

**CENTRAL FIRE PROTECTION
DISTRICT NO. 4**
Baton Rouge, Louisiana

Financial Report

Year Ended December 31, 2017

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INDEPENDENT AUDITOR'S REPORT

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Board of Commissioners
Central Fire Protection District No. 4
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of Central Fire Protection District No. 4 (the District), 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 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 and major fund of Central Fire Protection District No. 4, as of December 31, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule, schedule of funding progress, schedule of employer's share of net pension liability, and schedule of employer contributions on pages 30 through 33 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.

The District has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2018, 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.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Baton Rouge, Louisiana
June 29, 2018

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

CENTRAL FIRE PROTECTION DISTRICT NO. 4
Baton Rouge, Louisiana

Statement of Net Position
December 31, 2017

	Governmental Activities
ASSETS	
Cash and interest-bearing deposits	\$ 939,752
Receivables, net	1,112,925
Due from other governmental agencies	2,609,826
Prepaid insurance	5,594
Capital assets not being depreciated:	
Land	264,018
Capital assets, net of depreciation	<u>3,029,169</u>
Total assets	<u>7,961,284</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	<u>1,119,911</u>
LIABILITIES	
Accounts and other payables	168,742
Long-term liabilities:	
Portion due or payable within one year	431,573
Portion due or payable after one year	1,168,015
Other post-employment benefits	684,883
Net pension liability	<u>3,962,936</u>
Total Liabilities	<u>6,416,149</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	<u>334,981</u>
NET POSITION	
Net investment in capital assets	2,567,276
Unrestricted (deficit)	<u>(237,211)</u>
Total net position	<u><u>\$2,330,065</u></u>

The accompanying notes are an integral part of the basic financial statements.

CENTRAL FIRE PROTECTION DISTRICT NO. 4
Baton Rouge, Louisiana

Statement of Activities
For the Year Ended December 31, 2017

Activities	Program Revenues			Net (Expense) Revenues and Change in Net Position
Governmental activities:	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Public safety - fire	\$ 4,130,544	\$ 376,305	\$ -	\$ 36,268
Interest and fiscal charges	23,168	-	-	(23,168)
Loss on disposal of assets	10,305	-	-	(10,305)
Total governmental activities	<u>\$ 4,164,017</u>	<u>\$ 376,305</u>	<u>\$ -</u>	<u>\$ 36,268</u>
General revenues:				
Property taxes				3,130,528
State revenue sharing				297,311
State supplemental pay				183,500
Nonemployer pension contributions				174,995
Insurance taxes				134,737
Interest and investment earnings				10,968
Miscellaneous				3,468
Total general revenues				<u>3,935,507</u>
Change in net position				184,063
Net position - January 1, 2017				<u>2,146,002</u>
Net position - December 31, 2017				<u>\$ 2,330,065</u>

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

CENTRAL FIRE PROTECTION DISTRICT NO. 4
Baton Rouge, Louisiana

Balance Sheet
Governmental Fund
December 31, 2017

	<u>General Fund</u>
ASSETS	
Cash and interest-bearing deposits	\$ 939,752
Revenue receivable-	
Ad valorem taxes, net of allowance for uncollectible taxes of \$18,000	832,846
User fees, net of allowance for uncollectible accounts of \$22,400	81,513
State revenue sharing	198,224
Due from other governmental agencies	2,609,826
Prepaid insurance	5,594
Other receivables	<u>342</u>
Total assets	<u>\$4,668,097</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ 19,972
Accrued expenses and benefits payable	<u>128,472</u>
Total liabilities	<u>148,444</u>
Deferred inflows of resources:	
Ad valorem taxes, user fees, and intergovernmental revenue	<u>429,368</u>
Fund balance:	
Nonspendable - prepaid items	5,594
Unassigned	<u>4,084,691</u>
Total fund balance	<u>4,090,285</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$4,668,097</u>

The accompanying notes are an integral part of the basic financial statements.

CENTRAL FIRE PROTECTION DISTRICT NO. 4
Baton Rouge, Louisiana

Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
December 31, 2017

Total fund balance for the governmental fund at December 31, 2017		\$ 4,090,285
Total net position reported for the governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	\$ 264,018	
Depreciable assets, net of \$2,648,390 accumulated depreciation	<u>3,029,169</u>	3,293,187
The deferred outflows of expenditures for pensions are not a use of current resources and, therefore, are not reported in the funds		
		1,119,911
Long term liabilities are not due and payable in the current period and, therefore, not reported in the governmental funds.		
Long-term liabilities at December 31, 2017:		
Capital lease	(725,911)	
Accrued interest on capital lease	(20,298)	
Note payable	(665,000)	
Compensated absences payable	(208,677)	
Other post-employment benefits	(684,883)	
Net pension liability	<u>(3,962,936)</u>	(6,267,705)
Some of the District's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows of resources at the fund level.		
Ad valorem taxes	197,929	
User fees	33,214	
State revenue sharing	<u>198,225</u>	429,368
The deferred inflows of contributions for the pension are not available resources and, therefore, are not reported in the funds.		
		<u>(334,981)</u>
Total net position of governmental activities at December 31, 2017		<u>\$ 2,330,065</u>

The accompanying notes are an integral part of the basic financial statements.

