

**FIRE PROTECTION DISTRICT NO. 1
OF TENSAS PARISH, LOUISIANA
(A COMPONENT UNIT OF THE
TENSAS PARISH POLICE JURY)
ST. JOSEPH, LOUISIANA**

ANNUAL FINANCIAL STATEMENTS

**AS OF DECEMBER 31, 2016
AND FOR THE YEAR THEN ENDED**

**WITH
INDEPENDENT AUDITOR'S REPORT**



SILAS SIMMONS LLP
CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

**FIRE PROTECTION DISTRICT NO. 1
OF TENSAS PARISH, LOUISIANA
(A COMPONENT UNIT OF THE TENSAS PARISH POLICE JURY)
ST. JOSEPH, LOUISIANA**

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**FIRE PROTECTION DISTRICT NO. 1
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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Commissioners
Fire Protection District No. 1 of Tensas Parish, Louisiana
St. Joseph, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fire Protection District No. 1 of Tensas Parish, Louisiana, a component unit of the Tensas Parish Police Jury, as of and for the year ended December 31, 2016, which collectively comprise the District's basic financial statements, as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Fire Protection District No. 1 of Tensas Parish, Louisiana as of December 31, 2016, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7 and the budgetary comparison information, the schedule of the District's proportionate share of the net pension liability, and the schedule of the District's contributions on pages 26 through 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fire Protection District No. 1 of Tensas Parish, Louisiana's basic financial statements. The Schedule of Insurance Coverage; the Schedule of Compensation of the Governing Board; and the Schedule of Compensation, Benefits, and other Payments to Agency Head or Chief Executive Officer, described in the accompanying table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

The Schedule of Insurance Coverage; the Schedule of Compensation of the Governing Board; and the Schedule of Compensation, Benefits, and other Payments to Agency Head or Chief Executive Officer have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

This report is intended for the information of the Members of the District, the Tensas Parish Police Jury, and the Legislative Auditor of the State of Louisiana and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Silas Simmons, LLP

Natchez, Mississippi
March 14, 2017

SECTION I
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**FIRE PROTECTION DISTRICT NO. 1 OF TENSAS PARISH, LOUISIANA
(A COMPONENT UNIT OF THE TENSAS PARISH POLICE JURY)
ST. JOSEPH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Our discussion and analysis of Fire Protection District No. 1 of Tensas Parish, Louisiana's (hereafter referred to as the District) financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2016.

The District's main fire station is located on Plank Road in St. Joseph, Louisiana. The District provides fire protection for all of Tensas Parish, Louisiana with fire stations located in ten locations. The District operates primarily with volunteers and three full-time employees.

FINANCIAL HIGHLIGHTS

- General revenues were \$532,504 in 2016, compared to \$496,478 in 2015.
- General expenditures were \$626,713 in 2016, compared to \$588,227 in 2015.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year.

The government-wide financial statements outline functions of the District that are principally supported by property taxes and sales taxes. Fixed assets and related debt are also supported by taxes and intergovernmental revenues.

The government-wide financial statements can be found on pages 8 through 9 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

The governmental fund financial statements can be found on pages 10 through 13 of this report.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14 through 25 of this report.

**FIRE PROTECTION DISTRICT NO. 1 OF TENSAS PARISH, LOUISIANA
(A COMPONENT UNIT OF THE TENSAS PARISH POLICE JURY)
ST. JOSEPH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of the net position at December 31, 2016 and 2015:

