

BASTROP AREA FIRE PROTECTION DISTRICT NUMBER TWO
BASTROP, LOUISIANA

FINANCIAL REPORT

December 31, 2021

HILL, INZINA & COMPANY

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HILL, INZINA & COMPANY

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Board of Commissioners
Bastrop Area Fire Protection District Number Two
Bastrop, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and major fund of Bastrop Area Fire Protection District Number Two (the "District"), 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.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the District 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- * exercise professional judgment and maintain professional skepticism throughout the audit.
- * identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- * obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- * conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control - related matters that we identified during the audit.

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 be presented to supplement the basic financial statements. Such information is the responsibility of management

and, 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 GAAS, 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

Management is responsible for the other information included in the annual report. The other information comprises of schedules of compensation but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2022, 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, grant agreements, and other matters. The purpose of that report is solely 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 effectiveness of the District's 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.

/s/ Hill, Inzina & Co.

March 7, 2022

REQUIRED SUPPLEMENTARY INFORMATION (Part 1 of 2)

BASTROP AREA FIRE PROTECTION DISTRICT NUMBER TWO

MANAGEMENT'S DISCUSSION AND ANALYSIS

As of and for the Year Ended December 31, 2021

As management of Bastrop Area Fire Protection District Number Two (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2021. This discussion and analysis of management is designed to provide an objective and easy-to-read analysis of the District's financial activities based on currently known facts, decisions, or conditions. It is intended to provide readers with a broad overview of the District's finances. It is also intended to provide readers with an analysis of the short-term and long-term activities of the District based on information presented in the financial report and fiscal policies that have been adopted by the District. Specifically, this section is designed to assist the readers in focusing on significant financial issues, provide an overview of the District's financial activity, identify changes in the District's financial position (its ability to address the next and subsequent years' challenges), identify any material deviations from the financial plan (approved budget), and identify individual issues or concerns of individual funds.

As with other sections of this financial report, the information contained within this discussion and analysis of management should be considered only a part of a greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and supplementary information that are provided in addition to this discussion and analysis of management.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's financial statements. The District's basic financial statements consist of the following components:

1. Government-wide financial statements

Government-wide financial statements are designed by GASB Statement No. 34 to change the way in which government financial statements are presented. It now provides readers for the first time with a concise "entity-wide" statement of net position and statement of activities, seeking to give the users of the financial statements a broad overview of the District's financial position and results of operations in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The difference between assets, liabilities, and deferred inflows of resources is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or weakening. Evaluation of the overall economic health of the District would extend to other nonfinancial factors in addition to the financial information provided in this report.

The statement of activities presents information detailing how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of this statement is to show the financial reliance of the District's distinct activities or functions on revenues provided by the citizenry of the District.

The government-wide financial statements report governmental activities of the District that are principally supported by tax revenues and structure assessments. Governmental activities of the District include only public safety (fire).

2. Fund financial statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. The District has a governmental fund type that is reported in the fund financial statements and encompasses essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near term.

As the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Reconciliations from both the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balance to the government-wide statements are provided to assist in understanding the differences between these two perspectives.

3. Notes to financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

In addition to the basic financial statements and accompanying notes, the District also includes in this report additional information to supplement the basic financial statements.

Government-Wide Financial Analysis

The following provides a summary of the net position of the District's governmental activities as of December 31:

	<u>2021</u>	<u>2020</u>
Other assets	\$ 3,334,152	\$ 3,544,632
Capital assets	<u>801,777</u>	<u>507,759</u>
Total assets	<u>\$ 4,135,929</u>	<u>\$ 4,052,391</u>
Other liabilities	<u>\$ 249,789</u>	<u>\$ 253,275</u>
Deferred inflows of resources	<u>\$ 1,194,573</u>	<u>\$ 1,203,420</u>
Net position:		
Invested in capital assets	\$ 801,777	\$ 507,759
Unrestricted	<u>1,889,790</u>	<u>2,087,937</u>
Total net position	<u><u>\$ 2,691,567</u></u>	<u><u>\$ 2,595,696</u></u>

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. The District will use the unrestricted net position to meet the ongoing obligations to users of its services and creditors.

The following summarizes the District's net position change of the governmental activities between the two years ended December 31:

	<u>2021</u>	<u>2020</u>
General revenues	\$ 1,232,963	\$ 1,240,730
Public safety expenses	<u>1,137,092</u>	<u>1,107,658</u>
Increase in net position	<u><u>\$ 95,871</u></u>	<u><u>\$ 133,072</u></u>

The District's expenses cover a range of services, with approximately 80% related to the payments made to City of Bastrop and Morehouse Tax Assessor for outside services.

