

**SABINE PARISH FIRE PROTECTION DISTRICT NO. 1
WARDS NO. 3 AND 4
FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2021**



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EUGENE W. FREMAUX II

CERTIFIED PUBLIC ACCOUNTANT

SABINE PARISH FIRE PROTECTION DISTRICT NO. 1, WARDS NO. 3 AND 4
MANY, LOUISIANA
DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
Sabine Parish Fire Protection District No. 1, Wards No. 3 and 4
Many, Louisiana

We have audited the accompanying financial statements of the governmental activities and the major fund of the Sabine Parish Fire Protection District No. 1, Wards No. 3 and 4, a component unit of the Sabine Parish Police Jury, as of and for the year ended December 31, 2021, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Sabine Parish Fire Protection District No. 1, Wards No. 3 and 4 as of December 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 4 and page 17 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 budgetary comparison information (page 15) in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the



methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sabine Parish Tourist and Recreation Commission's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling information directly to the underlying accounting records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 19, 2022, on our consideration of Sabine Parish Fire Protection District No. 1, Wards No. 3 and 4's internal control over financial reporting and our tests on its compliance with certain provision of laws, regulations, contracts 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 the 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.



EUGENE W. FREMAUX II, CPA
July 19, 2022

SABINE PARISH FIRE PROTECTION DISTRICT NO. 1, WARDS NO. 3 AND 4
MANY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021

This section of the District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended December 31, 2021. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The District's net position increased \$126,167 to \$1,553,821 during the year.
 Net position increased because of excess revenues over expenses.
 Expenses for the year amounted to \$438,339, an increase of \$33,947.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts:

- Management's discussion and analysis
- Basic financial statements
- Supplementary information

The basic financial statements include two kinds of statements that present different views of the District:

The first two statements are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.
 The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail than the government-wide statements. The District has only one fund, the general fund.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Condensed Statement of Net Position

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current and other assets	\$ 1,119,597	\$ 1,017,014
Capital assets, net	<u>486,969</u>	<u>497,033</u>
Total Assets	<u>\$ 1,606,566</u>	<u>\$ 1,514,047</u>
Current and other liabilities	\$ 52,745	\$ 86,393
Net Assets		
Invested in capital assets	486,969	497,033
Unrestricted	<u>1,066,852</u>	<u>930,621</u>
Total net position	<u>1,553,821</u>	<u>1,427,654</u>
Total liabilities and net position	<u>\$ 1,606,566</u>	<u>\$ 1,514,047</u>

The District's net position increased \$126,167 during the year.

SABINE PARISH FIRE PROTECTION DISTRICT NO. 1, WARDS NO. 3 AND 4
MANY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021

Condensed Statement of Activities

	<u>Year Ended</u>	
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
General government		
Expenses	\$ (438,339)	\$ (404,392)
Contributions	12,240	-
Subtotal	<u>(426,099)</u>	<u>(404,392)</u>
General revenues	<u>552,266</u>	<u>455,730</u>
Change in net assets	<u>\$ 126,167</u>	<u>\$ 51,338</u>

During 2021, general revenues increased by \$96,536 due primarily to increased ad valorem tax collections.

FINANCIAL ANALYSIS OF THE FUNDS

The District's governmental fund balance increased \$136,231 during the year. Expenses increased by \$46,900 to \$428,275, primarily due to increased stand-by staffing and added operating costs needed to maintain fire insurance rating. Total revenues increased by \$108,776 to \$564,506 due primarily to increased contributions and ad valorem tax collections. Capital expenditures are expensed in the general fund financial statements but are capitalized and depreciated in the government-wide financial statements.

CAPITAL ASSETS

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Capital asset additions	<u>\$ 86,211</u>	<u>\$ 77,000</u>

Capital asset additions in 2021 consisted primarily of two used trucks.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District does not expect any significant changes in revenues or expenses for next year other than the project to remodel the Central Station at an estimated cost of \$600,000, which cost is expected to be partially offset with a \$300,000 grant from the state of Louisiana.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. David Davis, Chairman, 4405 Natchitoches Hwy, Many, Louisiana 71449.