CENTRAL FIRE PROTECTION DISTRICT NO. II
Baton Rouge, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
Year Ended December 31, 2017

	<u>General Fund</u>
Revenues:	
Ad valorem taxes	\$ 3,093,023
Charges for services	395,159
Intergovernmental revenues -	
State revenue sharing	299,153
Fire insurance rebate	134,737
State supplemental pay	183,500
State grants	5,650
Other grants	30,618
Interest earnings	10,968
Miscellaneous	3,467
Total revenues	4,156,275
Expenditures:	
Current -	
Public safety - fire	3,506,933
Debt service -	
Principal retirement	230,718
Interest charges	22,959
Capital outlay	414,349
Total expenditures	4,174,959
Deficiency of revenues over expenditures	(18,684)
Other financing sources:	
Proceeds from issuance of debt	665,000
Net change in fund balance	646,316
Fund balance, beginning	3,443,969
Fund balance, ending	\$ 4,090,285

The accompanying notes are an integral part of the basic financial statements.

CENTRAL FIRE PROTECTION DISTRICT NO. 4
Baton Rouge, Louisiana

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of Governmental Fund
to the Statement of Activities
For the Year Ended December 31, 2017

Total net change in fund balance for the year ended December 31, 2017 per statement of revenues, expenditures and changes in fund balance		\$ 646,316	
Capital outlay which are considered expenditures on the statement of revenues, expenditures, and changes in fund balance	\$ 414,349		
Loss on disposal of assets	(10,305)		
Depreciation expense for the year ended December 31, 2017	<u>(251,438)</u>	152,606	
Debt proceeds are reported as other financing sources in governmental funds and contribute to the increase in fund balance.	(665,000)		
Repayment of debt obligations is an expenditure in the governmental funds but reduces the liability in the statement of net position.	<u>230,718</u>	(434,282)	
Because some revenues are not considered measurable at year end, the are not considered "available" revenues in the governmental funds. Nonemployer pension contributions			174,995
Some of the District's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows of resources at the fund level.			
Ad valorem taxes	37,505		
User fees	(18,854)		
State revenue sharing	<u>(1,842)</u>	16,809	
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.			
Accrued interest	(208)		
Compensated absences	(20,711)		
Other post-employment benefits	(80,721)		
Pension expense	<u>(270,741)</u>	<u>(372,381)</u>	
Total change in net position for the year ended December 31, 2017 per statement of activities			<u>\$ 184,063</u>

The accompanying notes are an integral part of the basic financial statements.

CENTRAL FIRE PROTECTION DISTRICT NO. 4
Baton Rouge, Louisiana

Notes to the Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Central Fire Protection District No. 4 (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

The Central Fire Protection District No. 4 (the District) was formed in 1976 by the City of Baton Rouge, Parish of East Baton Rouge (City/Parish).

The purpose of the District is to provide fire protection rescue and emergency medical service for the citizens of the District. The District serves approximately 35,000 individuals. The District employs permanent full-time employees and part-time employees. It also employs temporary employees as needed. Limited services are provided through volunteers. No value is attributed to the volunteer services in the accompanying financial statements.

A five-member board governs the District. Two board members are appointed by the City/Parish and two are appointed by the Central City Council. The fifth member is appointed by the other board members. No members are compensated.

The Board of Commissioners has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by Section 2100 of the 2011 Governmental Accounting Standards Board ("GASB") *Codification of Governmental Accounting and Financial Reporting Standards*, "Defining the Financial Reporting Entity". There are no component units included within the reporting entity.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net position and statement of activities display information about the reporting government as a whole. They include the fund of the reporting entity, which is considered to be a governmental activity.

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

CENTRAL FIRE PROTECTION DISTRICT NO. 4
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

Fund Financial Statements (FFS)

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

The fund of the District is classified as a governmental fund. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. The District has only one fund, a governmental fund. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

- a. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major fund of the District is described below:

Governmental Fund -

General Fund

The General Fund, as provided by Louisiana Revised Statute 13:781 is the principal fund of the District and is used to account for the operations of the District. General operating expenditures are paid from this fund.

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net position and the statement of activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery) and financial position.

CENTRAL FIRE PROTECTION DISTRICT NO. 4
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with its activities are reported. Government-wide fund equity is classified as net position. In the fund financial statements, the “current financial resources” measurement focus is used. Only current financial assets and liabilities are generally included on its balance sheet. Their operating statement presents sources and uses of available spendable financial resources during a given period. This fund uses fund balance as its measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide statement of net position and statement of activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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 or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues are classified by source and expenditures are classified by function and character. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The District reports deferred inflows of resources on its governmental fund balance sheet. For governmental fund financial statements, deferred inflows arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred inflows also arise when resources are received before the District has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the deferred inflow is removed from the balance sheet and revenue is recognized.

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

CENTRAL FIRE PROTECTION DISTRICT NO. 4
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity

Cash and interest-bearing deposits

For purposes of the statement of net position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the District.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not received.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$2,000 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

	<u>Years</u>
Buildings	7 - 40
Equipment, furniture and fixtures	5 - 15

Employee Benefit Policy

Employees who work 24-hour shifts who have been employed for one to five years earn 11 days of vacation pay; for six to ten years of service, they earn 12 days; for eleven to fifteen, they earn 14 days; over sixteen years and over, they earn 15 days. Employees who work a 40-hour week who have been employed for one to five years earn 15 days of vacation pay; for six to ten years of service, they earn 20 days; for eleven to fifteen, they earn 25 days; over sixteen years and over, they earn 30 days. For all employees up to three days of vacation a year may be carried over to the next year at the Fire Chief's discretion. Unless an exception was approved by the board no employee may carry more than 240 hours at year end. Any employee with over 240 hours may not accumulate more but may use the vacation they earn in the current year without effecting their balance. All employees are entitled to 365 days sick pay after being employed for three months. No sick pay is paid upon resignation or retirement. Employees of the District are not allowed to carry over sick leave; therefore, no accruals have been made for accumulated unpaid sick and leave.

