	\$ 1,478,255	\$ -	\$ -
Investments	3,985	-	2,008,678
Accounts Receivable	621,237	-	-
Prepaid Expenses	58,307	-	-
Due from LPPJ	-	3,394	-
Due from Other Funds	404,340	-	194,788
TOTAL ASSETS	<u><u>\$ 2,566,124</u></u>	<u><u>\$ 3,394</u></u>	<u><u>\$ 2,203,466</u></u>
 LIABILITIES AND FUND EQUITY:			
LIABILITIES:			
Accounts Payable	\$ 23,338	\$ -	\$ -
Due to LPPJ	789	-	-
Due to Other Funds	128,788	84,466	559,992
Total Liabilities	<u><u>152,915</u></u>	<u><u>84,466</u></u>	<u><u>559,992</u></u>
 FUND BALANCES:			
Nonspendable	58,307	-	-
Restricted	-	(81,072)	1,643,474
Committed	-	-	-
Assigned	-	-	-
Unassigned	2,354,902	-	-
Total Fund Balances	<u><u>2,413,209</u></u>	<u><u>(81,072)</u></u>	<u><u>1,643,474</u></u>
TOTAL LIABILITIES AND FUND EQUITY	<u><u>\$ 2,566,124</u></u>	<u><u>\$ 3,394</u></u>	<u><u>\$ 2,203,466</u></u>

The accompanying notes are an integral part of this financial statement.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
RECONCILIATION OF TOTAL GOVERNMENTAL
FUND BALANCES TO NET POSITION OF
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2017

<u>Fire Training Center</u>	<u>Total Governmental Funds</u>		
		Total Governmental Fund Balances	\$ 4,280,815
		<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
\$ 123,162	\$ 1,601,417		
-	2,012,663		
7,141	628,378		
-	58,307		
2,864	6,258	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,001,176
<u>181,374</u>	<u>780,502</u>		
<u>\$ 314,541</u>	<u>\$ 5,087,525</u>		
		Pension related items are not reported in the fund statements:	
		Deferred outflows	144,698
		Deferred inflows	(339,237)
		Net pension liability	(1,288,199)
\$ 2,081	\$ 25,419		
-	789	Compensated absences are not due and payable in the current period and therefore are not reported in the funds.	(5,309)
<u>7,256</u>	<u>780,502</u>		
<u>9,337</u>	<u>806,710</u>		
		Net Position of Governmental Activities	<u>\$ 3,793,944</u>
-	58,307		
-	1,562,402		
-	-		
305,204	305,204		
-	2,354,902		
<u>305,204</u>	<u>4,280,815</u>		
<u>\$ 314,541</u>	<u>\$ 5,087,525</u>		

The accompanying notes are an integral part of this financial statement.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Equipment Reserve Fund</u>
Revenues:			
Structure Fees	\$ 638,993	\$ -	\$ -
Sales Tax	878,031	-	-
Insurance Rebate	85,867	-	-
Other Revenues	24,472	-	22,186
Total Revenues	<u>1,627,363</u>	<u>-</u>	<u>22,186</u>
Expenditures:			
Public Safety			
Salaries and Benefits	846,656	-	-
Insurance and Surety Bonds	56,741	-	-
GIS Mapping	18,333	-	-
Professional Services	30,138	-	-
Uniforms	18,764	-	-
Utilities	37,179	-	-
Vehicle Expenditures	41,354	-	-
Maintenance	67,455	-	-
Education and Training	1,650	-	-
Telephone	1,661	-	-
Office Supplies	2,320	-	-
Dues and Subscriptions	1,804	-	-
Equipment Rental	1,928	-	-
Travel	223	-	-
Miscellaneous	7,346	-	-
Leases and Taxes	3,389	-	-
Materials and Supplies	3,419	-	-
Capital Outlay	87,008	-	-
Total Expenditures	<u>1,227,368</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	399,995	-	22,186
Other Financing Sources (uses):			
Operating Transfers In	-	-	-
Operating Transfers Out	(10,000)	-	-
Total Other Financing Sources(Uses)	<u>(10,000)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	389,995	-	22,186
Fund Balances, Beginning	<u>2,023,214</u>	<u>(81,072)</u>	<u>1,621,288</u>
Fund Balances, Ending	<u>\$ 2,413,209</u>	<u>\$ (81,072)</u>	<u>\$ 1,643,474</u>

The accompanying notes are an integral part of this financial statement.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