SABINE PARISH FIRE PROTECTION DISTRICT NO. 1, WARDS NO. 3 AND 4
MANY, LOUISIANA
STATEMENT OF NET POSITION

December 31, 2021

ASSETS	
Cash	\$ 594,706
Receivables	496,983
Prepaid expenses	27,908
Capital assets, net of accumulated depreciation	<u>486,969</u>
TOTAL ASSETS	<u>1,606,566</u>
LIABILITIES	
Accounts payable	39,585
Payroll liabilities	<u>13,160</u>
TOTAL LIABILITIES	<u>52,745</u>
NET POSITION	
Invested in capital assets	486,969
Unrestricted	<u>1,066,852</u>
TOTAL NET POSITION	<u>\$ 1,553,821</u>

The accompanying notes are an integral part of these statements.

SABINE PARISH FIRE PROTECTION DISTRICT NO. 1, WARDS NO. 3 AND 4
MANY, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Expenses	Capital Grants and Contributions	Net (Expenses) Revenue and changes in net position Governmental Unit
FUNCTIONS/PROGRAMS			
Governmental activities:			
Public safety	\$ 438,339	\$ 12,240	\$ (426,099)
Total governmental activities	<u>438,339</u>	<u>12,240</u>	<u>(426,099)</u>
General revenues:			
Taxes			492,801
State revenue sharing			12,682
Fire insurance rebate			34,738
Gain on sale of capital assets			-
Other			<u>12,045</u>
Total general revenues			<u>552,266</u>
Change in net position			126,167
Net position, beginning of year			<u>1,427,654</u>
Net position, end of year			<u>\$ 1,553,821</u>

The accompanying notes are an integral part of these statements.

SABINE PARISH FIRE PROTECTION DISTRICT NO. 1, WARDS NO. 3 AND 4
MANY, LOUISIANA
GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2021

ASSETS

Cash	\$ 594,706
Receivables	496,983
Prepaid expenses	<u>27,908</u>
Total assets	<u><u>\$ 1,119,597</u></u>

LIABILITIES AND FUND BALANCE

Liabilities

Accounts payable	\$ 39,585
Payroll liabilities	<u>13,160</u>
Total liabilities	<u>52,745</u>

Fund balance:

Nonspendable-prepaid expenses	27,908
Unassigned	<u>1,038,944</u>
Total fund balance	<u>1,066,852</u>

Total liabilities and fund balance	<u><u>\$ 1,119,597</u></u>
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The accompanying notes are an integral part of these statements.

SABINE PARISH FIRE PROTECTION DISTRICT NO. 1, WARDS NO. 3 AND 4

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS

December 31, 2021

Total fund balances - Governmental Funds		\$ 1,066,852
Cost of capital assets at December 31, 2021	\$ 2,938,203	
Less accumulated depreciation at December 31, 2021	<u>(2,451,234)</u>	<u>486,969</u>
Total net position at December 31, 2021 - Governmental Activities		<u><u>\$ 1,553,821</u></u>

The accompanying notes are an integral part of these statements.

SABINE PARISH FIRE PROTECTION DISTRICT NO. 1, WARDS NO. 3 AND 4
MANY, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND
GENERAL FUND
Year ended December 31, 2021

Revenues:		
Taxes	\$	492,801
Intergovernmental-		
State revenue sharing		12,682
Fire insurance rebate		34,738
Other		<u>24,285</u>
Total revenues		<u>564,506</u>
Expenditures:		
Public Safety:		
Personnel costs		58,895
Occupancy		44,177
Insurance		44,161
Operating services		194,831
Capital outlay		<u>86,211</u>
Total general government		<u>428,275</u>
Excess (deficiency) of revenues over expenditures		136,231
Other financing sources-sale of assets		<u>-</u>
Net Change in Fund Balance		136,231
Fund balance, beginning of year		<u>930,621</u>
Fund balance, end of year	\$	<u><u>1,066,852</u></u>

The accompanying notes are an integral part of these statements.

EXHIBIT F

SABINE PARISH FIRE PROTECTION DISTRICT NO. 1, WARDS NO. 3 AND 4

RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

December 31, 2021

Excess of revenues over expenditures		\$	136,231
Capital assets:			
Capital outlay capitalized	\$	86,211	
Depreciation expense for year		<u>(96,275)</u>	<u>(10,064)</u>
Change in net assets - Governmental Activities			<u>\$ 126,167</u>

The accompanying notes are an integral part of these statements.