General revenues are those available for the District to pay for the governmental activities. For the year ended December 31, 2021, taxes and structure assessment fees were by far the largest general revenue sources for the District.

Financial Analysis of Governmental Funds

As of December 31, 2021, the District's governmental fund reported an ending unassigned fund balance of \$1,866,559 compared to \$2,064,706 as of December 31, 2020.

Budgetary Highlights

The District adopted a budget for the General Fund for the year ended December 31, 2021 on December 17, 2020. The annual budget was prepared on a non-GAAP budgetary basis of accounting and was amended on December 9, 2021. Actual non-GAAP revenues of the General Fund of \$1,241,223 exceeded appropriated revenues of \$1,241,000 and actual non-GAAP expenditures of \$1,425,648 were less than budgeted expenditures of \$1,464,000 by \$38,352..

Capital Assets

As of December 31, 2021, the District had an investment (net of depreciation) of \$801,777 in a broad range of capital assets, including land, buildings, vehicles, and equipment. There was only one capital asset addition during the year ended December 31, 2021 for a fire truck costing \$399,513.

Economic Factors and Next Year's Budget

Since March 2020, the spread of COVID-19 has severely impacted many local economies. Measures taken to contain the spread of the virus have triggered significant disruptions to businesses. There were no significant adverse effects from COVID-19 on the District's financial position during 2020 and 2021. Although not expected, the District's future cash flows could be affected by an economic slowdown that results from measures taken to contain the spread of the virus. The District has determined that the potential impact of COVID-19 is a non-adjusting subsequent event. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2021, have not been adjusted to reflect this potential impact. The duration and impact of the COVID-19 pandemic remains unclear as of the date of this report.

The District foresees minimal change in revenues for the next year. The budget adopted for the year ending December 31, 2022 included a decrease in budgeted expenditures of \$401,900. The majority of the decrease was for capital outlay.

Requests for Information

This financial report is designed to provide a general overview of the District's financial picture for all those with an interest in the District's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Chairman, P. O. Box 1236, Bastrop, Louisiana 71220.

BASIC FINANCIAL STATEMENTS

BASTROP AREA FIRE PROTECTION DISTRICT NUMBER TWO
BASTROP, LOUISIANA

STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES
December 31, 2021

ASSETS

Cash	\$ 215,952
Savings	2,090,811
Receivables	1,004,158
Prepaid expense	23,231
Capital assets:	
Land	4,500
Other capital assets, net of depreciation	<u>797,277</u>
Total assets	<u>\$ 4,135,929</u>

LIABILITIES

Accounts payable	<u>\$ 249,789</u>
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DEFERRED INFLOWS OF RESOURCES

Property taxes	<u>\$ 1,194,573</u>
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NET POSITION

Invested in capital assets	\$ 801,777
Unrestricted	<u>1,889,790</u>
Total net position	<u><u>\$ 2,691,567</u></u>

See notes to financial statements.

BASTROP AREA FIRE PROTECTION DISTRICT NUMBER TWO
BASTROP, LOUISIANA

STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
For the Year Ended December 31, 2021

Expenses:	
Current:	
Public safety:	
Commissioners' and secretary's compensation	\$ 12,300
Depreciation	105,495
Insurance	3,230
Legal and accounting	10,515
Outside services	923,293
Pension cost	8,947
Repairs and maintenance	57,754
Supplies	938
Utilities	<u>14,620</u>
Total expenses	<u>\$ 1,137,092</u>
General revenues:	
Property taxes	\$ 270,444
Structure assessment fees	903,066
Fire insurance rebate	30,480
State and refuge revenue sharing	27,680
Interest	<u>1,293</u>
Total general revenues	<u>\$ 1,232,963</u>
Change in net position	\$ 95,871
Net position - beginning	<u>2,595,696</u>
Net position - ending	<u><u>\$ 2,691,567</u></u>

See notes to financial statements.

BASTROP AREA FIRE PROTECTION DISTRICT NUMBER TWO
BASTROP, LOUISIANA

BALANCE SHEET - GOVERNMENTAL FUND - GENERAL FUND
December 31, 2021

ASSETS

Cash	\$ 215,952
Savings	2,090,811
Receivables	1,004,158
Prepaid expense	<u>23,231</u>
Total assets	<u>\$ 3,334,152</u>

LIABILITIES

Accounts payable	<u>\$ 249,789</u>
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DEFERRED INFLOWS OF RESOURCES

Property taxes	<u>\$ 1,194,573</u>
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FUND BALANCE

Nonspendable (prepaid expense)	\$ 23,231
Unassigned	<u>1,866,559</u>
Total fund balance	<u>\$ 1,889,790</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 3,334,152</u>

See notes to financial statements.