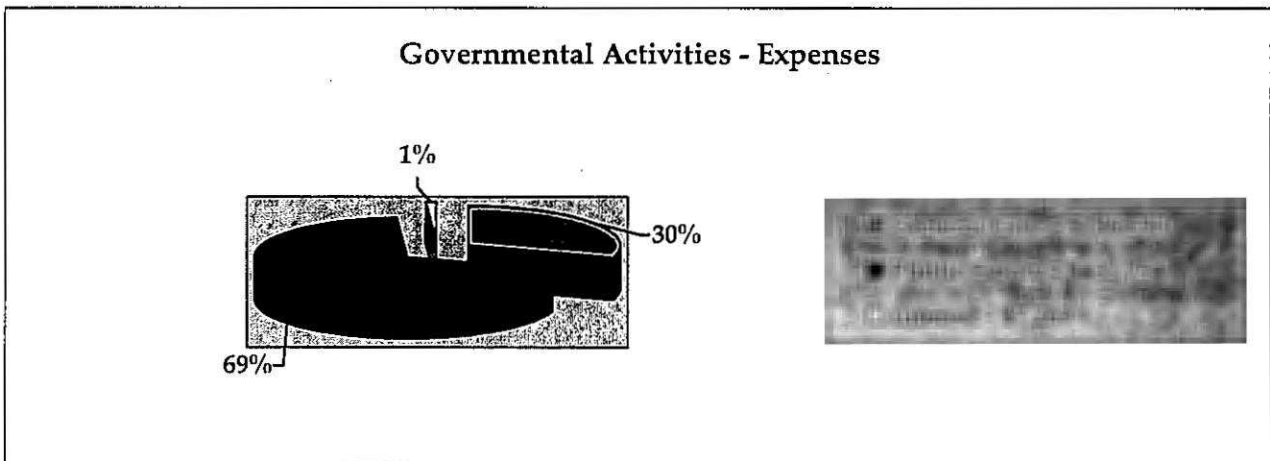
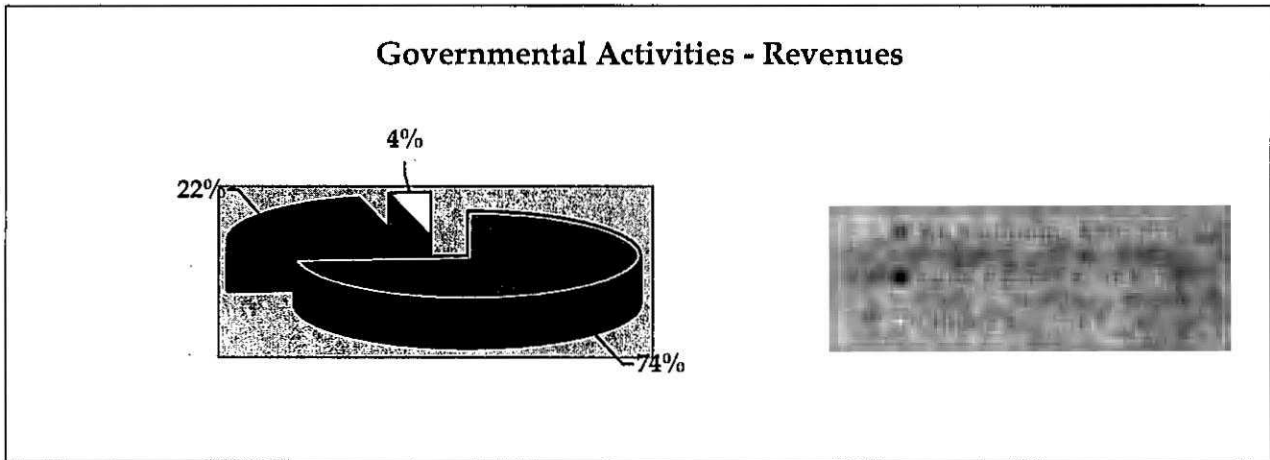
	<u>2016</u>	<u>2015</u>
Current and other assets	\$ 416,802	\$ 423,141
Capital assets	538,074	649,606
Total assets	<u>\$ 954,876</u>	<u>\$ 1,072,747</u>
Deferred outflow of resources	<u>\$ 149,587</u>	<u>\$ 93,052</u>
Current liabilities	\$ 151,435	\$ 129,342
Long-term liabilities	566,571	559,432
Total liabilities	<u>\$ 718,006</u>	<u>\$ 688,774</u>
Deferred inflow of resources	<u>\$ 19,930</u>	<u>\$ 16,289</u>
Net position		
Investment in capital assets (net of related debt)	\$ 325,501	\$ 368,473
Unrestricted	41,026	92,263
Total net position	<u>\$ 366,527</u>	<u>\$ 460,736</u>

The following is a summary of the statement of activities for 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Revenues		
Taxes	\$ 509,786	\$ 496,200
Other	22,718	278
Total revenues	<u>\$ 532,504</u>	<u>\$ 496,478</u>
Expenses		
General and administrative	\$ 186,690	\$ 188,132
Public safety - fire	432,754	392,676
Debt service - interest	7,269	7,419
Total expenses	<u>\$ 626,713</u>	<u>\$ 588,227</u>
(Decrease) increase in net position	\$ (94,209)	\$ (91,749)
Net position - beginning of year	<u>460,736</u>	<u>552,485</u>
Net position - end of year	<u>\$ 366,527</u>	<u>\$ 460,736</u>

FIRE PROTECTION DISTRICT NO. 1 OF TENSAS PARISH, LOUISIANA
(A COMPONENT UNIT OF THE TENSAS PARISH POLICE JURY)
ST. JOSEPH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016

The following are graphical representations of information presented in the Statement of Activities for Governmental Activities in 2016:



GENERAL FUND BUDGETARY HIGHLIGHTS

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

The actual general fund expenditures were \$934 more than the budgeted amounts.

Revenues available for expenditure were \$5 more than the budgeted amounts.

**FIRE PROTECTION DISTRICT NO. 1 OF TENSAS PARISH, LOUISIANA
 (A COMPONENT UNIT OF THE TENSAS PARISH POLICE JURY)
 ST. JOSEPH, LOUISIANA
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2016**

CAPITAL ASSETS

At the end of the year, the District had \$325,501 invested in capital assets (net of related debt), including land, buildings, furniture, fire fighting equipment, and vehicles. This year there were additions of \$39,686 in capital assets. More detailed information about the District's capital assets is presented in Note 4 of the financial statements.