Fire Training Center	Total Governmental Funds		
\$ -	\$ 638,993	Net Change in Fund Balances - Total	
-	878,031	Governmental Funds	\$ 417,216
-	85,867		
<u>151</u>	<u>46,809</u>	<i>Amounts reported for governmental</i>	
<u>151</u>	<u>1,649,700</u>	<i>activities in the statement of activities</i>	
		<i>are different because:</i>	
		Government funds report capital outlays as expenditures while	
		governmental activities report depreciation expense to	
		allocate those expenditures over the life	
		of the assets:	
-	846,656	Capital asset purchases capitalized	54,275
1,990	58,731	Depreciation expense	<u>(37,572)</u>
-	18,333		16,703
360	30,498		
-	18,764		
2,649	39,828		
-	41,354	Payments of long-term debt, including contributions to the OPEB obligation,	
-	67,455	are reported as expenditures in governmental funds. However, these amounts	
-	1,650	are a reduction of long-term liabilities in the Statement of Net Position and	
-	1,661	are not reflected in the Statement of Activities:	
117	2,437	Pension expense	(71,714)
-	1,804	Other parties' contributions to pension plans	56,884
-	1,928		
-	223		
-	7,346	Some expenses reported in the statement of activities	
-	3,389	do not require the use of current financial	
-	3,419	resources and therefore are not reported as	
-	87,008	expenditures in governmental funds	<u>(1,398)</u>
<u>5,116</u>	<u>1,232,484</u>		
		Change in Net Position in Governmental	
		Activities	<u>\$ 417,691</u>
(4,965)	417,216		
10,000	10,000		
-	(10,000)		
<u>10,000</u>	<u>-</u>		
5,035	417,216		
<u>300,169</u>	<u>3,863,599</u>		
<u>\$ 305,204</u>	<u>\$ 4,280,815</u>		

The accompanying notes are an integral part of this financial statement.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Lincoln Parish Fire Protection District No. 1 (the District) of Ruston, Louisiana was created by resolution and adopted by the Police Jury on April 23, 1991. The governing body of the District consists of a seven-member Board of Commissioners. Four of these commissioners are appointed by the municipalities of Downsville, Dubach, Simsboro, and the Town of Vienna. Three additional members are appointed by the Policy Jury.

The District complies with accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Government Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989 have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent sections of this note.

Basis of Presentation

In June, 1999, the GASB unanimously approved statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the presentation of its funds financial information include, for the first time a Management Discussion and Analysis (MD&A) section providing an analysis of the District’s overall financial position and results of operations and financial statements prepared using full accrual accounting for all fund activities. These and other changes are reflected in the accompanying financial statements including the notes to the financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements – The governmental-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements – The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year end

Principal revenue sources considered susceptible to accrual include ad valorem taxes, structure fees, sales tax, and interest on investments. Some revenue items that are considered measurable and available to finance operations during the year from an accounting perspective are not available for expenditure due to the District’s present appropriation system.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

These revenues have been accrued in accordance with accounting principles generally accepted in the United States of America since they have been earned and are expected to be collected within sixty days of the end of the period. Other revenues are considered to be measurable and available only when cash is received by the District. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Modifications to the accrual basis of accounting include:

- Employees' vested annual leave is recorded as an expenditure when utilized. The amount of accumulated annual leave unpaid at December 31, 2017 has been reported only in the government-wide financial statements.
- Interest on general long-term obligations is recognized when paid.
- Debt service expenditures are recorded only when payment is due.

Fund Accounting

The financial activities of the District are recorded in individual funds, each of which is deemed to be a separate accounting entity. The District uses fund accounting to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Governmental Funds

General Fund – This fund is established to account for resources devoted to financing the general services that the District performs. Fees and other revenues used to finance the fundamental operation of the District are included in this fund. The fund is charged with all costs of operating the District for which a separate fund has not been established.

Debt Service – This fund is established for the purpose of accumulating resources for the payment of interest and principal on long-term general obligation debt other than those payable from Enterprise Funds and Special Assessment Funds.

Equipment Reserve Fund – This fund is established to reserve funds for the replacement of equipment when necessary.

Fire Training Center Fund - This fund is established for the purpose of constructing and maintaining a building for training of firefighters.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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 expenses during the reporting period. Actual results could differ from those estimates.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgeting Procedures

The budgets for the funds are proposed by the Director and formally adopted by the Commissioners. The budget is prepared on a basis consistent with generally accepted accounting principles. Budgetary amendments involving the transfer of funds from one function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require approval of the Commissioners. At year end, all appropriations lapse.

Cash and Cash Equivalents

Cash includes demand deposits and money market accounts. Under state law, the Lincoln Parish Fire Protection District No. 1 may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union or the laws of the United States. Further, the Lincoln Parish Fire Protection District No. 1 may invest in the time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

The District's policy is to include short-term interest bearing deposits having a maturity of three months or less as cash equivalents in the financial statements.