CENTRAL FIRE PROTECTION DISTRICT NO. 4
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively. At December 31, 2017, the District recognized \$429,368 of deferred inflows of resources resulting from ad valorem tax collections, user fee collections, and state revenue sharing received more than 60 days after the close of the fiscal year in the fund financial statements. On the government-wide financial statements, the District also recognized deferred inflows of resources and deferred outflows of resources attributable to its pension plan.

Equity Classifications

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

- a. Net investment in capital assets – Consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increase by balances of deferred outflows of resources related to those assets.
- b. Restricted net position – Net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the District's debt. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.
- c. Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

In the fund financial statements, governmental fund equity is classified as fund balance. As such, fund balances of the governmental funds are classified as follows.

- a. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

CENTRAL FIRE PROTECTION DISTRICT NO. 4
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

- c. Committed – amounts that can be used only for specific purposes determined by a formal decision of the Board, which is the highest level of decision-making authority for the District.
- d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes determined by a formal decision of the Board.
- e. Unassigned – all other spendable amounts.

When an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District has provided otherwise in his commitment or assignment actions.

E. Use of Estimates

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

(2) Cash and Interest-Bearing Deposits

Under state law, the District 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. The District may invest in United States bonds, treasury notes, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2017, the District's cash and interest-bearing deposits (book balances) consisted of demand deposits totaling \$939,752.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District's deposits may not be recovered or will not be able to recover collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the District or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties.

CENTRAL FIRE PROTECTION DISTRICT NO. 4
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

Deposit balances (bank balances) at December 31, 2017, are secured as follows:

Bank balances	<u>\$ 1,053,487</u>
Secured by:	
Federal deposit insurance	\$ 250,000
Pledged securities	<u>803,487</u>
	<u>\$ 1,053,487</u>

Deposits in the amount of \$803,487 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the District's name. The District does not have a policy for custodial credit risk.

(3) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied in September or October and billed to the taxpayers by the East Baton Rouge Parish Sheriff in November. Billed taxes are based on assessed values determined by the East Baton Rouge Parish Assessor and are collected the East Baton Rouge Parish Sheriff.

For the year ended December 31, 2017, taxes were levied at the rate of 19.25 mills on property with net assessed valuations totaling \$235,486,741. Total taxes levied during 2017 were \$3,159,880, excluding \$1,373,283 due to homestead exemption. Taxes receivable at December 31, 2017 of \$832,846 consisted of \$850,846 gross taxes receivable less an allowance for uncollectible taxes of \$18,000.

(4) User Charges

The District is empowered to assess a user charge of \$32 for each residential and commercial structure in the District. The District has an agreement for the sheriff to place the user charges on the property tax statements. They are subject to the same enforcement procedures as property taxes. Total user charges levied during 2017 were \$391,978. Taxes receivable at December 31, 2017 of \$81,513 consisted of \$103,913 gross taxes receivable less an allowance for uncollectible accounts of \$22,400.

(5) Due From Other Governmental Agencies

Amounts due from other governmental agencies consist of the following:

East Baton Rouge Parish Sheriff:	
Ad valorem taxes	\$ 2,292,799
User charges	<u>317,027</u>
	<u>\$ 2,609,826</u>

CENTRAL FIRE PROTECTION DISTRICT NO. 4
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

(6) Capital Assets

Capital asset balances and activity for the year ended December 31, 2017 are as follows:

	Balance 01/01/17	Additions	Deletions	Balance 12/31/17
Land	\$ 264,018	\$ -	\$ -	\$ 264,018
Buildings	2,099,505	102,237	12,782	2,188,960
Equipment, furniture and fixtures	3,330,318	312,112	153,831	3,488,599
Totals	5,693,841	414,349	166,613	5,941,577
Less: accumulated depreciation	2,553,260	251,438	156,308	2,648,390
Net capital assets	\$ 3,140,581	\$ 162,911	\$ 10,305	\$ 3,293,187

Depreciation expense of \$251,438 was charged to the public safety function.

(7) Accounts and Other Payables

Accounts and other payables consist of the following at December 31, 2017:

Accounts	\$ 19,972
Payroll and related liabilities	128,472
Interest	20,298
	\$ 168,742

(8) Long-Term Liabilities

Note Payable – On January 25, 2017, the District entered into a note agreement with the Federal Emergency Management Agency (FEMA) for a Community Disaster Loan in the amount of \$779,500 bearing interest of 2% per annum. The principal and interest may be canceled pursuant to Section 417 of the Stafford Disaster Relief and Emergency Assistance Act, Public Law 93-288, as amended and implementing regulations are due on January 24, 2022. At December 31, 2017, the outstanding balance was \$665,000 and \$114,500 was available to draw on the note payable.

Capital Lease – On April 19, 2013, the District entered into an equipment lease purchase agreement, maturing on April 1, 2020, annual payments of \$254,423, including interest of 2.4%, secured by vehicles with a book value of \$1,113,537 (net of \$509,432 accumulated depreciation). At December 31, 2017, the outstanding balance was \$725,911.