The additions in 2016 included the following:

Pump and hydrants additions and improvements	\$	22,521
Antenna		13,492
Replace station door		<u>3,673</u>
		<u>\$ 39,686</u>

DEBT

At year end, the District had \$212,573 in capital leases outstanding.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Taking all factors into consideration, the District's general fund balance is expected to remain unchanged by the close of 2017.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to Ricky Jones, Fire Chief, 205 Hancock Street, St. Joseph, Louisiana 71366, (318) 766-3004.

SECTION II
BASIC FINANCIAL STATEMENTS

FIRE PROTECTION DISTRICT NO. 1 OF
TENSAS PARISH, LOUISIANA
(A COMPONENT UNIT OF THE TENSAS PARISH POLICE JURY)
ST. JOSEPH, LOUISIANA
STATEMENT OF NET POSITION
DECEMBER 31, 2016

ASSETS

Cash	\$ 18,717
Receivables, net	396,585
Deposits	1,500
Capital assets, net	<u>538,074</u>
Total assets	<u>\$ 954,876</u>

Deferred outflows of resources	<u>\$ 149,587</u>
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LIABILITIES

Accounts payable	\$ 30,966
Accrued liabilities	15,182
Accrued compensated absences	35,984
Capital leases payable - current portion	69,303
Capital leases payable - long-term portion	143,270
Net pension liabilities	<u>423,301</u>

Total liabilities	<u>\$ 718,006</u>
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Deferred inflows of resources	<u>\$ 19,930</u>
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NET POSITION

Invested in capital assets, net of related debt	\$ 325,501
Unrestricted	<u>41,026</u>

Total net position	<u>\$ 366,527</u>
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The accompanying notes are an integral part of this financial statement.

FIRE PROTECTION DISTRICT NO. 1 OF
TENSAS PARISH, LOUISIANA
(A COMPONENT UNIT OF THE TENSAS PARISH POLICE JURY)
ST. JOSEPH, LOUISIANA
STATEMENT OF ACTIVITIES
DECEMBER 31, 2016

GENERAL REVENUES

Taxes

Ad valorem taxes	\$ 391,373
Sales tax	118,413
Interest earnings	270
Other revenues	<u>22,448</u>

Total general revenues	\$ <u>532,504</u>
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GENERAL EXPENSES

Governmental activities

General government	\$ 186,690
Public safety - fire	432,754
Interest expense	<u>7,269</u>

Total general expenses	\$ <u>626,713</u>
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Changes in net position	\$ (94,209)
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Net position, beginning of year	<u>460,736</u>
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Net position, end of year	<u><u>\$ 366,527</u></u>
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The accompanying notes are an integral part of this financial statement.

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

FIRE PROTECTION DISTRICT NO. 1 OF
TENSAS PARISH, LOUISIANA
(A COMPONENT UNIT OF THE TENSAS PARISH POLICE JURY)
ST. JOSEPH, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2016

	<u>General Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>		
Cash	\$ 18,717	\$ 18,717
Receivables, (net of allowance for uncollectibles)	396,585	396,585
Deposits	1,500	1,500
Total assets	<u>\$ 416,802</u>	<u>\$ 416,802</u>
<u>LIABILITIES AND FUND BALANCES</u>		
Accounts payable	\$ 30,966	\$ 30,966
Accrued liabilities	15,182	15,182
Total current liabilities	<u>\$ 46,148</u>	<u>\$ 46,148</u>
Fund balance		
Unassigned	\$ 370,654	\$ 370,654
Total fund balance	<u>\$ 370,654</u>	<u>\$ 370,654</u>
Total liabilities and fund balance	<u>\$ 416,802</u>	<u>\$ 416,802</u>

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

FIRE PROTECTION DISTRICT NO. 1 OF
TENSAS PARISH, LOUISIANA
(A COMPONENT UNIT OF THE TENSAS PARISH POLICE JURY)
ST. JOSEPH, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2016

Total fund balances for governmental funds (Statement C)	\$	370,654
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used by governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Cost of capital assets	\$	2,381,164
Less accumulated depreciation	<u>(1,843,090)</u>	538,074
Deferred outflows and inflows are not financial resources or currently payable		
Deferred outflows	\$	149,587
Deferred inflows	<u>(19,930)</u>	129,657
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund liabilities.		(212,573)
Accrued compensated absences liability		(35,984)
Net pension liability		<u>(423,301)</u>
Total net position of governmental activities (Statement A)	\$	<u>366,527</u>