Valuation of Carrying Amounts and Deposits

Cash is reported at net book value – the year-end bank balance plus any deposits in transit and less any outstanding checks that have not cleared the bank as of that date.

Fund Equity

GASB Statement No. 54 establishes standards for five fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in government funds. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

Restricted Fund Balance – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the commissioners – the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the police jurors remove the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Equity (Continued)

Assigned Fund Balance – This classification reflects the amounts constrained by the District’s “intent” to be used for specific purposes, but are neither restricted nor committed. The commissioners and management have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned Fund Balance – This fund balance is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use externally restricted resources first, then unrestricted resources – committed, assigned and unassigned – in order as needed.

Receivables

All receivables are recorded at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. In the process of aggregating data for the statements of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified.

Quasi-external transactions are accounted for as revenue and expenditures. Transactions that constitute reimbursements to a fund are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the fund that is reimbursed. All other interfund transactions that are not to be repaid are recorded as transfers.

Fixed Assets

Fixed assets of the District are stated at cost and are reported in the government-wide financial statements. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives of 5 years.

Compensated Absences

Employees accrue from 18 to 30 days of annual leave each year depending on years of service with the District. Firemen may receive up to one year’s sick leave per illness as prescribed under Louisiana law.

A provision of \$5,309 has been made for the compensated absences and vacation in these financial statements.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 2 – CASH AND CASH EQUIVALENTS

Custodial Credit Risk – Deposits. The 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's policy to ensure there is no exposure to this risk is to require each financial institution to pledge its' own securities to cover any amount in excess of Federal Depository Insurance Coverage. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent bank has failed to pay deposited funds upon demand. Accordingly, the District had no custodial credit risk related to its deposits at December 31, 2017. The District had cash and cash equivalents in demand deposits, totaling \$1,601,417 at December 31, 2017.

These deposits are stated at cost, which approximates market. 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. Cash and cash equivalents (bank balances other than these backed by the U.S. government) at December 31, 2017, are secured, as follows:

Bank Balances	<u>\$ 1,359,408</u>
FDIC Insurance	250,000
Pledged Securities (uncollateralized)	<u>1,746,134</u>
Total	<u>\$ 1,996,134</u>

NOTE 3 – PROPERTY AND EQUIPMENT

Capital asset activity for the year ended December 31, 2017 is as follows:

	December 31, 2016	Additions	Disposals	December 31, 2017
	<u>Balance</u>			<u>Balance</u>
Assets:				
Land	\$ 12,800	\$ -	\$ -	\$ 12,800
Construction in Process	-	-	-	-
Vehicles	1,650,003	54,275	-	1,704,278
Building	981,627	-	-	981,627
Machinery & Equipment	<u>3,199,059</u>	<u>-</u>	<u>-</u>	<u>3,199,059</u>
Totals at Historical Cost	<u>5,830,689</u>	<u>54,275</u>	<u>-</u>	<u>5,884,964</u>
Less Accumulated Depreciation for:				
Vehicles	(1,584,115)	(6,234)	-	(1,590,349)
Building	(151,504)	(24,541)	-	(176,045)
Machinery & Equipment	<u>(3,123,397)</u>	<u>(6,797)</u>	<u>-</u>	<u>(3,130,194)</u>
Total Accumulated Depreciation	<u>(4,859,016)</u>	<u>(37,572)</u>	<u>-</u>	<u>(4,896,588)</u>
Total Capital Assets Being Depreciated, Net	<u>971,673</u>	<u>16,703</u>	<u>-</u>	<u>988,376</u>
<u>CAPITAL ASSETS, NET</u>	<u>\$ 984,473</u>	<u>\$ 16,703</u>	<u>\$ -</u>	<u>\$1,001,176</u>

Depreciation was charged to the Public Safety function of the District for \$37,572.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 4 – INVESTMENTS

Custodial Credit Risk – Investments. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District’s investments in United States government securities are held by the District’s agent in the District’s name. Therefore, the District had no custodial credit risk related to its investments at December 31, 2017.

Under state law, the District may invest funds in obligations of the United States, in federally-insured investments, or in time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. At December 31, 2017, the District had the following investments stated at cost, which approximates market:

United States Government Securities	<u>\$ 2,0163,319</u>
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Interest Rate Risk. In accordance with its investments policy, the District manages its exposure to declines in fair market values by limiting investment portfolio to “money market investments” which are defined as creditworthy, highly liquid investments with maturities of one year or less. Although there may be certain circumstances in which longer-term securities are utilized, the general use of long-term securities shall be avoided.

Credit Risk. The District’s investment policy limits investments to fully insured and/or fully-collateralized certificates of deposits and direct and indirect obligations of U.S. government agencies.