CENTRAL FIRE PROTECTION DISTRICT NO. 4
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

During the year ended December 31, 2017, the following changes occurred in long-term liabilities:

	1/1/2017	Additions	Reductions	12/31/2017	Due within one year
Compensated absences	\$ 187,966	\$ 196,644	\$ 175,933	\$ 208,677	\$195,318
Capital lease	956,629	-	230,718	725,911	236,255
Note payable	-	665,000	-	665,000	-
Totals	\$1,144,595	\$ 861,644	\$ 406,651	\$1,599,588	\$431,573

The annual debt service to maturity at December 31, 2017 are as follows:

Year Ending December 31,	Capital Lease		Note Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 236,255	\$ 17,422	\$ -	\$ -	\$ 236,255	\$ 17,422
2019	241,925	11,752	-	-	241,925	11,752
2020	247,731	5,946	-	-	247,731	5,946
2021	-	-	-	-	-	-
2022	-	-	665,000	59,085	665,000	59,085
Total	\$ 725,911	\$ 35,120	\$ 665,000	\$ 59,085	\$ 1,390,911	\$ 94,205

(9) Employee Retirement Systems

The District participates in a cost-sharing defined benefit plan, administered by a public employee retirement system. Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of the plan administered by the public employee retirement system to the State Legislature. The plan is not closed to new entrants. Substantially all District employees participate in the following retirement system:

Plan Description:

State of Louisiana – Firefighters’ Retirement System (FRS) provides retirement, disability, and survivor benefits to eligible employees and their beneficiaries as defined in LRS 11:2251-2254 and 11:2256.

The system’s financial statements are prepared using the accrual basis of accounting. Employer and employee contributions are recognized in the period in which the employee is compensated for services performed. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Interest income is recognized when earned.

CENTRAL FIRE PROTECTION DISTRICT NO. 4
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

Plan Description (Continued):

A brief summary of eligibility and benefits of the plan is provided in the following table:

Final average salary	Highest 36 months
Years of service required and/or age eligible for benefits	25 years of any age 20 years age 50 12 years age 55
Benefit percent per years of service	3.33%

Contributions

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee. For the year ended December 31, 2017, the contribution percentages for employees and employer were 10.0% and 26.50%, respectively. The amounts contributed from non-employer contributing entities and from the District for the year ended December 31, 2017 were \$174,995 and \$407,778, respectively.

Net Pension Liability

The District's net pension liability at December 31, 2017 of \$3,962,936 is comprised of its proportionate share of the net pension liability relating to the cost-sharing plan in which the District is a participating employer. The District's net pension liability for the plan was measured as of the plan's measurement date (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 District's proportionate share of the net pension liability for the plan in which it participates was based on the District's required contributions in proportion to total required contributions for all employers.

As of the most recent measurement date, the District's proportion for the plan was 0.691389% and the change in proportion from the prior measurement date was an increase of 0.073065%.

Since the measurement date of the net pension liability was June 30, 2017, the net pension liability is based upon fiduciary net position for the plan as of that date. Detailed information about the pension plan's assets, deferred outflows, deferred inflows, and fiduciary net position that was used in the measurement of the District's net pension liability is available in the separately issued plan financial report which may be accessed on their website at <http://www.lafirefightersret.com>.

CENTRAL FIRE PROTECTION DISTRICT NO. 4
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

Actuarial Assumptions

The following table provides information concerning actuarial assumptions used in the determination of the total pension liability for the defined benefit plan in which the District is a participating employer:

Date of experience study on which significant assumptions are based	7/1/2009 - 6/30/2014
Expected remaining service lives	7
Inflation Rate	2.775%
Projected salary increases	4.75% - 15.0%
Projected benefit changes including COLAs	None
Source of mortality assumptions	(1), (2)

- (1) RP-2000 Disabled Lives Mortality Table for disabled annuitants set back 5 years for males and 3 years for females.
- (2) RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Table Projected to 2031 using Scale AA.

Cost of Living Adjustments

The pension plan in which the District participates has the authority to grant cost-of-living adjustments (COLAs) on an ad hoc basis.

Pursuant to LRS 11:242(B), the power of the Board of Trustees of the statewide system (FRS) to grant a COLA is effective in calendar years that the legislature fails to grant a COLA, unless in the legislation granting a COLA, the legislature authorizes the Board of Trustees to provide an additional COLA.

The authority to grant a COLA by the Board is subject to the funded status and interest earnings. The effects of the benefit changes made as a result of the COLAs is included in the measurement of the total pension liability as of the measurement date at which the ad hoc COLA was granted and the amount is known and reasonably estimable.

CENTRAL FIRE PROTECTION DISTRICT NO. 4
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

Discount Rate

The discount rate used to measure the District’s total pension liability for the plan and the significant assumptions used in the determination of the discount rate for the plan are as follows:

Discount rate	7.40%
Change in discount rate from prior valuation	-0.10%
Plan cash flow assumptions	(1)
Rates incorporated in the Discount Rate:	
Long-term Rate of Return	7.40%
Periods applied	All
Municipal Bond Rate	N/A

*Plan Cash Flow Assumptions:

- 1) Plan member contributions will be made at the current contributions rates and sponsor contributions will be made at the actuarially determined rates.