SABINE PARISH FIRE PROTECTION DISTRICT NO. 1, WARDS NO. 3 AND 4
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

(1) Summary of significant accounting policies

The Sabine Parish Fire Protection District No. 1, Wards No. 3 and 4 was created by the Sabine Parish Police Jury, as authorized by Louisiana Revised Statute 40:1492, for the purpose of providing fire protection within the District. The District is governed by a board of five commissioners appointed by the Police Jury and Town of Many. The commissioners serve two-year terms.

A. Basis of Accounting

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local government entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This Codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of the Sabine Parish Fire Protection District No. 1, Wards No. 3 and 4 present information only as to the transactions of the programs of the Sabine Parish Fire Protection District No. 1, Wards No. 3 and 4 as authorized by Louisiana statutes and administrative regulations.

Basis of Accounting refers to when revenues and expenses are recognized in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Sabine Parish Fire Protection District No. 1, Wards No. 3 and 4 are maintained in accordance with applicable statutory provisions:

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting therefore, revenues are recognized in the accounting period in which they are earned and became measurable.

Expense Recognition

Expenses are recognized on the accrual basis, therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

B. Budgetary Accounting

Formal budgetary accounting is employed as a management control. The Sabine Parish Fire Protection District No. 1, Wards No. 3 and 4's prepares and adopts a budget each year in accordance with the Louisiana Revised Statutes. The operating budget is prepared based on prior year's revenues and expenditures and the estimated increase therein for the current year, using the full accrual basis of accounting. The Fund amends its budget when projected revenues are expected to be less than budgeted revenues by five percent or more and/or projected to be more than budgeted amounts by five percent or more. All budget appropriations lapse at year end.

C. Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows and consistent with GASB Statement 9, the Sabine Parish Fire Protection District No. 1, Wards No. 3 and 4 defines cash and equivalents as follows:

Cash – includes not only currency on hand but also demand deposits with banks or other financial institutions and other kinds of accounts that have the general characteristics of demand deposits in that the customer may deposit additional funds at any time and also effectively may withdraw funds at any time without prior notice or penalty.

Cash equivalents – includes all short term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value because of interest rates. Generally, only investments that, at the date of purchase, have a maturity date no longer than three months qualify under the definition.

SABINE PARISH FIRE PROTECTION DISTRICT NO. 1, WARDS NO. 3 AND 4
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

D. Receivables

All receivables are reported at their gross value and, where applicable, are reduced by the estimated portion that is expected to be uncollectable.

E. Bad debts

Uncollectable accounts receivable is recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectability of the particular receivable.

F. Capital Assets

Capital assets are carried at historical costs. Depreciation of all exhaustible capital assets used by the Sabine Parish fire Protection District No. 1, Wards No. 3 and 4 is charged as an expense against operations in the Statement of Activities. Capital assets net of accumulated depreciation are reported on the Statement of Net Position. Depreciation is computed using the straight line method over the estimated useful life of the assets, generally 10 to 40 years for buildings and building improvements and 5 to 10 years for moveable property. Expenditures for maintenance, repairs and minor renewals are charged to earnings as incurred. Major expenditures for renewals and betterment are capitalized.

G. Compensated Absences

Sabine Parish Fire Protection District No. 1, Wards No. 3 and 4 does not have full time employees, therefore, no liability for compensated absences has been recorded in the accompanying financial statements.

H. Restricted Net Position

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

1. Investment in capital assets, net of related debt – consist of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributed to the acquisition, construction, or improvement of those assets;
2. Restricted net position – net position with constraints placed on the use either by a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or b) law through constitutional provisions or enabling legislation.
3. Unrestricted – all other net position is reported in this category.

I. Fund Equality

In the fund financial statements, governmental fund equity is classified as fund balance and displayed in five components:

1. 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.
2. Restricted – amounts constrained to specific purposes by either a) creditors, grantors, contributors, or the laws or regulations of other governments, or b) constitutional provisions or enabling legislation.
3. Committed – amounts constrained to specific purposes by the governmental entity at its highest level of decision-making authority (Board of Commissioners). These amounts cannot be used for any other purposes unless the government takes the same highest-level action to remove or change the constraint;
4. Assigned – amounts that do not meet the criteria to be classified as restricted or committed that are intended to be used for specific purposes as established by the Board of Commissioners or its management to which the Board of Commissioners has delegated the authority to assign amounts for specific purposes;
5. Unassigned – all other spendable amounts.