BASTROP AREA FIRE PROTECTION DISTRICT NUMBER TWO
BASTROP, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND - GENERAL FUND

For the Year Ended December 31, 2021

Revenues:	
Property tax	\$ 270,444
Structure assessment fees	903,066
Fire insurance rebate	30,480
State and refuge revenue sharing	27,680
Interest	<u>1,293</u>
Total revenues	<u>\$ 1,232,963</u>
Expenditures:	
Current:	
Public safety:	
Commissioners' and secretary's compensation	\$ 12,300
Insurance	3,230
Legal and accounting	10,515
Outside services	923,293
Pension cost	8,947
Repairs and maintenance	57,754
Supplies	938
Utilities	14,620
Capital outlay	<u>399,513</u>
Total expenditures	<u>\$ 1,431,110</u>
Net change in fund balance	\$(198,147)
Fund balance - beginning	<u>2,087,937</u>
Fund balance - ending	<u>\$ 1,889,790</u>

See notes to financial statements.

BASTROP AREA FIRE PROTECTION DISTRICT NUMBER TWO
BASTROP, LOUISIANA

RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEET
TO GOVERNMENT-WIDE STATEMENT OF NET POSITION

December 31, 2021

Total fund balance - governmental fund balance sheet	\$ 1,889,790
Amounts reported for governmental activities in statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund.	<u>801,777</u>
Total net position of governmental activities - government-wide statement of net position	<u>\$ 2,691,567</u>

See notes to financial statements.

BASTROP AREA FIRE PROTECTION DISTRICT NUMBER TWO
BASTROP, LOUISIANA

RECONCILIATION OF GOVERNMENTAL FUND STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE TO
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
December 31, 2021

Net change in fund balance - governmental fund - general fund \$(198,147)

Amounts reported for governmental activities in statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$399,513) exceeded depreciation (\$105,495) in the current period.

294,018

Change in net position of governmental activities -
government-wide statement of activities

\$ 95,871

See notes to financial statements.

BASTROP AREA FIRE PROTECTION DISTRICT NUMBER TWO
BASTROP, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2021

Note 1. Organization and Summary of Significant Accounting Policies

Bastrop Area Fire Protection District Number Two (the “District”) is a component unit of Morehouse Parish. It was created by the Police Jury of Morehouse Parish on May 5, 1964 in accordance with Louisiana Revised Statute 40:1491. The District is governed by a board of five commissioners who are qualified voters, residents of the District, appointed by Morehouse Parish Police Jury, and serve five year terms. The chairman of the commissioners is compensated \$500 for each meeting attended while the other commissioners are compensated \$100.

The District was created for the purpose of maintaining and operating fire stations and equipment to provide fire protection within the boundaries of the District.

The District has no employees.

The District is considered a component unit of Morehouse Parish Police Jury, the financial reporting entity, as the District provides fire protection service to residents within Morehouse Parish.

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

The more significant of the District’s accounting policies are described below:

Government-Wide Financial Statements:

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the District as a whole as governmental activities that are supported by general revenues.

The statement of activities reports the expenses of a given function offset by program revenues, if any, directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Other revenue sources not properly included with the program revenues are reported instead as general revenues.

NOTES TO FINANCIAL STATEMENTS

Fund Financial Statements:

Fund financial statements are provided for the governmental fund.

Basis of Accounting, Measurement Focus, and Financial Statement Presentation:

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP).

The government-wide financial statements report using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest related to long-term debt which are reported as expenditures in the year paid.

Major revenue sources susceptible to accrual are property taxes and structure assessments. Property taxes are recognized as revenues in the year for which they are levied while structure assessments are recognized in the period collected. In general, all other revenues are recognized when cash is received.

Fund Type and Major Fund:

The District reports the General Fund as a major governmental fund. The General Fund is the general operating fund of the District and accounts for all financial resources.

NOTES TO FINANCIAL STATEMENTS

Budgets and Budgetary Accounting:

The Board of Commissioners adopted the annual budget for the General Fund on December 17, 2020. The annual budget was prepared on a non-GAAP budgetary basis of accounting and was amended on December 9, 2021. The budgetary comparison schedule, included as supplementary information in the accompanying financial statements, includes the original and final budgeted amounts. All annual appropriations lapse at the end of each fiscal year.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Certificates of Deposit:

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

State law allows the District to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

Receivables:

Significant receivables include property taxes and structure assessment fees.