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

FIRE PROTECTION DISTRICT NO. 1 OF
TENSAS PARISH, LOUISIANA
(A COMPONENT UNIT OF THE TENSAS PARISH POLICE JURY)
ST. JOSEPH, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2016

	General Fund	Total Governmental Funds
<u>REVENUES</u>		
Taxes		
Ad valorem taxes	\$ 391,373	\$ 391,373
Sales tax	118,413	118,413
Interest earnings	270	270
Other revenues	22,448	22,448
Total revenues	\$ 532,504	\$ 532,504
<u>EXPENDITURES</u>		
General government	\$ 186,690	\$ 186,690
Public safety - Fire	230,458	230,458
Capital outlay	39,686	39,686
Debt service		
Principal retirement	67,560	67,560
Interest expense	7,269	7,269
Total expenditures	\$ 531,663	\$ 531,663
Excess of revenues over expenditures	\$ 841	\$ 841
Fund balance, beginning of year	369,813	369,813
Fund balance, end of year	\$ 370,654	\$ 370,654

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

**FIRE PROTECTION DISTRICT NO. 1 OF
TENSAS PARISH, LOUISIANA
(A COMPONENT UNIT OF THE TENSAS PARISH POLICE JURY)
ST. JOSEPH, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016**

Net changes in fund balance - governmental fund (Statement E)	\$	841
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Amounts reported for governmental activity in the statement of activity is different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period:

Capital outlays	\$	39,686	
Depreciation expense		<u>(151,218)</u>	(111,532)

Expenditures in the statement of activities that do not involve current financial resources:

Accrued compensated absences expense increase	\$	(34,799)	
Net changes in assumptions related to pensions		<u>37,433</u>	2,634

Governmental funds report debt service payments as expenditures and funds borrowed as revenues. However, in the statement of activities, repayments of principal of indebtedness reduce long-term liabilities in the statement of net position, and loan proceeds increase long-term liabilities:

Repayment of long-term liabilities			67,560
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Net pension expense is reported in governmental funds as expenditures as they are paid; however, in the statement of activities, the net pension expense is reported according to estimates required by GASB 68:

Pension expenses paid	\$	18,816	
Pension expenses per GASB 68		<u>(72,528)</u>	<u>(53,712)</u>

Change in net position per statement of activities (Statement B)	\$	<u>(94,209)</u>
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The accompanying notes are an integral part of this financial statement.

NOTES TO FINANCIAL STATEMENTS

FIRE PROTECTION DISTRICT NO. 1 OF
TENSAS PARISH, LOUISIANA
(A COMPONENT UNIT OF THE TENSAS PARISH POLICE JURY)
ST. JOSEPH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

INTRODUCTION

1. The Tensas Parish Police Jury created the Fire Protection District No. 1 of Tensas Parish, Louisiana May 25, 1999, by resolution. The District operates in compliance with Part I Chapter 7, Title 40 of the Louisiana Revised Statutes of 1950.
2. The purpose of the District is to provide fire protection for Tensas Parish.
3. The District's boundaries are all of Tensas Parish, Louisiana. Tensas Parish is located in Northeast Louisiana and has a population of 4,900.
4. A Board of Commissioners of five members governs the District, two of which are appointed by the Tensas Parish Police Jury, and three are appointed by the Town of St. Joseph, Louisiana. The Board members are presently serving without compensation.
5. The District had three paid full-time employees during 2016.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying basic financial statements of the Fire Protection District No. 1 of Tensas Parish, Louisiana have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statement - and Management's Discussion and Analysis - for State and Local Governments*, issued in June 1999.

B. Reporting Entity

The District does not possess all the corporate powers necessary to make it a legally separate entity from the Tensas Parish Police Jury which holds the District's corporate powers. For this reason, the District is a component unit of the Tensas Parish Police Jury, the financial reporting entity.

The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Police Jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. Fund Accounting

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

**FIRE PROTECTION DISTRICT NO. 1 OF
 TENSAS PARISH, LOUISIANA
 (A COMPONENT UNIT OF THE TENSAS PARISH POLICE JURY)
 ST. JOSEPH, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Fund Accounting (continued)

Governmental Funds

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

1. **General Fund** - the primary operating fund of the District, and it accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to District policy.

D. Measurement Focus/Basis of Accounting

Fund Financial Statements

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

The amounts reflected in the governmental funds of Statements C and D use the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined; and available means collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after the year end.

Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

**FIRE PROTECTION DISTRICT NO. 1 OF
 TENSAS PARISH, LOUISIANA
 (A COMPONENT UNIT OF THE TENSAS PARISH POLICE JURY)
 ST. JOSEPH, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus/Basis of Accounting (continued)

Government-Wide Financial Statements

The page labeled Statement of Net Position (Statement A) and the page labeled Statement of Activities (Statement B) display information about the District as a whole. These statements include all of the financial activities of the District. Information contained in these statements reflect the economic resources measurement focus and the accrual basis of accounting.