Concentration of Credit Risk. The District’s investment policy limits the District’s investment instruments to: 1) certificates of deposit; 2) certain direct obligations of the U.S. Government; 3) bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by federal agencies and provided such obligations are backed by the full faith and credit of the United States of America; and 4) the Louisiana Asset Management Pool.

NOTE 5 – ACCOUNTS RECEIVABLE

The receivable of \$621,237 on December 31, 2017, are detailed as follows:

	<u>Total</u>
Structure Fees	\$ 539,432
Sales Tax	76,201
Other Receivables	<u>5,604</u>
Total	<u>\$ 621,237</u>

Based on prior experience, the uncollectible ad valorem taxes net of proceeds from the sheriff’s sale of property is immaterial, thus no provision has been made for such loss.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 6 – DUE TO/FROM OTHER FUNDS

Individual fund balances due to/from other funds at December 31, 2017, are as follows:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Major Funds:		
General Fund	\$ 404,340	\$ 128,788
Debt Service Fund	-	84,466
Fire Training Center	181,374	559,992
Equipment Reserve Fund	<u>194,788</u>	<u>7,256</u>
 Totals	 <u>\$ 780,502</u>	 <u>\$ 780,502</u>

These balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

NOTE 7 - PENSION PLAN

Plan Description

The Lincoln Fire District #1 contributes to the Firefighters' Retirement System of Louisiana (System) which is a cost sharing multiple employer defined benefit pension plan. Membership in the System is mandatory for all full-time firefighters who earn more than \$375 per month and are employed by any municipality, parish, or fire protection district of the State of Louisiana.

Any member of the Plan can retire providing the member meets one of the following criteria:

1. Any age with 25 years of creditable service.
2. Age 50 with a minimum of twenty or more years of creditable service.
3. Age 55 with a minimum of twelve or more years of creditable service.

The monthly amount of benefits are 3 1/3% of their average final compensation multiplied by his total years of service, not to exceed 100% of final salary.

The system also provides death and disability benefits. Benefits are established or amended by state statute.

For the year ended December 31, 2017, the Lincoln Fire District #1's total payroll for all employees was \$412,780. Total covered payroll was \$539,611. Covered payroll refers to all compensation paid by the Lincoln Fire District #1 to active employees covered by the System.

The System issues an annual publicly available 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 of Louisiana, 3100 Brentwood Drive, Baton Rouge, Louisiana, or by visiting the System's website www.lafirefightersret.com.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

Contributions

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ended December 31, 2017, total contributions due for employers and employees were 35.25% for January-June and 36.50% for July-December, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer and contribution rates for all members were 25.25% for January-June and 26.50% for July-December, and the employee contribution rate was 10.00% for the entire year. In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations.

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

At December 31, 2017, the District reported a liability of \$1,288,199 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2017 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Lincoln Fire District #1's proportion of the Net Pension Liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the District's proportion was .224744%, which was a decrease of .015226% from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the Lincoln Fire District #1 recognized pension expense of \$222,670 plus the employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, (\$150,956). Total pension expense was \$71,714.

At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	-	71,839
Changes in assumption	53,879	307
Net difference between projected and actual earnings on pension plan investments	110,822	-
Changes in employer's portion of beginning net pension liability	(79,552)	305,294
Differences between employer contributions and proportionate share of employer contributions	(14,106)	(38,203)
Subsequent measurement contributions	73,656	-
Total	144,699	339,237

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

The \$101,583 reported as deferred outflows of resources related to pensions resulting from the Lincoln Fire District #1 contributions subsequent to the measurement date will be recognized as a reduction of Net Pension Liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ended December 31:	
2018	
2019	(27,791)
2020	(27,791)
2021	(27,791)
2022	(27,791)
2023	(27,791)
2024	(27,791)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2017 is as follows:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal Cost
Actuarial Assumptions:	
Investment Rate of Return	7.40% per annum (net of investment expenses, including inflation) (decreased from 7.50% in 2016)
Expected Remaining Service Lives	7 years, closed period
Inflation rate	2.775% per annum (decreased from 2.875% in 2016)
Mortality Rate Assumption	The mortality rate assumption used was set based upon an experience study performed on plan data for the period July 1, 2009, through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. The RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2031 using Scale AA were selected for employee, annuitant, and beneficiary mortality. The RP-2000 Disabled Lives Mortality Table set back five years for males and set back three years for females was selected for disabled annuitants. Setbacks in these tables were used to approximate mortality improvement
Salary increases	Vary from 15.0% in the first two years of service to 4.75% with 25 or more years of service; includes inflation and merit increases