The discount rate used to measure the District’s total pension liability for the plan is equal to the long-term expected rate of return on pension plan investments that are expected to be used to finance the payment of benefits. The long-term expected rate of return for the plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses 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 and an adjustment for the effect of rebalancing/diversification.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized for the plan in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Fixed Income	23%	2.04%
Domestic Equity	27%	6.15%
International Equity	20%	7.45%
Global Equity	10%	6.85%
Global Tactical Asset Allocation	5%	4.40%
Risk Parity	5%	4.79%
Private Equity	4%	8.73%
Real Estate	<u>6%</u>	<u>4.62%</u>
Total	<u>100%</u>	<u>5.54%</u>
Inflation/Rebalancing		<u>2.75%</u>
Expected Return		<u>8.29%</u>

*Arithmertic real rates of return

CENTRAL FIRE PROTECTION DISTRICT NO. 4
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

Changes in the net pension liability may either be reported in pension expense in the year the change occurred or recognized as a deferred outflow of resources or a deferred inflow of resources in the year the change occurred and amortized into pension expense over a number of years. For the year ended December 31, 2017, the District recognized \$715,736 in pension expense related to the defined benefit plan in which it participates.

At December 31, 2017, 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	\$ -	\$ 221,001
Changes of assumptions	165,967	945
Net difference between projected and actual earnings on pension plan investments	340,927	113,035
Change in proportion and differences between employer contributions and proportionate share of contributions	386,017	-
Employer contributions subsequent to the measurement date	<u>227,000</u>	<u>-</u>
Total	<u>\$1,119,911</u>	<u>\$ 334,981</u>

Deferred outflows of resources of \$227,000 resulting from the employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability during the year ending December 31, 2018. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions to be recognized in pension expense are as follows:

<u>Year Ended December 31</u>	<u>Net Amount Recognized in Pension Expense</u>
2018	\$ 169,291
2019	237,559
2020	86,302
2021	(67,864)
2022	69,168
Thereafter	<u>63,474</u>
	<u>\$ 557,930</u>

CENTRAL FIRE PROTECTION DISTRICT NO. 4
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

Sensitivity of the District’s Proportional Share of the Net Pension Liabilities to Changes in the Discount Rate:

The following presents the District’s proportionate share of the net pension liabilities of the plan, calculated using its respective discount rate, 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 or one percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	6.40%	7.40%	8.40%
Employer's proportionate share of the net pension liability	\$5,694,588	\$ 3,962,936	\$2,507,236

Payables to the Pension Plan

At December 31, 2017, the District payable to the pension plan was \$90,115, which was the contractually required contribution.

(10) Risk Management

The District is exposed to risks of loss in the areas of auto and property liability and surety bonds. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year, nor have settlements exceeded coverage for the past three years.

(11) Litigation

As of December 31, 2017, the District is not involved in any litigation.

(12) Other Post-Employment Benefits

Plan Description:

Central Fire District No. 4 Other Post-Employment Benefits (OPEB) plan is a single-employer defined benefit “substantive plan” as understood by the employer and its employees. The plan provides health insurance benefits to eligible retirees and their spouses. There is no written plan that exists or sanctions by law. The OPEB plan is reported based on communications to plan members. The OPEB plan does not issue a stand-alone financial report.

There are presently 23 active members and 0 retirees receiving benefits.

Retirees may continue their coverage paying approximately 50% of premiums and receiving the same benefits as they did prior to their retirement. Current employees pay approximately 35%.

CENTRAL FIRE PROTECTION DISTRICT NO. 4
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

Funding Policy

The health plan was funded with employer payment of the premiums. The employer portion of pay-as-you-go OPEB insurance premiums are allocated over all participants in the OPEB plan.

Annual OPEB Cost and Net OPEB Obligation

The District's OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with Codification Section P50. The ARC is the sum of the normal cost plus the contribution to amortize the unfunded actuarial liability (UAAL). A level-dollar, open amortization period of 30 years (the maximum amortization period allowed by Codification Section P50) has been used for the post-employment benefits.

The following table shows the components of the District's annual OPEB cost for the year, the actual amount contributed to the plan, and changes in the district's net OPEB obligation to plan:

Annual required contribution (ARC)	\$ 111,717
Interest on net OPEB obligation	30,208
Adjustment to annual required contribution	(39,302)
Annual OPEB cost	102,623
Age adjusted contributions made	(21,902)
Change in net OPEB obligation	80,721
Net OPEB obligation - Beginning of Year	604,162
Net OPEB obligation - End of Year	\$ 684,883

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year follows:

	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net Change to net OPEB Obligation	Net OPEB Obligation
December 31, 2017	\$102,624	21.3%	\$80,721	\$684,883
December 31, 2016	103,858	21.0%	82,044	604,162
December 31, 2015	114,159	17.5%	94,219	522,118

CENTRAL FIRE PROTECTION DISTRICT NO. 4
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

Funding Status and Funding Progress

The funding status of the plan as of December 31, 2017, from the most recent actuarial valuation, shows the plan was unfunded by \$1,180,173. The covered payroll (annual payroll of active employees covered by the plan) as of December 31, 2017 was \$1,838,332 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 64.2%.

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funding status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used included techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The individual entry age-actuarial cost method was used for the December 31, 2017 actuarial valuation. Because the District currently finances OPEB using a pay-as-you-go approach, the discount rate of 5% is based on the historical (and expected) investments that are expected to be used in financing the payment of benefits. The actuarial assumptions included a 5% investment rate of return, an inflation rate of 3%, and an annual medical cost trend rate of 9.0% initially, reduced by decrements to an ultimate rate of 4.7% after nine years. Life expectancies were based on the RP2000 Mortality Table set forward ten years. Turnover rates were based on standard turnover assumptions. The agency's unfunded actuarial accrued liability is being amortized using a level percentage of payroll with an amortization period of 30 years.