Uncollectible Allowance:

The statements contain no provision for uncollectible accounts. The District's management is of the opinion that such allowance would be immaterial in relation to the financial statements taken as a whole.

NOTES TO FINANCIAL STATEMENTS

Prepaid Expense:

A prepaid expense is recorded in both the government-wide and fund financial statements for a cost paid in the year ended December 31, 2021 related to revenue that will be recorded and recognized in the year ending December 31, 2022.

Capital Assets and Depreciation:

Capital assets, which include property, plant, and equipment, with useful lives of more than one year are reported in the government-wide financial statements. Capital assets are capitalized at historical cost. The District maintains a threshold level of \$2,500 or more for capitalizing assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

As surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets are depreciated using the straight-line method over the following useful lives:

Buildings	40 years
Vehicles and equipment	7 - 10 years

Deferred Inflows of Resources:

In addition to liabilities, the District's statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. Property taxes receivable recorded before the period for which the taxes are actually levied are reported as deferred inflows of resources.

NOTES TO FINANCIAL STATEMENTS

Equity Classifications:

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

- a. Invested in capital assets - consists of capital assets net of accumulated depreciation.
- b. Restricted - consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted - all other assets that do not meet the definition of "restricted" or "invested in capital assets".

In the fund financial statements, governmental fund equity is classified as nonspendable and unassigned fund balance. These statements provide more clearly defined fund balance categories to make the nature and extent of the constraints placed on the District's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

NOTES TO FINANCIAL STATEMENTS

Revenue Recognition - Property Taxes and Structure Assessment Fees:

Property taxes and structure assessment fees attach as an enforceable lien on property as of the date the tax rolls are filed with the recorder of mortgages which, by law, must be on or before November 15 of each year. Billed taxes and fees become delinquent on January 1 of the following year. Morehouse Parish Sheriff bills and collects the District's property taxes and structure assessment fees using the assessed values determined by Morehouse Parish Tax Assessor and the assessment fees approved by the voters of the District.

Note 2. Deposits with Financial Institutions

The following is a summary of bank deposits as of December 31, 2021:

Non-interest bearing demand deposit	\$ 215,952
Interest bearing deposit	<u>2,090,811</u>
	<u>\$ 2,306,763</u>

These deposits are reported at cost, which approximates market value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank and deposited with an unaffiliated 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.

As of December 31, 2021, the District had \$2,307,595 in deposits (collected bank balances). These deposits were secured from risk by \$216,202 of federal deposit insurance and \$2,090,561 of pledged securities held by the Federal Home Loan Bank.

There were no repurchase or reverse repurchase agreements as of December 31, 2021. The District had not formally adopted deposit and investment policies as of December 31, 2021 that limit the District's allowable deposits or investments and address the specific types of risk to which the District is exposed.

Note 3. Receivables

As of December 31, 2021, receivables of the District consisted of \$242,210 of property taxes and \$761,948 of structure assessment fees.

NOTES TO FINANCIAL STATEMENTS

Note 4. Taxes and Fees

The District is authorized to levy a maximum tax of 6.7 mills on property within the boundaries of the District for maintenance and operation beginning with the year 2019 and ending with the year 2028. The District levied 6.31 mills for the year ended December 31, 2021. Total property taxes levied were \$275,123.

The following were the principal property taxpayers for Morehouse Parish as a whole:

<u>Taxpayer</u>	<u>Total Assessed Valuation</u>
Entergy Louisiana Holdings, Inc.	\$ 8,955,290
Texas Gas Transmission Corp.	7,756,470
Union Pacific Corp.	4,979,410

For the year ended December 31, 2021, in accordance with the provisions of Louisiana Revised Statute 40:1502.13, as amended, the District levied a structure assessment fee of \$175 on persons owning residential or commercial structures and on persons owning mobile homes, whether occupied or not, located wholly or partly within the boundaries of the District. This fee was levied on each structure for the purpose of providing fire protection and will expire in 2024.