Cost-of-Living Adjustments (COLAs)	For the purpose of determining the present value of benefits, COLAs were deemed not to be substantively automatic and only those previously granted were included.
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The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. 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, 2.75%. The resulting long-term expected arithmetic nominal rate of return was 8.29% as of June 30, 2017. Best estimates of arithmetic real rates of return for each major class includes in the System's target asset allocation as of June 30, 2017, are summarized in the following table:

	Asset Type	Target Asset Allocation	Long-Term Expected Real Rate of Return
Equity	U.S. Equity	27.00%	6.15%
	Non-U.S. Equity	20.00%	7.45%
	Global Equity	10.00%	6.85%
Fixed Income	Fixed Income	23.00%	2.04%
Alternatives	Real Estate	6.00%	4.62%
	Private Equity	4.00%	8.73%
Multi-Asset Strategies	Global Tactical Asset Allocation	5.00%	4.40%
	Risk Parity	5.00%	4.79%
		100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.40%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on System investments was applied to all periods of projected benefit payment to determine the total pension liability.

Sensitivity of the Lincoln Fire District #1's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Lincoln Fire District #1's proportionate share of the net pension liability calculated using the discount rate of 7.40%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.40%) or one percentage-point higher (8.40%) than the current rate:

	1.0% Decrease (6.40%)	Current Discount Rate (7.40%)	1.0% Increase (8.40%)
Employer's proportionate share of net pension liability	\$1,851,092	\$1,288,199	\$815,006

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

Payables to the Pension Plan

These financial statements include a payable to the pension plan of \$0, which is the legally required contribution due at December 31, 2017. This amount is recorded in accrued expenses.

Plan Fiduciary Net Position

Detailed information about the System's fiduciary net position is available in the separately issued Firefighters' Retirement System of Louisiana Audit Report at www.lafirefightersret.com.

NOTE 8 – LEASE OBLIGATIONS

The Lincoln Parish Fire Protection District No. 1 has entered into twenty leases for real property on which to locate fire stations. The leases have various commencing dates beginning in April 1993, and running through April 1994. All leases run for twenty-five years following the commencing date with an option for the district to renew the lease for an additional twenty-five years thereafter. All leases are for \$1 per year. Leases shall expire on their own terms if a fire station, fire protection facility or similar structure is not constructed on the leased premises within twenty-four months from the date the agreement is executed by the lessor. Additionally, leases shall expire if the fire station, fire protection facility or other similar structure is not equipped with appropriate fire protection equipment or ceases to be used as a fire protection facility for the period of twenty-four consecutive months.

Because the leases are operating leases, no provision for the underlying property has been made in general fixed assets nor have the leases been reflected as general long-term debt. The following is a schedule of future minimum lease payments:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2018	\$ 20
2019	20
2020	20
2021	20
2022	<u>20</u>
Total minimum payments required	<u>\$ 100</u>

NOTE 9 – LONG-TERM DEBT

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reduction</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Government Activities:					
Accrued Vacation and Sick Time	<u>\$ 3,911</u>	<u>\$ 1,398</u>	<u>\$ -</u>	<u>\$ 5,309</u>	<u>\$ 5,309</u>

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 10 - DEFERRED COMPENSATION PLAN

Employees of the Lincoln Parish Fire Protection District No. 1 may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

The deferred compensation plan is available to all employees of the Lincoln Parish Fire Protection District No. 1. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. In accordance with the provisions of GASB Statement No. 32 and No. 34, plan balances and activities are not reflected in the financial statements of the Lincoln Parish Fire Protection District No. 1.

NOTE 11 - LITIGATION AND CLAIMS

According to the Parish District Attorney, the Lincoln Parish Fire Protection District No. 1 had no pending or threatened litigation as of December 31, 2017.

NOTE 12 – COMPENSATION FOR THE BOARD OF COMMISSIONERS

The members of the Board for the Fire Protection District No. 1 receive no compensation.

NOTE 13 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 7, 2018, which the day the financial statements were available to be issued, and it has been determined that no significant events have occurred for disclosure.