(13) Board of Commissioners

The District is governed by a Board of Commissioners. The members receive no compensation or per diem allowances for their service.

CENTRAL FIRE PROTECTION DISTRICT NO. 4
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

(14) Compensation, Benefits, and Other Payments to Agency Head

A detail of amounts paid to Bill Porche, Fire Chief, for the year ended December 31, 2017 follows:

Purpose:	<u>Amount</u>
Salary	\$ 103,890
Benefits - insurance	15,608
Auto-allowance	8,400
State supplemental pay	6,000
Cell phone	<u>1,186</u>
Total	<u>\$ 135,084</u>

**REQUIRED
SUPPLEMENTARY INFORMATION**

CENTRAL FIRE PROTECTION DISTRICT NO. 4
Baton Rouge, Louisiana

Budgetary Comparison Schedule (Non-GAAP Basis)
General Fund
Year Ended December 31, 2017

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
Ad valorem taxes	\$ 2,284,300	\$ 2,284,300	\$ 2,385,381	\$ 101,081
Charges for services	334,500	384,500	391,554	7,054
Intergovernmental				
Federal grants - FEMA	-	-	135,815	135,815
State revenue sharing	244,500	264,500	299,153	34,653
Fire insurance rebate	125,500	125,500	134,737	9,237
State supplemental pay	156,000	156,000	183,500	27,500
State grants	-	-	5,650	5,650
Other grants	-	31,000	30,618	(382)
Interest earnings	7,450	7,450	11,053	3,603
Miscellaneous	28,250	28,250	20,911	(7,339)
Total revenues	<u>3,180,500</u>	<u>3,281,500</u>	<u>3,598,372</u>	<u>316,872</u>
Expenditures:				
Public safety -				
Salaries	2,066,250	2,066,250	2,106,818	(40,568)
Employee benefits	887,100	887,100	747,480	139,620
Contractual services	486,800	544,300	705,043	(160,743)
Supplies	133,800	146,300	123,818	22,482
Debt service	254,500	254,500	253,677	823
Capital outlay	20,800	271,000	414,349	(143,349)
Total expenditures	<u>3,849,250</u>	<u>4,169,450</u>	<u>4,351,185</u>	<u>(181,735)</u>
Deficiency of revenues over expenditures	(668,750)	(887,950)	(752,813)	135,137
Other financing sources:				
Proceeds from issuance of debt	<u>696,000</u>	<u>696,000</u>	<u>665,000</u>	<u>(31,000)</u>
Net changes in fund balance	27,250	(191,950)	(87,813)	104,137
Fund balance, beginning	<u>1,027,565</u>	<u>1,027,565</u>	<u>1,027,565</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,054,815</u>	<u>\$ 835,615</u>	<u>\$ 939,752</u>	<u>\$ 104,137</u>

CENTRAL FIRE PROTECTION DISTRICT NO. 4
Baton Rouge, Louisiana

Schedule of Funding Progress
For the Year Ended December 31, 2017

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
December 31, 2015	\$ -	\$ 1,180,173	\$1,180,173	0.0%	\$1,109,624	106.4%
December 31, 2012	-	767,770	767,770	0.0%	1,054,614	72.8%
December 31, 2009	-	781,174	781,174	0.0%	591,000	132.2%

CENTRAL FIRE PROTECTION DISTRICT NO. 4
Baton Rouge, Louisiana

Firefighters' Retirement System
Schedule of Employer's Share of Net Pension Liability
For the Year Ended December 31, 2017

Plan Fiscal Year	Employer Proportion of the Net Pension Liability (Asset)	Employer 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 Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2017	0.691389%	\$ 3,962,936	\$1,719,787	230.4%	73.55%
6/30/2016	0.618324%	4,044,398	1,492,046	271.1%	68.16%
6/30/2015	0.600954%	3,243,416	1,362,664	238.0%	72.45%

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

CENTRAL FIRE PROTECTION DISTRICT NO. 4
Baton Rouge, Louisiana

Firefighters' Retirement System
Schedule of Employer Contributions
For the Year Ended December 31, 2017

<u>Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
2017	\$444,995	\$444,995	\$ -	\$ 1,719,787	25.88%
2016	391,662	391,662	-	1,492,046	26.25%
2015	371,326	371,326	-	1,362,664	28.25%

CENTRAL FIRE PROTECTION DISTRICT NO. 4
Baton Rouge, Louisiana

Notes to the Required Supplementary Information

(1) Budgets and Budgetary Accounting

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Prior to January 1, the Fire Chief submits to the Board a proposed budget for the ensuing year. The operating budget includes proposed expenditures and the means of financing them.
- b. A public hearing is held on the proposed budget at least ten days after publication of the call for a hearing.
- c. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.
- d. All budgetary appropriations lapse at the end of each fiscal year.
- e. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts included in the accompanying financial statements are as originally adopted or as finally amended by the Fire District. Such amendments were not material in relation to the original appropriations.

The District adopts a budget for the General Fund on a cash basis which is a non-GAAP budget basis. The following is a reconciliation of the actual amounts as shown in the General Fund budgetary comparison schedule (non-GAAP basis).