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2020 for the governmental activities of the District is as follows:

	Balance January <u>1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	Balance December <u>31, 2020</u>
Capital assets not being depreciated:				
Land	\$ 4,500	\$ -	\$ -	\$ 4,500
Capital assets being depreciated:				
Buildings	\$ 156,889	\$ -	\$ -	\$ 156,889
Vehicles and equipment	<u>1,122,886</u>	<u>399,513</u>	<u>-</u>	<u>1,522,399</u>
Total capital assets being depreciated	<u>\$1,279,775</u>	<u>\$ 399,513</u>	<u>\$ -</u>	<u>\$1,679,288</u>
Less accumulated depreciation for:				
Buildings	\$ 113,135	\$ 4,136	\$ -	\$ 117,271
Vehicles and equipment	<u>663,381</u>	<u>101,359</u>	<u>-</u>	<u>764,740</u>
Total accumulated depreciation	<u>\$ 776,516</u>	<u>\$ 105,495</u>	<u>\$ -</u>	<u>\$ 882,011</u>
Total capital assets being depreciated, net	<u>\$ 503,259</u>	<u>\$ 294,018</u>	<u>\$ -</u>	<u>\$ 797,277</u>

Depreciation expense was charged to the public safety governmental function.

Note 6. Cooperative Endeavor Agreement

The District entered into a cooperative endeavor agreement with City of Bastrop, Louisiana (the "City"), on September 11, 2013 effective for two years commencing on July 1, 2013. During the first year of the agreement, the District agreed to pay the City \$800,000. Additional amounts as may be necessary to cover the actual costs incurred by the City will be negotiated at least annually (and more often, if required) on or before the first Wednesday in June of each year. The agreement with the same terms was renewed effective July 1, 2015, July 1, 2017, July 1, 2019, and July 1, 2021.

NOTES TO FINANCIAL STATEMENTS

Under the terms of the agreement, the City is to provide fire protection to residents of the District in the same manner as is provided to residents of the City subject to availability of personnel, equipment, and water supply. During the term of the agreement, the District must maintain ownership of (or continue to lease, as lessee) three fire trucks. The District also agrees to maintain and keep in good repair the fire stations contracted or constructed by the District and to pay for all utility services. The City agrees to maintain statutory workman's compensation insurance on all of its employees and to carry a policy of general liability naming the District as an additional insured.

During the year ended December 31, 2021, the District paid the City \$890,756 under the agreement.

Note 7. Risk Management and Contingencies

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District carries commercial insurance to reduce the risk of loss resulting from property damage or liability claims on the fire station buildings and fire trucks. There have been no significant reductions in insurance coverage from coverage in the prior year. Settlements have not exceeded insurance coverage for each of the past three fiscal years.

As of December 31, 2021, the District was not involved in any litigation nor aware of any unasserted claims.

Note 8. Subsequent Events

Since March 2020, the spread of COVID-19 has severely impacted many local economies. Measures taken to contain the spread of the virus have triggered significant disruptions to businesses. There were no significant adverse effects from COVID-19 on the District's financial position during 2020 and 2021. Although not expected, the District's future cash flows could be affected by an economic slowdown that results from measures taken to contain the spread of the virus. The District has determined that the potential impact of COVID-19 is a non-adjusting subsequent event. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2021, have not been adjusted to reflect this potential impact. The duration and impact of the COVID-19 pandemic remains unclear as of the date of this report.

Subsequent events were evaluated through March 7, 2022, which is the date the financial statements were available to be issued, and it was determined that no significant event had occurred requiring disclosure.

REQUIRED SUPPLEMENTARY INFORMATION (Part 2 of 2)

BASTROP AREA FIRE PROTECTION DISTRICT NUMBER TWO
BASTROP, LOUISIANA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP) BUDGETARY BASIS -
GOVERNMENTAL FUND - GENERAL FUND
For the Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget - Favorable (Unfavorable)
Revenues:				
Property taxes	\$ 260,000	\$ 260,000	\$ 265,948	\$ 5,948
Structure assessment fees	900,000	920,000	915,822	(4,178)
Fire insurance rebate	34,000	34,000	30,480	(3,520)
State and refuge revenue sharing	25,000	25,000	27,680	2,680
Interest	12,500	2,000	1,293	(707)
Total revenues	<u>\$ 1,231,500</u>	<u>\$ 1,241,000</u>	<u>\$ 1,241,223</u>	<u>\$(223)</u>
Expenditures:				
Current:				
Public safety:				
Commissioners' and secretary's compensation	\$ 12,600	\$ 12,500	\$ 12,300	\$ 200
Insurance	5,000	5,000	3,230	1,770
Legal and accounting	14,000	14,000	10,515	3,485
Outside services	860,900	945,000	938,099	6,901
Pension cost	10,000	10,000	-	10,000
Repairs and maintenance	150,000	60,000	46,337	13 663
Supplies	50,500	2,500	938	1,562
Utilities	20,000	15,000	14,620	380
Capital outlay	<u>475,000</u>	<u>400,000</u>	<u>399,609</u>	<u>391</u>
Total expenditures	<u>\$ 1,598,000</u>	<u>\$ 1,464,000</u>	<u>\$ 1,425,648</u>	<u>\$ 38,352</u>