E. Budgets

The District uses the following budget practices:

1. The Fire Chief prepares a proposed budget and submits same to the District Board of Commissioners no later than fifteen days prior to the beginning of each year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the District Board.
6. All budgetary appropriations lapse at the end of each year.
7. Budgets are adopted on a budgetary basis. Budget amounts are as originally adopted or as amended from time to time by the District Board of Commissioners.

F. Cash and Cash Equivalents

Cash includes amounts in demand deposits and time deposits. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

FIRE PROTECTION DISTRICT NO. 1 OF
TENSAS PARISH, LOUISIANA
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ST. JOSEPH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Capital Assets

Capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$1,000 or more for capitalizing capital assets.

Capital assets are recorded in the Statement of Net Position and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and improvements	30 years
Furniture and fixtures	5 years
Vehicles	5 years
Equipment	15 years

H. Compensated Absences

The District has implemented GASB Statement Number 16 "Accounting for Compensated Absences." Under GASB Statement Number 16, a liability for unpaid vacation that is attributable to services already rendered and that is not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to benefits.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources.

Each full-time employee is credited with one day of sick leave for each month worked. The employee's sick leave will begin to accumulate after working one month.

I. 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 revenue, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

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ST. JOSEPH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Fund Equity

Beginning with fiscal year 2014, the District implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions." This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

The Board establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

In the general fund, the District strives to maintain an unassigned fund balance to be used for unanticipated emergencies.

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ST. JOSEPH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Deferred Outflows/Inflows of Resources

The statement of financial position will often report a separate section for deferred outflows and (or) deferred inflows of financial resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time.

L. Impact of Recently Issued Accounting Principles

As of December 31, 2015, the District implemented Governmental Accounting Standards Board (GASB) Statement 68 *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, which resulted in a cumulative change in accounting principle and also a restatement of net position, detailed in Note 11.

NOTE 2 - CASH AND CASH EQUIVALENTS

At December 31, 2016, the District had cash and cash equivalents (book balances) totaling \$18,717. The cash was held in interest-bearing demand deposits.

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

NOTE 3 - RECEIVABLES

The receivables of \$396,585 at December 31, 2016, were as follows:

Ad valorem	\$	343,559
Sales taxes		<u>53,026</u>
Total receivables	<u>\$</u>	<u>396,585</u>

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 4 - CAPITAL ASSETS

Capital assets and depreciation activities as of and for the year ended December 31, 2016, for the primary government were as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 3,509	\$ -	\$ -	\$ 3,509
Capital assets being depreciated				
Buildings	\$ 443,039	\$ -	\$ -	\$ 443,039
Equipment	<u>1,894,930</u>	<u>39,686</u>	<u>-</u>	<u>1,934,616</u>
Total capital assets being depreciated	<u>\$ 2,337,969</u>	<u>\$ 39,686</u>	<u>\$ -</u>	<u>\$ 2,377,655</u>
Less accumulated depreciation for:				
Buildings	\$ (203,542)	\$ (15,270)	\$ -	\$ (218,812)
Equipment	<u>(1,488,330)</u>	<u>(135,948)</u>	<u>-</u>	<u>(1,624,278)</u>
Total accumulated depreciation	<u>\$ (1,691,872)</u>	<u>\$ (151,218)</u>	<u>\$ -</u>	<u>\$ (1,843,090)</u>
Total capital assets being depreciated, net	<u>\$ 646,097</u>	<u>\$ (111,532)</u>	<u>\$ -</u>	<u>\$ 534,565</u>
Total capital assets	<u>\$ 649,606</u>	<u>\$ (111,532)</u>	<u>\$ -</u>	<u>\$ 538,074</u>

Depreciation expense of \$151,218 for the year ended December 31, 2016, was charged to the public safety functions.

NOTE 5 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounts payable and accrued liabilities at December 31, 2016, were as follows:

Accounts payable	\$	30,966
Accrued liabilities:		
Accrued payroll	\$	9,593
Retirement		4,378
Withholding		<u>1,211</u>
Total	\$	<u>46,148</u>

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 6 - GENERAL LONG-TERM DEBT

At December 31, 2016, long-term debt was comprised of the following:

\$342,624 capital lease due in annual installments of \$61,684 beginning December 15, 2015, through December 15, 2018, interest at 2.6%, secured by pumper fire truck	\$	177,026
\$59,918 capital lease due in annual installments of \$13,147 beginning July 1, 2015, through July 1, 2019, interest at 4.255%, secured by Chevrolet Suburban		35,547
Compensated absences		<u>35,984</u>
	\$	<u>248,557</u>

The following is a summary of the long-term debt transactions for the year ended December 31, 2016:

	Balance <u>December 31, 2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>December 31, 2016</u>	Due Within <u>One Year</u>
Capital lease	\$ 280,133	\$ -	\$ (67,560)	\$ 212,573	\$ 69,303
Compensated absences	<u>1,185</u>	<u>34,799</u>	<u>-</u>	<u>35,984</u>	<u>-</u>
Total	<u>\$ 281,318</u>	<u>\$ 34,799</u>	<u>\$ (67,560)</u>	<u>\$ 248,557</u>	<u>\$ 69,303</u>

The maturity schedule for the debt is as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 69,303	\$ 5,527	\$ 74,830
2018	71,095	3,735	74,830
2019	<u>72,175</u>	<u>1,894</u>	<u>74,069</u>
Total	<u>\$ 212,573</u>	<u>\$ 11,156</u>	<u>\$ 223,729</u>

NOTE 7 - PENSION PLANS

Plan Description: The District contributes to the Firefighters' Retirement System. The Plan is a cost-sharing, multiple-employer, defined-benefit pension plan. The Plan is administered by a board of trustees. The Plan provides retirement benefits, disability benefits, annual cost-of-living adjustments, and death benefits to Plan members and beneficiaries. Louisiana Revised Statutes 11:2551 et seq. grants the board of trustees the authority to establish and amend benefit provisions of the Plan.

**FIRE PROTECTION DISTRICT NO. 1 OF
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ST. JOSEPH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 7 – PENSION PLANS (continued)

The retirement system issues publicly available financial reports that include financial statements and required supplementary information for the Plan. The financial reports may be obtained from:

Firefighters' Retirement System
Post Office Box 94095, Capital Station
Baton Rouge, Louisiana 70804-9095

Funding Policy: Plan members are required to contribute 10% of their annual covered salary, and the District is required to contribute at an actuarially determined rate. The District's rate is 27.25% of annual covered payroll as of December 31, 2016. The District's contribution to the Plan for the year ending December 31, 2016, was \$39,123.

NOTE 8 – PLAN DESCRIPTION AND BENEFITS

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

At December 31, 2016, the District reported a liability of \$423,301 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating cities, actuarially determined. At June 30, 2016, the District's proportion was .064716 percent.

For the year ended December 31, 2016, the District recognized pension expense of \$67,134, plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$5,394. At December 31, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 16,756
Changes of assumptions	3,647	118
Net difference between projected and actual earnings on pension plan investments	101,734	-
Changes in proportion and differences between District contributions and proportionate share of contributions	25,390	3,056
District contributions subsequent to the measurement date	<u>18,816</u>	<u>-</u>
Total	<u>\$ 149,587</u>	<u>\$ 19,930</u>

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ST. JOSEPH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 8 - PLAN DESCRIPTION AND BENEFITS (continued)

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

\$18,816 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2017	\$	28,407
2018		28,407
2019		34,798
2020		20,639
2021		(287)
Thereafter		(1,122)

Actuarial assumptions. The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	June 30, 2016
Actuarial cost method	Entry age normal cost
Estimated remaining service life	2016 - 7 years 2015 - 7 years 2014 - 7 years
Investment rate of return	7.5% per annum
Inflation rate	2.875% per annum
Salary increase	Vary from 15.0% in the first two years of service to 4.75% after 25 years
Cost of living adjustments	Only those previously granted

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

FIRE PROTECTION DISTRICT NO. 1 OF
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ST. JOSEPH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 8 - PLAN DESCRIPTION AND BENEFITS (continued)

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

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

Asset Class	Long-term Target Asset Allocation	Rates of Return	
		Real	Nominal
Fixed Income	24%	1.85%	
Equity	58%	6.77%	
Alternatives	8%	6.67%	
Other	10%	4.30%	
System totals	100%		5.34%
Inflation			3.00%
Expected arithmetic nominal return			8.34%

Discount Rate. The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer entities will be made at the actuarially determined rates approved by the Board of Trustees and PRSAC taking into consideration the recommendation of the System's actuary. Based on these assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate:

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.50%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.50% or one percentage point higher 8.50% than the current date.

	Changes in Discount Rate		
	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net pension liability	\$ 576,714	\$ 423,301	\$ 294,284

FIRE PROTECTION DISTRICT NO. 1 OF
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 9 - RISK MANAGEMENT

The District is exposed to certain risks of losses such as property damage, liability issues, and other potential losses that may occur. The District minimizes its losses by purchase of commercial insurance. The District's exposure over the amount of insurance is considered to be immaterial.