The Board of Commissioners established (and modifies or rescinds) fund balance commitments and assignments by passage of an ordinance or resolution.

SABINE PARISH FIRE PROTECTION DISTRICT NO. 1, WARDS NO. 3 AND 4
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

The Commission typically uses restricted fund balances first, followed by committed, assigned and unassigned funds when an expenditure is incurred for purposes for which amounts in any of these fund classifications could be used.

J. 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(2) Cash

For reporting purposes, deposits with financial institutions including savings, demand deposits, time deposits, and certificates of Deposit. Under state law, the Sabine Parish Fire Protection District No. 1, Wards No. 3 and 4 may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the Fund may invest in time certificates of deposit of state banks organized under the laws of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

Deposits in bank accounts are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Of the total of \$594,706 deposited in demand and time deposits as of December 31, 2021, \$320,000 was secured through federal depository insurance and the remainder was secured by the pledge of securities owned by the depository bank

(3) Accounts receivable

The following is a summary of accounts receivable at December 31, 2021:

Ad valorem taxes	\$492,789
Other	<u>4,194</u>
Total	<u>\$496,983</u>

(4) Capital assets

A summary of the District's capital assets at December 31, 2021 follows:

	Land	Vehicles and Equipment	Building Improvements	Total
Cost of capital assets, beginning of year	\$ 12,000	\$ 2,319,829	\$ 520,163	\$ 2,851,992
Deletions		-	-	-
Additions		86,211	-	86,211
Cost of capital assets, end of year	<u>\$ 12,000</u>	<u>\$ 2,406,040</u>	<u>\$ 520,163</u>	<u>\$ 2,938,203</u>
Accumulated depreciation, beginning of year		\$ 1,931,407	\$ 423,551	\$ 2,354,958
Deletions		-	-	-
Additions		81,960	14,316	96,276
Accumulated depreciation, end of year	<u>\$ -</u>	<u>\$ 2,013,367</u>	<u>\$ 437,867</u>	<u>\$ 2,451,234</u>
Capital assets, net of accumulated depreciation, end of year	<u>\$ 12,000</u>	<u>\$ 392,673</u>	<u>\$ 82,296</u>	<u>\$ 486,969</u>

(5) Leases

The Sabine Parish Fire Protection District No. 1, Wards 3 and 4 was not obligated under any capital or operating lease commitments at December 31, 2021.

SABINE PARISH FIRE PROTECTION DISTRICT NO. 1, WARDS NO. 3 AND 4
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

(6) Risk Management

The District is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the District maintains commercial insurance policies covering; automobile liability, medical payments, uninsured motorist, and collision; business liability; property coverage; and surety bond coverage. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts

(7) Ad valorem taxes

The District is funded primarily with ad valorem taxes amounting to 5.11 mills, which amounted to collections of \$492,801 for 2021.

(8) Litigation

There was no outstanding litigation against the Sabine Parish Fire protection District No. 1, Wards 3 and 4 at December 31, 2021.

(9) Compensation paid to Commissioners

In accordance with Louisiana revised Statute 40:1498, members, including police jurors serving ex-officio, may be paid per diem of \$30 for attending board meetings – not to exceed two meetings in one calendar month. Compensation paid in 2021 to the Commissioners follows:

James Kennedy	\$270
David Davis	360
Elizabeth Pickett	90
Kenny Carter	330
Robert Hable	210

SABINE PARISH FIRE PROTECTION DISTRICT NO. 1
WARDS NO. 3 AND 4
MANY, LOUISIANA
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO
AGENCY HEAD
YEAR ENDED DECEMBER 31, 2021

Agency Head: David Davis, Chairman

<u>Purpose</u>	<u>Amount</u>
Per diem	\$360

OTHER REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS

SABINE PARISH FIRE PROTECTION DISTRICT NO. 1, WARDS NO. 3 AND 4
MANY, LOUISIANA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the year ended December 31, 2021