(continued)

BASTROP AREA FIRE PROTECTION DISTRICT NUMBER TWO
BASTROP, LOUISIANA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) -
GOVERNMENTAL FUND - GENERAL FUND (Continued)
For the Year Ended December 31, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Net changes in fund balances	\$(366,500)	\$(223,000)	\$(184,425)	\$ 38,575
Fund balance - beginning (non-GAAP and GAAP budgetary basis)	<u>2,491,189</u>	<u>2,491,189</u>	<u>2,087,937</u>	<u>(403,252)</u>
Fund balance - ending (non-GAAP budgetary basis)	<u>\$ 2,124,689</u>	<u>\$ 2,268,189</u>	\$ 1,903,512	<u>\$(364,677)</u>
Adjustments to generally accepted accounting principles:				
Revenue accruals			(26,054)	
Expenditure accruals			3,486	
Deferred inflows of resources accrual			<u>8,847</u>	
Fund balance - ending (GAAP basis)			<u>\$ 1,889,791</u>	

OTHER SUPPLEMENTARY INFORMATION

BASTROP AREA FIRE PROTECTION DISTRICT NUMBER TWO
BASTROP, LOUISIANA

SCHEDULE OF COMPENSATION PAID COMMISSIONERS
As of and for the Year Ended December 31, 2021

The schedule of compensation paid to the commissioners is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the commissioners is included in the public safety expenditures of the General Fund. The commissioners receive compensation pursuant to Louisiana Revised Statute 404.1.

<u>Name and Title</u>	<u>Compensation</u>
James Boyd, Chairman	\$ 6,000
Steve Mitcham	1,200
Jessie Griggs	1,100
Jimmy Luzader	1,200
Anthony Griffith	<u>1,000</u>
Total compensation	<u>\$ 10,500</u>

BASTROP AREA FIRE PROTECTION DISTRICT NUMBER TWO
BASTROP, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS,
AND OTHER PAYMENTS TO AGENCY HEAD
As of and for the Year Ended December 31, 2021

Agency Head Name: James Boyd, Chairman

<u>Purpose</u>	<u>Amount</u>
Compensation	<u>\$ 6,000</u>

HILL, INZINA & COMPANY

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*

Board of Commissioners
Bastrop Area Fire Protection District Number Two
Bastrop, 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 Bastrop Area Fire Protection District Number Two (the "District"), 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 March 7, 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) as a basis for designing 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 District's financial statements will not be prevented, or detected and corrected, on a timely basis. A significance 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 any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-1, that we consider to be a significant deficiency.

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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

District's Response to Findings

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's responses was 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.

This report is intended solely for the information and use of management, the commissioners, others within the District, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by Louisiana Legislative Auditor as a public document.

/s/ Hill, Inzina & Co.

March 7, 2022

BASTROP AREA FIRE PROTECTION DISTRICT NUMBER TWO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS WITH
MANAGEMENT'S RESPONSE AND PLANNED CORRECTIVE ACTION
As of and for the Year Ended December 31, 2021

We have audited the financial statements of the governmental activities and the major fund of Bastrop Area Fire Protection District Number Two (the "District"), 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 March 7, 2022. 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. Our audit of the financial statements as of December 31, 2021 resulted in an unmodified opinion.

Section I - Summary of Auditor's Report

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*

Internal Control

Significant Deficiencies Yes No Material Weaknesses Yes No

Compliance

Material to Financial Statements Yes No

Section II - Financial Statement Findings

2021-1 Inadequate Segregation of Duties (initially cited in first audit conducted by our firm as of and for the two years ended December 31, 1993)

Criteria: Adequate segregation of duties is essential to a proper internal control structure.

Condition: The segregation of duties is inadequate to provide effective internal control.

Cause: The condition is due to economic limitations.

Effect: Not determined.

Recommendation: No action is recommended.

BASTROP AREA FIRE PROTECTION DISTRICT NUMBER TWO
BASTROP, LOUISIANA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
As of and for the Year Ended December 31, 2021

Section I - Internal Control and Compliance Material to Financial Statements

- | | | |
|--------|---|----------------------|
| 2020-1 | Inadequate Segregation of Duties

Adequate segregation of duties is essential to a proper internal control structure. | Unresolved - 2021-1. |
| 2020-2 | Noncompliance with Louisiana Code of Governmental Ethics (initial citing)

Each public servant shall receive a minimum of one hour of education and training on the code of ethics during each year of public employment or term of office. | Resolved. |

Section II - Management Letter

None issued.