**REQUIRED SUPPLEMENTAL INFORMATION (PART B)
BUDGETARY COMPARISON SCHEUDLES**

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues (Inflows):</u>				
Intergovernmental:				
Local Grant	\$ -	\$ -	\$ -	\$ -
State Grant		-	-	-
Taxes - Sales	597,325	796,800	878,031	81,231
Structure Fees	615,000	620,000	638,993	18,993
Other Revenues	71,750	116,000	110,339	(5,661)
Total Revenues	<u>1,284,075</u>	<u>1,532,800</u>	<u>1,627,363</u>	<u>94,563</u>
<u>Expenditures (Outflows):</u>				
Public Safety				
Salaries and Benefits	909,112	847,512	846,656	856
Insurance and Surety Bonds	56,000	56,000	56,741	(741)
GIS Mapping	20,000	20,000	18,333	1,667
Professional Services	19,100	28,000	30,138	(2,138)
Uniforms	16,000	19,000	18,764	236
Utilities	42,000	32,000	37,179	(5,179)
Vehicle Expenditures	45,000	38,000	41,354	(3,354)
Maintenance	67,500	93,000	67,455	25,545
Education and Training	2,000	1,700	1,650	50
Telephone	1,560	1,560	1,661	(101)
Office Supplies	2,500	2,200	2,320	(120)
Dues and Subscriptions	1,950	2,250	1,804	446
Equipment Rental	3,000	2,300	1,928	372
Travel	1,300	300	223	77
Miscellaneous	10,100	10,300	7,346	2,954
Leases and Taxes	1,560	1,750	3,389	(1,639)
Materials and Supplies	8,000	4,800	3,419	1,381
Election Expenses	-	-	-	-
Capital Outlay	42,000	93,000	87,008	5,992
Total Expenditures	<u>1,248,682</u>	<u>1,253,672</u>	<u>1,227,368</u>	<u>26,304</u>
<u>Excess Expenditures Over Revenues</u>	35,393	279,128	399,995	120,867
<u>Other Financing Uses</u>				
Transfers In (Out)	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
<u>Fund Balance at Beginning of Year</u>	<u>2,023,214</u>	<u>2,023,214</u>	<u>2,023,214</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 2,048,607</u>	<u>\$ 2,292,342</u>	<u>\$ 2,413,209</u>	<u>\$ 120,867</u>

The accompanying notes are an integral part of this financial statement.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE - EQUIPMENT RESERVE FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues (Inflows):</u>				
Other Revenues	\$ 11,500	\$ 14,037	\$ 22,186	\$ 8,149
Total Revenues	<u>11,500</u>	<u>14,037</u>	<u>22,186</u>	<u>8,149</u>
<u>Expenditures (Outflows):</u>				
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Excess (Deficiency) of Revenues Over Expenditures</u>				
	11,500	14,037	22,186	8,149
<u>Other Financing Sources</u>				
Transfers In (Out)	-	-	-	-
<u>Fund Balance at Beginning of Year</u>	<u>1,621,288</u>	<u>1,621,288</u>	<u>1,621,288</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 1,632,788</u>	<u>\$ 1,635,325</u>	<u>\$ 1,643,474</u>	<u>\$ 8,149</u>

The accompanying notes are an integral part of this financial statement.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE - FIRE TRAINING CENTER
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues (Inflows):</u>				
Grant Revenue	\$ -	\$ -	\$ -	\$ -
Other Revenues	120	120	151	31
Total Revenues	120	120	151	31
<u>Expenditures (Outflows):</u>				
Maintenance	6,800	-	-	-
Utilities	3,000	2,800	-	2,800
Materials & Supplies	550	170	2,766	(2,596)
Insurance	1,500	2,000	1,990	10
Miscellaneous Costs	8,000	1,400	-	1,400
Professional Services	-	280	360	(80)
Total Expenditures	19,850	6,650	5,116	1,534
<u>Excess (Deficiency) of Revenues Over Expenditures</u>	(19,730)	(6,530)	(4,965)	1,565
<u>Other Financing Sources</u>				
Transfers In (Out)	20,000	20,000	10,000	(10,000)
<u>Fund Balance at Beginning of Year</u>	<u>300,169</u>	<u>300,169</u>	<u>300,169</u>	<u>-</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 300,439</u>	<u>\$ 313,639</u>	<u>\$ 305,204</u>	<u>\$ (8,435)</u>

The accompanying notes are an integral part of this financial statement.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2017

The budgets for the funds are proposed by the Director and formally adopted by the Commissioners. The budget is prepared on a basis consistent with generally accepted accounting principles. Budgetary amendments involving the transfer of funds from one function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated, require approval of the Commissioners. At year end, all appropriations lapse.

State law requires the District to amend its budgets when revenues plus projected revenues within a fund are expected to fall short from budgeted revenues by five percent or more and when expenditures and other uses of a fund are expected to exceed budgeted amounts by five percent or more.