SECTION III
ADDITIONAL REQUIRED SUPPLEMENTARY INFORMATION

FIRE PROTECTION DISTRICT NO. 1 OF
TENSAS PARISH, LOUISIANA
(A COMPONENT UNIT OF THE TENSAS PARISH POLICE JURY)
ST. JOSEPH, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (GAAP BASIS) - GENERAL FUND
YEAR ENDED DECEMBER 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes				
Ad valorem taxes	\$ 388,848	\$ 234,257	\$ 234,257	\$ -
Sales tax	125,000	99,390	99,390	-
Intergovernmental revenue	3,000	3,209	3,209	-
Interest income	200	265	270	5
Other revenues	<u>22,000</u>	<u>19,239</u>	<u>19,239</u>	<u>-</u>
Total revenues	<u>\$ 539,048</u>	<u>\$ 356,360</u>	<u>\$ 356,365</u>	<u>\$ 5</u>
EXPENDITURES				
General government	\$ 163,500	\$ 184,069	\$ 186,690	\$ (2,621)
Public safety - fire	249,500	238,940	237,638	1,302
Capital outlay	-	40,000	39,686	314
Debt service:				
Principal paid	68,000	67,600	67,560	40
Interest expense	<u>7,000</u>	<u>7,300</u>	<u>7,269</u>	<u>31</u>
Total expenditures	<u>\$ 488,000</u>	<u>\$ 537,909</u>	<u>\$ 538,843</u>	<u>\$ (934)</u>
Excess (deficiency) of revenues over expenditures	\$ 51,048	\$ (181,549)	\$ (182,478)	\$ (929)
Fund balance, beginning of year	<u>201,195</u>	<u>201,195</u>	<u>201,195</u>	<u>-</u>
Fund balance, end of year	<u>\$ 252,243</u>	<u>\$ 19,646</u>	<u>\$ 18,717</u>	<u>\$ (929)</u>

See Independent Auditor's Report.

FIRE PROTECTION DISTRICT NO. 1 OF
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ST. JOSEPH, LOUISIANA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2016

Budgetary Comparison Schedule

1. Basis of Presentation

The Budgetary Comparison Schedule presents the original legally adopted budget, the final legally adopted budget, the actual data on the cash basis, and variances between the final budget and the actual data.

2. Budget/GAAP Reconciliation

The major differences between the budgetary basis and the GAAP basis are:

- a. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
- b. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

The following schedule reconciles net change in fund balances on the budgetary basis schedules to the GAAP basis financial statements for the General Fund:

Net change in fund balance – budget basis	\$ (182,478)
Increase	
Net adjustments for revenue accruals	176,139
Net adjustments for expenditure accruals	<u>7,180</u>
Net change in fund balance – GAAP basis	<u>\$ 841</u>

**FIRE PROTECTION DISTRICT NO. 1 OF
 TENSAS PARISH, LOUISIANA
 (A COMPONENT UNIT OF THE TENSAS PARISH POLICE JURY)
 ST. JOSEPH, LOUISIANA
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 LOUISIANA FIREFIGHTERS' RETIREMENT SYSTEM**

	<u>2015</u>	<u>2016</u>
District's proportion of the net pension liability (asset)	.065429%	.064716%
District's proportionate share of the net pension liability (asset)	\$ 353,128	\$ 423,301
District's covered-employee payroll	\$ 142,800	\$ 149,040
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	247.29%	284.02%
Plan fiduciary net position as a percentage of the total pension liability	72.45%	68.16%

- This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

See Independent Auditor's Report.

**FIRE PROTECTION DISTRICT NO. 1 OF
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 (A COMPONENT UNIT OF THE TENSAS PARISH POLICE JURY)
 ST. JOSEPH, LOUISIANA
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
 LOUISIANA FIREFIGHTERS' RETIREMENT SYSTEM**

	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 40,341	\$ 39,123
Contributions in relation to the contractually required contribution	<u>(40,341)</u>	<u>(39,123)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 142,800	\$ 149,040
Contributions as a percentage of covered-employee payroll	28.25%	26.25%

- This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

See Independent Auditor's Report.

SECTION IV
OTHER INFORMATION

FIRE PROTECTION DISTRICT NO. 1 OF
TENSAS PARISH, LOUISIANA
(A COMPONENT UNIT OF THE TENSAS PARISH POLICE JURY)
ST. JOSEPH, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO
AGENCY HEAD OR CHIEF EXECUTIVE OFFICER

Agency Head Name: Steve Hisaw, Chairman of Board

Benefits - per diem: \$ 180.00

**FIRE PROTECTION DISTRICT NO. 1 OF
TENSAS PARISH, LOUISIANA
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ST. JOSEPH, LOUISIANA
SCHEDULE OF INSURANCE COVERAGE
FOR THE YEAR ENDED DECEMBER 31, 2016**

Below is a listing of insurance policies in force as of December 31, 2016:

<u>Policy Type</u>	<u>Number</u>	<u>Company</u>	<u>Coverage</u>	<u>Expiration</u>
1. Commercial property	MEPK06782208	Arch		6/30/2017
Each occurrence - buildings			\$ 1,216,955	
Personal and advertising injury			\$ 58,192	
Flood - each building			\$ 1,000,000	
Employee theft			\$ 25,000	
2. Commercial liability umbrella	MEUM06806708	Arch		6/30/2017
Each occurrence limit			\$ 1,000,000	
Personal and adverting injury			\$ 1,000,000	
Automobiles			Various	
3. Blanket insurance	11VLF8139701	Arch	Various	6/30/2017

See Independent Auditor's Report.