	Original Budget	Final Budget	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues:				
Taxes	\$ 394,266	\$ 394,266	\$ 492,801	\$ 98,535
State revenue sharing	12,587	12,587	12,682	95
Fire insurance rebate	34,995	34,995	34,738	(257)
Grants	-	-	-	-
Interest income	313	313	-	(313)
Other	650	650	24,285	23,635
	<u>442,811</u>	<u>442,811</u>	<u>564,506</u>	<u>121,695</u>
Total revenues				
Expenditures:				
General government:				
Personnel costs	131,442	151,842	58,895	92,947
Occupancy	36,400	44,500	44,177	323
Insurance	45,000	45,000	44,161	839
Operating services	75,610	118,770	194,831	(76,061)
Capital outlay	150,000	75,000	86,211	(11,211)
	<u>438,452</u>	<u>435,112</u>	<u>428,275</u>	<u>6,837</u>
Total general government				
Excess (deficiency) of revenues over expenditures	4,359	7,699	136,231	128,532
Other financing sources-sale of assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	4,359	7,699	136,231	128,532
Fund balance, beginning of year	<u>930,621</u>	<u>930,621</u>	<u>930,621</u>	<u>-</u>
Fund balance, end of year	<u>\$ 934,980</u>	<u>\$ 938,320</u>	<u>\$ 1,066,852</u>	<u>128,532</u>

The accompanying notes are an integral part of these statements.

SABINE PARISH FIRE PROTECTION DISTRICT NO. 1, WARDS NO. 3 AND 4
MANY, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2021

CURRENT YEAR FINDINGS

2021-01 Annual Financial Statements

Criteria: LRS 24:514 requires the District to file its annual financial statements with the Louisiana Legislative Auditor's office within six months after the end of its fiscal year, which would be June 30, 2022. The District's annual financial statements were not filed within the timeframe required by state law.

Condition: The District is not in compliance with LRS 24:514. See prior year finding 2015-04, 2016-04, 2017-04, 2018-04, 2019-04 and 2020-04.

Cause: The District's financial information was not furnished to the District's independent auditor on timely basis for the audit to be completed by the June 30, 2022 deadline.

Effect: The District is prohibited from receiving state funds until the financial statements are filed with the Louisiana Legislative Auditor's office.

Recommendation: The District should comply with state law.

Management response: Management has taken steps to comply with LRS 24:514 in the future.

PRIOR YEAR FINDINGS

2020-01 Segregation of duties

Criteria: Adequate segregation of duties requires that critical functions of key accounting processes be assigned to and performed by more than one individual.

Condition: Our evaluation of the internal control structure revealed an absence of appropriate segregation of duties over cash receipts, accounts payable, and general ledger preparation. The receipt of funds, bank deposits and posting of receipts are performed by the same individual. Invoices are received, processed and paid by one individual. The same individual prepares bank reconciliations and maintains the general ledger. See prior year finding 2015-01, 2016-01, 2017-01, 2018-01 and 2019-01.

Cause: The District does not have sufficient employees to adequately separate the key accounting processes.

Effect: Without adequate segregation of duties, intentional or unintentional errors could occur and not be detected, increasing the risk of loss or theft of the District's assets.

Recommendation: Since the costs associated with establishing an appropriate system of internal control should not outweigh the benefits derived from it, we recommend that the District develop and implement procedures that provide as much segregation of duties possible utilizing the management and staff available.

At a minimum, bank reconciliations should be reviewed by a Board member not involved in accounting functions or check signing, and checks should only be signed by Board members not involved in accounting functions.

Current Status: Resolved

2020-02 Deposits not timely

Criteria: Deposits should be made within one day of receipt to minimize the risk of loss to the District.

Condition: The District receives most funds from monthly checks from the Sabine Parish Sheriff, however during 2020 deposits were made between one and two months after the date of the check issued by the Sheriff. Generally, bank deposit slips only indicated an amount and did not list individual checks or details that composed the deposit. Supporting records of deposits were not always complete. See prior year finding 2015-02, 2016-02, 2017-02, 2018-02 and 2019-02.

Cause: The District does not have adequate procedures in place (1) to insure deposits are made timely and recorded properly in the general ledger, (2) bank reconciliations are being properly reviewed and approved and (3) appropriate documentation is maintained in the accounting records.

Effect: Monthly financial statements furnished the Board were misleading as it related to monthly revenues collected. Without adequate procedures in place, intentional or unintentional errors could occur and not be detected, increasing the risk of loss or theft of the District's assets.