Net change in fund balance per General Fund budgetary comparison schedule (non-GAAP basis)	<u>\$ (87,813)</u>
Increase (decrease) in the following accrued revenues:	
Ad valorem taxes	707,642
Charges for services	3,605
Intergovernmental	(135,815)
Interest earnings	(85)
Miscellaneous	<u>(17,444)</u>
	<u>557,903</u>
Increase (decrease) in the following accrued expenditures:	
Employee benefits	(30,277)
Contractual services	<u>206,503</u>
	<u>176,226</u>
Net change in fund balance per governmental fund statement of revenues, expenditures, and changes in fund balance	<u><u>\$ 646,316</u></u>

CENTRAL FIRE PROTECTION DISTRICT NO. 4
Baton Rouge, Louisiana

Notes to the Required Supplementary Information

(2) Excess Expenditures Over Appropriations

For the year ended December 31, 2017, the General Fund had actual expenditures over appropriations as follows:

<u>Function</u>	<u>Budget</u>	<u>Actual</u>	<u>Excess</u>
Public safety -			
Salaries	\$2,066,250	\$2,106,818	\$ (40,568)
Contractual services	544,300	705,043	(160,743)
Capital outlay	271,000	414,349	(143,349)

(3) Pension Plan

Changes of assumptions about future economic or demographic factors or of other outputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that were provided with pensions through the pension plan. These assumptions include the rate of investment return, mortality of plan members, rate of salary increase, rates of retirement, rates of termination, rates of disability, and other various factors that have an impact on the cost of the plan.

**INTERNAL CONTROL,
COMPLIANCE
AND OTHER MATTERS**

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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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*

* A Professional Accounting Corporation

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Board of Commissioners
Central Fire Protection District No. 4
Baton Rouge, 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 and the major fund of the Central Fire Protection District No. 4 (the District), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which comprise the District's basic financial statements and have issued our report thereon dated June 29, 2018.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the 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 summary schedule of current and prior year audit findings and management's corrective action plan, we identified certain deficiencies in internal control that we consider to be material weaknesses. We consider the deficiencies described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as items 2017-001 and 2017-002 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under *Government Auditing Standards*.

The District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan. We did not audit the District's response 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Baton Rouge, Louisiana
June 29, 2018

CENTRAL FIRE PROTECTION DISTRICT NO. II
Baton Rouge, Louisiana

Summary Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
For the Year Ended December 31, 2017

Fiscal Year Finding Initially Occurred	Ref. No.	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
<u>CURRENT YEAR (12/31/17) --</u>						
<u>Internal Control:</u>						
2015	2017-001	The District does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.	No	The District has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the District to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Bill Porche, Fire Chief	N/A
2017	2017-002	Due to the small number of employees, the District did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Bill Porche, Fire Chief	N/A
<u>PRIOR YEAR (12/31/16) --</u>						
2015	2016-001	The District does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.	No	The District has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the District to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Bill Porche, Fire Chief	N/A

(continued)

CENTRAL FIRE PROTECTION DISTRICT NO. II
Baton Rouge, Louisiana

Summary Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
For the Year Ended December 31, 2017

Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
2016	Louisiana Revised Statute 39:1311 require budgets be amended when the total actual revenues, expenditures, and other sources or uses plus projected revenues, expenditures and other sources or uses for the remainder of the year exceed the total budget categories by five percent or more. The last adopted budget for the District had a favorable revenue variance of \$680,583 or 18.3% and an unfavorable expenditure variance of \$170,403 or 4.6 %. This resulted from the August 2016 flood where the district received FEMA relief aid and proceeds from insurance claims, which were not amended into the budget.	Yes	The Fire Chief will review the monthly financial statements and if necessary present an amended budget to the Board of Commissioners for approval.	Bill Porche, Fire Chief	12/31/2017

PRIOR YEAR (12/31/16) Continued--

Complaints:

2016-002

CENTRAL FIRE PROTECTION DISTRICT NO. 4
Baton Rouge, Louisiana

Agreed-Upon Procedures Report

Year Ended December 31, 2017

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Members of
Central Fire Protection District No. 4
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by Central Fire Protection District No. 4 (District) 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 fiscal period January 1, 2017 through December 31, 2017. The District'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, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. We obtained the District's written policies and procedures and reported whether those written policies and procedures address each of the following financial/business functions (or reported that the District 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 District's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Board (or Finance Committee, if applicable)

- 2. We obtained and reviewed the board/committee minutes for the fiscal period, and:
 - a) Reported 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) Reported 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 District's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, reported 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, reported whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
 - c) Reported 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.

Bank Reconciliations

- 3. We obtained a listing of client bank accounts from management and management's representation that the listing is complete.
- 4. Using the listing provided by management, we selected all of the District'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). For each of the bank accounts selected, we obtained bank statements and reconciliations for all months in the fiscal period and reported 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.

Collections

- 5. We obtained 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, we selected all of the District'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). For each cash collection location selected:
 - a) We obtained existing written documentation (e.g. insurance policy, policy manual, job description) and reported 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) We obtained existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and reported whether the District 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) We selected the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using the District's collection documentation, deposit slips, and bank statements, we traced daily collections to the deposit date on the corresponding bank statement and reported whether the deposits were made within one day of collection. If deposits were not made within one day of collection, reported 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, we verified that daily cash collections are completely supported by documentation and report any exceptions.
- 7. We obtained existing written documentation (e.g. policy manual, written procedure) and reported whether the District has a process specifically defined (identified as such by the District) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

- 8. We obtained a listing of the District's disbursements from management or, alternately, obtained the general ledger and sorted/filtered for the District's disbursements. We obtained management's representation that the listing or general ledger population is complete.