**FIRE PROTECTION DISTRICT NO. 1 OF
TENSAS PARISH, LOUISIANA
(A COMPONENT UNIT OF THE TENSAS PARISH POLICE JURY)
ST. JOSEPH, LOUISIANA
COMPENSATION OF THE GOVERNING BOARD
FOR THE YEAR ENDED DECEMBER 31, 2016**

Commissioners:		
Steven Hisaw	\$	180
Theodore Jackson		-
Rick Foster		180
David R. Lee		<u>180</u>
Total	\$	<u>540</u>

See Independent Auditor's Report.

SECTION V

**REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE**



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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 THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Members of the Board of Commissioners
Fire Protection District No. 1 of Tensas Parish, Louisiana
St. Joseph, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fire Protection District No. 1 of Tensas Parish, Louisiana, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise Fire Protection District No. 1 of Tensas Parish, Louisiana's basic financial statements, and have issued our report thereon dated March 14, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Fire Protection District No. 1 of Tensas Parish, Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fire Protection District No. 1 of Tensas Parish, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of Fire Protection District No. 1 of Tensas Parish, Louisiana's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings, we identified a deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings to be a material weakness. The deficiency is described as finding 2016-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fire Protection District No. 1 of Tensas Parish, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Fire Protection District No. 1 of Tensas Parish response to finding

Fire Protection District No. 1's response to the finding identified in our audit is described in the accompanying schedule of findings, recommendations, and corrective action plan. Fire Protection District No. 1's response was not subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended for the information and use of management of the Fire Protection District No. 1 of Tensas Parish, Louisiana, the Tensas Parish Police Jury, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.



Natchez, Mississippi
March 14, 2017

**FIRE PROTECTION DISTRICT NO. 1 OF
TENSAS PARISH, LOUISIANA
(A COMPONENT UNIT OF THE TENSAS PARISH POLICE JURY)
ST. JOSEPH, LOUISIANA**

SCHEDULE OF FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2016

Section 1: Summary of Auditor's Report

- 1. Type of auditor's report issued on the primary government financial statements:
 Governmental activities Unqualified

- 2. Internal control over financial reporting:
 - a. Material weakness(es) identified? Yes

 - b. Significant deficiency(s) identified that are not considered to be material weaknesses? No

- 3. Noncompliance material to the primary government financial statements? No

FIRE PROTECTION DISTRICT NO. 1 OF
TENSAS PARISH, LOUISIANA
(A COMPONENT UNIT OF THE TENSAS PARISH POLICE JURY)
ST. JOSEPH, LOUISIANA

STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2015

Reference No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken (Yes, No, Partially)	Planned Corrective Action/Partial Corrective Action Taken
Section I – Internal Control and Compliance Not Material to the Financial Statements:				
2013-1	Numerous	We noted the District does not have adequate segregation of duties. One employee controls almost all financial transactions including writing checks, compiling the general ledger, reconciling bank accounts, and co-signing checks. To increase internal controls, we recommend adequate segregation of duties. Because of lack of segregation of duties, internal controls are weakened.	No	This is reported in 2016 as finding 2016-1. Management indicates that it is not cost efficient or feasible to increase the number of employees and had no plans to do so.

Section II – Internal Control and Compliance Material to Federal Awards:

None

Section III – Management Letter:

None

FIRE PROTECTION DISTRICT NO. 1 OF
TENSAS PARISH, LOUISIANA
(A COMPONENT UNIT OF THE TENSAS PARISH POLICE JURY)
ST. JOSEPH, LOUISIANA

STATUS OF CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2016

SECTION 2: FINANCIAL STATEMENT FINDINGS

Deficiencies Considered to be Material Weaknesses or Material Noncompliance

2016-1 Segregation of Duties (Internal Control Finding)

Condition: During our audit, we noted the District doesn't have an adequate number of personnel to properly segregate duties within the initiation, authorization, reconciliation and review functions.

Criteria: It is recommended that no one person should have access to two or more of the cycles above.

Cause of Condition: The District doesn't have the financial resources to employ the number of individuals needed to properly segregate duties.

Effect of Condition: Material weakness in internal controls.

Recommendation: We do not believe that it would be cost effective for the District to hire the additional staff required to resolve this problem. We recommend that management continue to implement alternate procedures to help alleviate this condition. Also, we believe that the Board should be diligent in approving transactions and reviewing monthly financial information.

Response: Management will continue to implement alternate control procedures whenever feasible.

SECTION 3: FEDERAL AWARDS, FINDINGS, AND QUESTIONED COSTS

Not applicable