Recommendation: Procedures should be adopted and implemented to insure that (1) accounting records should be organized in a manner that will minimize the possibility of misplaced checks, (2) deposits should be made within one day of receiving the check, (3) the face of the deposit slip should contain proper identification information of what was deposited (payor and check number) and the amount of the deposit should match the posting of the deposit in the general ledger, and (4) accounting records of each deposit should be supported by copies of all checks deposited, along with any supporting documents.

Current Status: Resolved

2020-03 Old outstanding checks

Criteria: Outstanding checks over six months old should be researched and either corrected or turned over to Louisiana as unclaimed property.

Condition: As of December 31, 2020, there were 177 outstanding checks over six months old amounting to \$50,829.29 with no written documentation of research into these items. There was also no written documentation of review of the bank reconciliation by a member of the Board that was not an authorized check signer. See prior year finding 2015-03, 2016-03, 2017-03, 2018-03 and 2019-03.

Cause: The District did not follow up on old outstanding checks.

Effect: Monthly financial statements furnished the Board were misleading as it related to cash balances and expenses. Without adequate procedures in place, intentional or unintentional errors could occur and not be detected, increasing the risk of loss or theft of the District's assets.

Recommendation: The District should adopt procedures to require written documentation of the reasons for outstanding checks over six months old and require the documentation to be attached to the monthly bank reconciliations.

Current Status: Resolved

2020-04 Annual Financial Statements

Criteria: LRS 24:514 requires the District to file its annual financial statements with the Louisiana Legislative Auditor's office within six months after the end of its fiscal year, which would be June 30, 2021. The District's annual financial statements were not filed within the timeframe required by state law.

Condition: The District is not in compliance with LRS 24:514. See prior year finding 2015-04, 2016-04, 2017-04, 2018-04 and 2019-04.

Cause: The District's financial information was not furnished to the District's independent auditor on timely basis for the audit to be completed by the June 30, 2021 deadline.

Effect: The District is prohibited from receiving state funds until the financial statements are filed with the Louisiana Legislative Auditor's office.

Recommendation: The District should comply with state law.

Current Status: Not resolved.

2020-05 Payroll and payroll taxes

Criteria: The District should be in compliance with payroll regulations issued by the Internal Revenue Service (IRS) relating to volunteer firefighters, and filing and payment of payroll taxes.

Condition: The District pays a fixed monthly amount to the chief, two assistant chiefs, and bookkeeper, and reports these payments as payroll and withholds related payroll taxes. However, payments to station caretakers are reported as payments (\$12,356 in 2017) in accordance with Form 1099-MISC regulations for payments to independent contractors. There were no payments to station caretakers during 2020. IRS Publication 5138 "Quick Reference Guide for Public Employees" has a section entitled "Volunteer Firefighters" which states "Volunteer firefighters are considered employees and their remuneration is generally subject to all withholding taxes.". See prior year finding 2015-05, 2016-05, 2017-05, 2018-05 and 2019-05.

In addition, the federal and Louisiana quarterly payroll filings for 2015 through 2020 were all filed late, and the related payments were not made timely. At the end of 2020, the District owed \$50,738 in payroll taxes to the IRS and Louisiana. As of June 24, 2022, IRS records indicated the quarterly Form 941's for the years 2015-2020 have been filed and the related payments have been made.

Cause: The District has elected to treat the payments to station caretakers as payments to independent contractors. In addition, controls are not in place to ensure the timely filing and payment of payroll taxes.

Effect: Non-compliance with IRS regulations could expose the District, and potentially the District's board members, to substantial monetary penalties, in addition to having to pay the IRS for payroll taxes not paid in

the past. Late filing of quarterly payroll reports, along with late payment of the payroll tax due, will result in substantial penalties and interest.

Recommendation: Based upon the wording in IRS Publication 5138, the payments being made to the station caretakers should be considered payments to employees and not independent contractors. The Board should require written documentation of timely filing and payment of payroll taxes each quarter.

Current Status: Resolved. As of June 24, 2022 all past due federal payroll tax returns and tax payments have been made, and management is working to get all past due Louisiana payroll tax reports and payments completed.

2020-06 Cash Disbursements

Criteria: Adequate internal control should require proper approved support be attached to the check stub before the check is signed.

Condition: The District was unable to locate any of the accounting records for eight months of 2020 so no test of disbursements could be performed. See finding 2020-08. Prior year finding 2015-06, 2016-06, 2017-06, 2018-06 and 2019-06.