9. Using the disbursement population from #8 above, we randomly selected 25 disbursements (or randomly selected disbursements constituting at least one-third of the dollar disbursement population if the District had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. We obtained supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and reported 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 the District's documentation (e.g. electronic system control documentation, policy manual, written procedure), we reported whether the person responsible for processing payments is prohibited from adding vendors to the District's purchasing/disbursement system.
11. Using the District's documentation (e.g. electronic system control documentation, policy manual, written procedure), we reported whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.
12. We inquired of management and observed 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 reported any exceptions. Alternately, if the checks are electronically printed on blank check stock, we reviewed the District's documentation (electronic system control documentation) and reported whether the persons with signatory authority have system access to print checks.
13. If a signature stamp or signature machine is used, we inquired 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. We inquired of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. We reported any exceptions.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

14. We obtained 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. We obtained management's representation that the listing is complete.
15. Using the listing prepared by management, we randomly selected 10 cards (or at least one-third of the cards if the District has less than 10 cards) that were used during the fiscal period, rotating cards each year.

We obtained the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. We selected 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) We reported 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) We reported 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, we obtained 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, we reported 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, we compared the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the District'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 reported any exceptions.
 - c) For each transaction, we compared the District'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 reported any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed).

Travel and Expense Reimbursement

17. We obtained from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, we obtained the general ledger and sorted/filtered for travel reimbursements. We obtained management's representation that the listing or general ledger is complete.
18. We obtained the District's written policies related to travel and expense reimbursements. We compared the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and reported any amounts that exceed GSA rates.
19. Using the listing or general ledger from #17 above, we selected the three persons who incurred the most travel costs during the fiscal period. We obtained 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) We compared expense documentation to written policies and reported whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the District does not have written policies, we compared to the GSA rates (#18 above) and reported each reimbursement that exceeded those rates.

- b) We reported 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) We compared the District'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).
- d) We reported whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

20. We obtained a listing of all contracts in effect during the fiscal period or, alternately, we obtained the general ledger and sorted/filtered for contract payments. We obtained management's representation that the listing or general ledger is complete.
21. Using the listing above, we selected 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). We obtained the related contracts and paid invoices and:
- a) We reported whether there is a formal/written contract that supports the services arrangement and the amount paid.
 - b) We compared 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, we obtained/compared supporting contract documentation to legal requirements and reported whether the District complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).
 - If no, we obtained supporting contract documentation and reported whether the District solicited quotes as a best practice.
 - c) We reported whether the contract was amended. If so, we reported the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
 - d) We selected the largest payment from each of the five contracts, obtained the supporting invoice, compared the invoice to the contract terms, and reported whether the invoice and related payment complied with the terms and conditions of the contract.
 - e) We obtained/reviewed contract documentation and board minutes and reported whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Payroll and Personnel

22. We obtained a listing of employees (and elected officials, if applicable) with their related salaries, and obtained management's representation that the listing is complete. Randomly select five employees/officials, obtained their personnel files, and:
 - a) Reviewed compensation paid to each employee during the fiscal period and reported whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
 - b) Reviewed changes made to hourly pay rates/salaries during the fiscal period and reported whether those changes were approved in writing and in accordance with written policy.
23. We obtained 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, we randomly selected 25 employees/officials (or randomly selected one-third of employees/officials if the District had less than 25 employees during the fiscal period), and:
 - a) Reported whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
 - b) Reported whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
 - c) Reported whether there is written documentation that the District maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.
24. We obtained 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, we selected the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtained the personnel files for the two employees/officials. We reported whether the termination payments were made in strict accordance with policy and/or contract and approved by management.
25. We obtained supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. We reported 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.

Ethics (excluding nonprofits)

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

Debt Service (excluding nonprofits)

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

Other

31. We inquired of management whether the District had any misappropriations of public funds or assets. If so, we obtained/reviewed supporting documentation and reported whether the District reported the misappropriation to the legislative auditor and the district attorney of the parish in which the District is domiciled.
32. We observed and reported whether the District 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.lla.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.
33. If we observed or otherwise identified any exceptions regarding management's representations in the procedures above, we reported the nature of each exception.

Exceptions:

No exceptions were found as a result of applying the procedures listed above except:

Written Policies:

1. The District does not have written policies addressing purchasing.
2. The District does not have written policies addressing disbursements.
3. The District does not have written policies addressing the restriction of individuals who collect cash to deposit the cash.
4. The District does not have written policies addressing reviewing and approving time and attendance records.
5. The District does not have written policies addressing contracting.
6. The District does not have written policies addressing ethics.
7. The District does not have written policies addressing debt service.

Cash Collection:

- 8. The District does not restrict the person who collects the cash from depositing the money collected.
- 9. The District does not bond the person collecting cash.
- 10. The District does not have a process to ensure completeness of cash collections.

Disbursements:

- 11. The District does not have written documentation that prohibits the person responsible for processing payments from adding vendors to the District's purchasing/disbursement system.
- 12. The District does not have written documentation indicating that individuals with the authority to sign checks has no responsibility for initiating or recording purchases.

Credit Cards/Debit Cards/Fuel Cards/P-Cards:

- 13. The District's credit cards were not approved in writing by someone other than the card holder.

Management's Response:

Management of Central Fire Protection District No. 4 concurs with the exceptions and are working to address the deficiencies identified.

We were 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, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our 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.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Baton Rouge, Louisiana
June 29, 2018