Lincoln Parish Police Jury
 Firefighters - GASB 68
 Schedule of Employer's Share of Net Pension Liability
 12/31/2017

Year	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability
2014	0.246607%	-	-	0.00%	76.02%
2015	0.266685%	1,439,330.61	37,748.21	3812.98%	72.45%
2016	0.239970%	1,569,620.65	43,187.70	3634.42%	68.16%
2017	0.224744%	1,288,198.65	35,928.49	3585.45%	73.55%

Lincoln Parish Police Jury
 Firefighters - GASB 68
 Schedule of Employer's Contributions
 12/31/2017

Year	Contractually Required Contributions	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Employee Payroll
2014	-	-	-	-	0.00%
2015	92,827.08	92,827.08	-	325,428.89	28.52%
2016	273,011.29	273,011.29	-	990,159.93	27.57%
2017	255,174.31	255,174.31	-	986,735.54	25.86%

OTHER SUPPLEMENTAL INFORMATION

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO
AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Kevin Reynolds</u> <u>Fire Chief</u>
<i>Purpose:</i>	
Salary	\$ 68,016
Wages	3,000
Supplemental Pay	3,923
Benefits - Retirement	21,500
Total	<u>\$ 96,439</u>

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

To the Board of Commissioners
Lincoln Parish Fire Protection District No. 1
Ruston, 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 activities of the Lincoln Parish Fire Protection District No. 1, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated June 7, 2018.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, 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 District'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Board of Commissioners
Lincoln Parish Fire Protection District No. 1
Ruston, Louisiana

Compliance and Other Matters

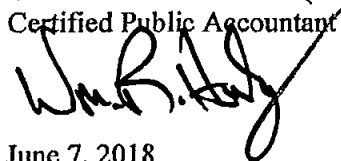
As part of obtaining reasonable assurance about whether the Lincoln Parish Fire Protection District No. 1's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which 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 audit, 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.

This report is intended for the use of management of the Lincoln Parish Fire Protection District No. 1 and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

WILLIAM R. HULSEY (APAC)
Certified Public Accountant



June 7, 2018

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Board of Commissioners
Lincoln Parish Fire Protection District No. 1
Ruston, Louisiana

I have audited the financial statements of the Lincoln Parish Fire Protection District No. 1 (the District) as of and for the year ended December 31, 2017, and have issued my report thereon dated June 7, 2018. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of December 31, 2017, resulted in an unqualified opinion.

SECTION I - Summary of Auditor's Results

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weakness yes no

Significant Deficiencies not considered to be
Material Weaknesses yes no

Compliance

Compliance Material to Financial Statements yes no

B. Federal Awards

Material Weakness Identified yes no

Significant Deficiencies not considered to be
Material Weaknesses yes no

Type of Opinion on Compliance For Major Programs (No Major Programs)

Unqualified Qualified

Disclaimer Adverse

Are their findings required to be reported in accordance with the Uniform
Guidance (a)? N/A

C. Identification of Major Programs: N/A

Name of Federal Program (or cluster)
CFDA Number(s)

Dollar threshold used to distinguish between Type A and Type B Programs. N/A

Is the auditee a "low-risk" auditee, as defined by the Uniform Guidance? N/A

SECTION II - Financial Statement Findings

No matters were reported.

SECTION III - Federal Award Findings and Questioned Costs

No matters were reported.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2017

Internal Control and Compliance Material to Federal Awards

There were no findings for this category.

Internal Control and Compliance Material to the Financial Statements

There were no findings for this category.

Management Letter Comments

There were no findings for this category.

WILLIAM R. HULSEY

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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the THE FIRE PROTECTION DISTRICT NO. 1 and the Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by The THE FIRE PROTECTION DISTRICT NO. 1 of the Fourth Judicial District (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the period January 1, 2017 through December 31, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, I 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.

The procedures and associated findings are as follows:

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving
 - d) **Receipts**, including receiving, recording, and preparing deposits
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
 - g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
 - h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

- **Budgeting** – The THE FIRE PROTECTION DISTRICT NO. 1 has written policies and procedures regarding budget preparation, adoption, monitoring and amending.
- **Purchasing** – The THE FIRE PROTECTION DISTRICT NO. 1 has written policies and procedures for purchasing regarding the following:

Initiation of purchases – Purchasing agent

Addition of vendors – the accountant adds vendors

Preparation and approval of check requests

Controls ensuring compliance with public bid laws

Bids and price quotes are required to be maintained . When major purchases are needed for the Jury, the Purchasing Officer usually gathers bids via email, fax or phone.