Cause: The District does not require supporting documents to be attached to the file copy of the check stub before the check is signed.

Effect: Without adequate support furnished to the check signers, intentional or unintentional payments could occur and not be detected, increasing the risk of loss or theft of the District's assets.

Recommendation: Check signers should not sign checks without proper approved supporting documents attached.

Current Status: Resolved

2020-07 Minutes

Criteria: LRS 24:144 requires minutes of the Board to be published within ten days from the date of any meeting at which official proceedings were held.

Condition: No Board minutes for 2020 were published. See prior year finding 2015-07, 2016-07, 2017-07, 2018-07 and 2019-07.

Cause: The District has not published the minutes.

Effect: The Board is not in compliance with the state law.

Recommendation: The Board should adopt procedures to ensure compliance with state law.

Current Status: Resolved

2020-08 Incomplete Financial Records

Criteria: Effective financial reporting requires that underlying documentation to support all transactions recorded in the financial records be maintained in a orderly manner.

Condition: The District was unable to locate supporting records for recorded revenues and expenses for eight months of 2020. See prior year finding 2019-08.

Cause: The District did not have procedures in place to maintain proper control over supporting documentation of revenues and expenses.

Effect: There are no records available to support recorded revenues and expenses.

Recommendation: The Board should adopt procedures to ensure proper control over accounting records.

Current Status: Resolved

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

The Board of Directors
Sabine Parish Fire Protection District No. 1, Wards 1 and 2
Florien, 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 of Sabine Parish Fire Protection District No. 1, Wards 3 and 4, Many, Louisiana, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated July 19, 2022.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. 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 first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify deficiencies in internal that we consider 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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses and finding 2021-01.



Sabine Parish Fire District No. 1, Wards 3 and 4's Response to Findings

The District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



EUGENE W. FREMAUX II, CPA
July 19, 2022

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Independent Accountant's Report on Applying Agreed-Upon Procedures

Board of Directors
Sabine Parish Fire Protection District No. 1,
Wards No. 3 and 4
Many, Louisiana

We have performed the procedures enumerated below, which were agreed to by Sabine Parish Fire Protection District No. 1, Wards No. 3 and 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, 2021, through December 31, 2021. The District's management is responsible for those C/C areas identified in the SAUPs.

Sabine Parish Fire Protection District No. 1, Wards No. 3 and 4 has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2021, through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the District's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the District's operations:
 - 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/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or 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).
- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- 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 of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- 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 (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the District's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: The District does not have formal written policies and procedures detailing all the required procedures for the above areas.

Management's Response: The District will develop and adopt written policies and procedures with respect to the above areas by December 31, 2022.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds⁷. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the District's collections during the fiscal period.*
- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Results: The District maintained and published minutes during 2021, however the minutes are not always signed when approved and are not filed with copies of any documents referred to in the minutes.

Management's Response: The District will make sure the file copy of the minutes is signed when approved and will attach copies of any documents referred to in the minutes.

Bank Reconciliations

3. Obtain a listing of District bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the District's main operating account. Select the District's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: The District has one bank account and December 2021 was the month selected. Because of missing records for 2019 and 2020 the December 2021 bank reconciliation was not prepared until June 2022 and old reconciling items were resolved at that time.

Management's Response: Beginning in July 2022 the District will have timely bank reconciliations available for review and approval at the monthly Board meetings. Old reconciling items will be researched and resolved monthly in the future.

Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

- e) Trace the actual deposit per the bank statement to the general ledger.

Results: The District deposits about 10 checks annually from the Sabine Parish Sheriff, one from the Sabine Parish Police Jury and a few other miscellaneous checks such as insurance claim reimbursements. Deposits are made by a Board member not involved in bookkeeping and all checks are directed to the District's post office box. There were no deposits in December 2021 so the November 2021 bank statement was selected. No exceptions noted. The Board has adopted a policy to require deposits to be made within a day of receipt and maintain proper supporting documentation for each deposit. The District does not have a bond or insurance policy for theft covering all employees who have access to cash.

Management's Response: The District will consider investing in a bond or insurance policy for theft covering all employees who have access to cash.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
- 10. For each location selected under #8 above, obtain the District's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
 - a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the District.

- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results: As noted in Procedure #1, The District does not have formal written policies and procedures for disbursements or purchasing. In general, disbursements are made once a month to coincide with the Board meeting date. Of the 5 disbursements selected, all had supporting documentation from the vendor and approval documentation by an employee not involved in processing the disbursement for payment. In general, checks are mailed by the employee responsible for processing payments and there is no policy to document receipt of the purchase.

Management's Response: The District will develop written policies and procedures with respect to the above area to include appropriate controls, where applicable, as noted above.

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
- b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: As noted in Procedure #1, the District does not have formal written policies and procedures for disbursements relating to credit cards, however the District does not use

credit cards, only fuel cards. The monthly statement for fuel cards selected in #12(a) had appropriate supporting documentation relating to each purchase but did not contain documentation of approval.

Management's Response: The District will develop written policies and procedures with respect to the above area, which will include a requirement for appropriate written approval documentation of purchases.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: The District does not have formal written policies and procedures for the above area. There was only one travel related reimbursement during 2021. The disbursement was supported by adequate documentation but had no written documentation of approval.

Management's Response: The District will develop written policies and procedures with respect to the above area.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

Results: The District does not have formal written policies and procedures for the above area. The District had only one contract for a one year lease of a facility. No exception noted.

Management's Response: The District will develop written policies and procedures with respect to the above area.

Payroll and Personnel

16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Results: The District does not have formal written policies and procedures for maintaining personnel files. Personnel files generally only contain direct deposit authorization and tax withholding forms. No information on authorized pay information is maintained in the personnel files, however some general pay information (based on skill level) is included in Board minutes.

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

Results: No exception noted.

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

Results: There was no evidence of supervisor approval of attendance or pay records. The District does not have any policy relating to paid leave.

- c) Observe any leave accrued or taken during the pay period is reflected in the District's cumulative leave records.

Results: Not applicable. The District does not have any policy relating to paid leave.

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Results: See #16 results above.

Management's Response: The District will develop written policies and procedures with respect what documents should be included in personnel files. In addition, payroll approval policies will also be developed and implemented.

- 18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the District's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to District policy.

Results: Not applicable, no terminations per District management.

- 19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Results: The District payroll tax forms and payments for the first quarter of 2021 were filed and paid late in July 2021. The remaining quarters have all be timely filed and paid.

Management's Response: The District has adopted procedures to ensure timely filing of future payroll returns and payment of related taxes

Ethics

- 20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:

- a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

- b) Observe whether the District maintains documentation which demonstrates each employee and official were notified of any changes to the District's ethics policy during the fiscal period, as applicable.

Results: The District does not have formal written policies and procedures for the above area. Only 2 of the 5 selected employees had documented required ethics training.

Management's Response: The District will develop written policies and procedures with respect to the above area, including procedures to monitor and document required ethic training.

Debt Service

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results: Not applicable as the District does not have any debt.

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the District reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the District is domiciled.
24. Observe the District has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: The District was not aware of any misappropriations of public funds and assets during the fiscal period. The District did not have the notice required by R.S. 24:523.1 posted on its premises.

Management's Response: The District will post the notice required by R.S. 24:523.1 on its premises.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**
- a) Obtain and inspect the District’s most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
 - b) Obtain and inspect the District’s most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - c) Obtain a listing of the District’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Results: The District does not have formal written policies and procedures for the above area. The District does backup its critical data off site using physical medium, however the backups are not encrypted before moving them off site. Current and active antivirus software is being used and operating system and accounting system software are currently supported by the vendor. The above procedures and results were discussed with management, along with the recommendation to encrypt backups.

Management’s Response: The District will develop and implement written policies and procedures with respect to the above area and will consider updating backup procedures to include automatic cloud backup.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
27. Observe the District has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the District’s premises if the District does not have a website).

28. Obtain the District's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements.
- b) Number of sexual harassment complaints received by the agency.
- c) Number of complaints which resulted in a finding that sexual harassment occurred.
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

Results: The District does not have formal written policies and procedures for the above area and has not implemented the requirements of R. S. 42:344.

Management's Response: The District will develop written policies and procedures with respect to sexual harassment and begin the required training and reporting.

We were engaged by Sabine Parish Fire Protection District No. 1, Wards No. 3 and 4 to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, 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.

We are required to be independent of Sabine Parish Fire Protection District No. 1, Wards No. 3 and 4 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended 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.



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