HILL, INZINA & COMPANY

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners of Bastrop Area Fire Protection District Number Two and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUP) for the fiscal period January 1, 2021 through December 31, 2021. The Bastrop Area Fire Protection District's (District) management is responsible for those C/C areas identified in the SAUP.

The District 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 SAUP 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 that 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.

**The District had no written policies and procedures addressing these specifics relative to budgeting.
 - 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.

**The District had no written policies and procedures addressing these specifics relative to purchasing.

- c) **Disbursements**, including processing, reviewing, and approving.
**The District had no written policies and procedures addressing these specifics relative to disbursements.
- 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).
**The District had no written policies and procedures addressing these specifics relative to receipts/collections.
- e) **Payroll/Personnel**, including (1) payroll processing, and (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.
**The District had no employees and had no written policies and procedures addressing these specifics relative to payroll/personnel.
- 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.
**The District had no written policies and procedures addressing specifics relative to contracting.
- 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).
**The District had none of these type cards and had no written policies and procedures addressing these specifics relative to these type cards.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
**The District made no reimbursements and had no written policies and procedures addressing these specifics relative to travel and expense reimbursement.
- 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.
**The District had no written policies and procedures addressing these specifics relative to ethics.

- j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/Electronic Municipal Market Access (EMMA) reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

**The District had no outstanding debt and had no written policies and procedures addressing these specifics relative to debt service.

- 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.

**The District had no critical data, backups, software, and systems. All of these are handled by an outside certified public accounting (CPA) firm. The District had no written policies and procedures addressing these specifics relative to information technology disaster recovery/business continuity.

- l) ***Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

**The District had no written policies and procedures addressing these specifics relative to sexual harassment.

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.

**The board of commissioners met with a quorum at least monthly during the fiscal period.

- 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 funds.

**Each board member was provided a monthly budget-to-actual comparison on the general fund but such was not actually referenced or included in the formal minutes.

- 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.

**The general fund did not have a negative ending unassigned fund balance in the prior year audit report.

Bank Reconciliations

- 3. Obtain a listing of the District's 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 four additional accounts (or all accounts if less than five). 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 two months of the related statement closing date (e.g., initialed and dated or electronically logged).

**The bank reconciliations were prepared monthly by an outside CPA firm.

- b) Bank reconciliations include evidence that a member of management/ board member who does not handle cash, post ledgers, or issue checks had reviewed each bank reconciliation (e.g., initialed and dated or electronically logged).

**There was no evidence that a member of management or a board member (with no involvement in the transactions associated with the bank accounts) reviewed the bank reconciliations.

- 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.

**None of the reconciliations had reconciling items that had been outstanding for more than 12 months from the statement closing date.

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 five deposit sites (or all deposit sites if less than five).

**Management of the District provided a listing of deposit sites and representation that the listing was complete.

- 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. five collection locations for five 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.

**The District's collections were made by an outside CPA firm and a cash drawer/register was not used.

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.

**The District's collections were made by an outside CPA firm that also prepared/made bank deposits.

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.

**The District's collections were made by an outside CPA firm that also posted collection entries to the general ledger.

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 verifies the reconciliation.

**The District's reconciliations were made by an outside CPA firm that also was responsible for collecting cash.

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.

**The District's cash transactions were all handled by an outside CPA firm and none of the employees of the CPA firm were bonded relative to the District's collections.

7. Randomly select two deposit dates for each of the five 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). Obtain supporting documentation for each of the ten deposits and:

a) Observe that receipts are sequentially pre-numbered.

**Sequentially pre-numbered receipts were not used by the outside CPA firm.

b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

**Sequentially pre-numbered receipts, system reports, or other related collection documentation were not used to verify collections. Alternatively, transmittal advices were traced to the deposit slips.

- c) Trace the deposit slip total to the actual deposit per the bank statement.
**Deposit slip totals agreed 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 ten miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

**The outside CPA firm did not document the date the monies were received at the collection location (CPA's office). However, the first transmittal advice was dated June 30, 2021, the deposit slip was dated July 19, 2021, and the deposit cleared the bank account on July 20, 2021. The second transmittal advice was dated July 7, 2021, the deposit slip was dated July 12, 2021, and the deposit cleared the bank account on July 13, 2021. The outside CPA's office is not more than ten miles from the depository and both deposits were more than \$100.
- e) Trace the actual deposit per the bank statement to the general ledger.
**The deposits were traced from the bank statement to the general ledger.