- **Disbursements** – The THE FIRE PROTECTION DISTRICT NO. 1 has written policies and procedures regarding disbursement processing, reviewing and approving.
- **Receipts** – The THE FIRE PROTECTION DISTRICT NO. 1 does not have written policies and procedures regarding receiving, recording and preparation of deposits for all receipts.
- **Payroll & Personnel** – The THE FIRE PROTECTION DISTRICT NO. 1 has written policies and procedures regarding payroll processing and reviewing and approving time and attendance.
- **Contracting** – The THE FIRE PROTECTION DISTRICT NO. 1 has written policies and procedures regarding the types of services that require contracts, terms and condition, legal review and approval.
- **Credit Cards** – The THE FIRE PROTECTION DISTRICT NO. 1 has written policies and procedures regarding the control of credit cards, allowable business usage, documentation requirements, required approvers and monitoring process.
- **Travel & Expense Reimbursement** – The THE FIRE PROTECTION DISTRICT NO. 1 does not have written policies and procedures regarding what's allowable, dollar amount by expense category, documentation requirements and required approvers.
- **Ethics** – The THE FIRE PROTECTION DISTRICT NO. 1 has written policies and procedures regarding ethics.
- **Debt Service** – There is not a debt service policy.

2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

All policies and procedures were performed at the primary government level.

- 3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.
- 4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
 - a) Bank reconciliations have been prepared;
 - b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
 - c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

The Primary Government has thirty one bank accounts that it operates. Bank reconciliations are prepared monthly and the Treasurer examines them along with the bank statement each month checking outstanding check amounts. The Treasurer currently does sign off on the reconciliations and bank statements.

- 5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.
- 6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. **For each cash collection location selected:**
 - a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
 - c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
 - Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.
7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions by a person who is not responsible for collections.

Cash is received by the individual bringing the money to the office or by mail. There is not a policy on procedures regarding cash collections, but the persons receiving the payments are not bonded. There is no formal process to reconcile cash collections to the general ledger or subsidiary. I selected the highest (dollar) week of cash collections from the general ledger and traced daily collections to the deposit date on the bank statement noting their timely deposit. All cash collections are completely supported by documentation without any exceptions. Currently, The THE FIRE PROTECTION DISTRICT NO. 1 does have written documentation on the processes to determine completeness of all collections. The above procedures were performed at the Primary Government level.

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.
9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
 - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.
- 10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.
- 11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.
- 12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.
- 13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

A listing of disbursements were tested at the primary Government level and 25 disbursements were selected for testing, and no exceptions were noted. There currently is no policy or procedure prohibiting the person responsible for processing payments from adding vendors to The THE FIRE PROTECTION DISTRICT NO. 1's purchasing system. There is a segregation of duties policy which covers who has signatory authority and authorization for disbursements do not initiate or record purchases. Unused checks are maintained in a locked location with restricted access. A signature stamp is not used. All checks require two authorized signers.

- 14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- 15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.
- b) Report whether finance charges and/or late fees were assessed on the selected statements.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).
- a) For each transaction, report whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased)
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
 - b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
 - c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed).
If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

A list of all credit and debit cards were obtained and examined at the Primary Government level. Four cards were selected for testing with the monthly statements without any exceptions. No finance charges were paid on any of the statements.

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.
18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.
19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.
 - b) Report whether each expense is supported by:
 - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)
- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

A listing of all travel and related expense reimbursements during the year was obtained at the Primary Government level, The THE FIRE PROTECTION DISTRICT NO. 1 along with the Primary Government does not have written policies and procedures regarding travel and expense reimbursements. Three travel payments were selected and tested without exception. All travel and expense, and expense reimbursements were documented as to the business purpose and all were reviewed and approved by someone other than the person receiving the reimbursement.

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.
21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:
- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
 - b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
 - c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
 - d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
 - e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

A list of contracts was obtained from The Primary Government, four contracts paid the most money were selected for testing without exception.

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee.

Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete.

If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

A listing of employees was obtained from The Primary Government. All full-time employees do not fill out a time sheet, but they turn in leave slips. Their hours are recapped on a time recap and approved. The attorneys are paid by the Primary Government, state warrant and the rest is supplemented by the Primary Government, who makes the decision on the amount to supplement. The non-attorney full-time employees are paid by the Primary Government. Part-time employees are required to fill out a time sheet, but do not have leave slips. They are not paid if they do not work. All payroll taxes and retirement contributions were paid and filed during the year without exception.

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.
27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Five employees were tested for their ethics compliance documentation without exception. There were no ethics violations during the year and there were not allegations received during the year.

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.
29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.
30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

There were no written policies and procedures for debt service.

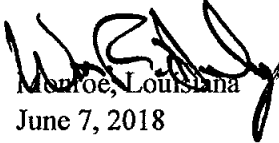
31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor.
32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.
33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Inquired of management whether The THE FIRE PROTECTION DISTRICT NO. 1's office had any misappropriations of public funds or assets and there was no instance reported. The notice concerning the reporting of misappropriation, fraud, waste, or abuse of public funds is posted on its premises, which is the notice required by R.S. 24:523.1.

I was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs.

Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.


Monroe, Louisiana
June 7, 2018