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 five locations (or all locations if less than five).

**Management of the District provided a listing of locations that process payments and representation that the listing was complete.
- 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.

**The chairman of the board of commissioners initiated the purchase request, the board approved the purchase, and the chairman placed the order/made the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.

**The outside CPA firm processed payments and the board of commissioners approved 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.

**All payments of the District are processed by an outside CPA firm who also adds vendors to the District's purchasing/disbursement system.

- d) Either the employee or 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.

**The chairman of the board of commissioners and an employee of an outside CPA firm both signed checks and the outside CPA firm mailed and processed the 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 five 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.

**The five randomly selected disbursements matched the related original invoice/billing statement or were approved by the board of commissioners and documented in the minutes.

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

**The board of commissioners approved all disbursements whereas an outside CPA firm processed the payment.

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.

**The District had no active cards during the fiscal period and provided representation to that affect.

- 12. Using the listing prepared by management, randomly select five cards (or all cards if less than five) 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 that 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) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.

**See 5.

b) Observe that finance charges and late fees were not assessed on the selected statements.

**See 5.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select ten transactions (or all transactions if less than ten) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have ten transactions subject to testing). For each transaction, observe that 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).

**See 5.

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 five reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five 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).

**The District made no travel and related expense reimbursements during the fiscal period and provided representation to the affect.

b) 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).

**See preceding a).

c) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**See preceding a).

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. Obtain management's representation that the listing is complete. Randomly select five contracts (or all contracts if less than five) 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.

**Neither of the three contracts that were initiated or renewed during the fiscal period were required by law to be bid.

- 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).

**On June 13, 2019, the board approved the renewal of one contract that expired June 30, 2021. Neither of the three contracts that were initiated or renewed during the fiscal period were documented in the official minutes as being approved by the by the board of commissioners, but only signed/dated by the board chairman.

- 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).

**The contracts were not amended during the fiscal period.

- d) Randomly select one payment from the fiscal period for each of the five 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.

**The examined invoices agreed to the terms and conditions of two of the contracts. No payments were made or required during the fiscal period on the third contract.

Payroll and Personnel

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

**The District had no employees or elected officials during the fiscal period and provided representation to the affect.

17. Randomly select one pay period during the fiscal period. For the five 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).
**See 16.
 - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
**See 16.
 - c) Observe any leave accrued or taken during the pay period is reflected in the District's cumulative leave records.
**See 16.
 - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
**See 16.
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 official's authorized pay rates in the employee or official's personnel file, and agree the termination payment to District policy.
**See 16.
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.
**See 16.

Ethics

20. Using the five randomly selected employees or officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
- a) Observe whether the documentation demonstrates each employee or official completed one hour of ethics training during the fiscal period.
**The District provided documentation that all board members completed one hour of ethics training during the fiscal period.

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

**The District had no written policies and procedures addressing ethics.

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.

**The District did not issue any debt instruments during the fiscal period.

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).

**The District had no bonds/notes outstanding at the end of the fiscal period.

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.

**The chairman of the District's board asserted that there were no misappropriations of public funds and assets during the fiscal period.

24. Observe that 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.

**The District's chairman of the board asserted that the notice was posted on its premises. The District did not have a website.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures and verbally discuss 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.

**The District had no critical data, backups, software, and systems. All of these are handled by an outside CPA firm.

- 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 three months.

**See preceding a).

- 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 five 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.

**See preceding a).

Sexual Harassment

- 26. Using the five randomly selected employees or officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management and observe the documentation demonstrates each employee or official completed at least one hour of sexual harassment training during the calendar year.

**No members of the board of commissioners completed 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 of the District's premises if the District does not have a website).

**The District's chairman of the board asserted that the policy and complaint procedure were posted on its premises. The District did 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 if 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.

**The District did not complete an annual sexual harassment report for the current fiscal period.

b) Number of sexual harassment complaints received by the agency.

**The District's chairman of the board asserted that no sexual harassment complaints were received.

c) Number of complaints which resulted in a finding that sexual harassment occurred.

**See preceding b).

d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

**See preceding b).

e) Amount of time it took to resolve each complaint.

**See preceding b).

We were not engaged by the District 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 SAUP. 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 the District 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 SAUP, 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.

/s/ Hill, Inzina & Co.

Bastrop, Louisiana

March 7, 2022