

**SABINE PARISH FIRE PROTECTION DISTRICT NO. 1
WARDS NO. 1 AND 2
FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2018**



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EUGENE W. FREMAUX II

CERTIFIED PUBLIC ACCOUNTANT

SABINE PARISH FIRE PROTECTION DISTRICT NO. 1, WARDS NO. 1 AND 2
FLORIEN, LOUISIANA
DECEMBER 31, 2018

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INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
Sabine Parish Fire Protection District No. 1, Wards No. 1 and 2
Florien, Louisiana

Report on the Financial Statements

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. 1 and 2, as of and for the year ended December 31, 2018, 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Sabine Parish Fire Protection District No. 1, Wards No. 1 and 2 as of December 31, 2018, 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 16 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 supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sabine Parish Fire Protection District No. 1, Wards No. 1 and 2'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 June 28, 2019 on our consideration of Sabine Parish Fire Protection District No. 1, Wards No. 1 and 2'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

June 28, 2019

SABINE PARISH FIRE PROTECTION DISTRICT NO. 1, WARDS NO. 1 AND 2
FLORIEN, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

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, 2018. 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 \$197,495 to \$2,086,794 during the year.
Net position increased because of excess revenues over operating expenses.
Expenses for the year amounted to \$343,469, an increase of \$11,048.

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

	December 31, 2018	December 31, 2017
Current and other assets	\$ 1,096,388	\$ 1,123,180
Capital assets, net	<u>1,021,778</u>	<u>802,373</u>
Total Assets	<u>\$ 2,118,166</u>	<u>\$ 1,925,553</u>
Current and other liabilities	\$ 31,372	\$ 36,254
Long-term debt	-	-
Net Position		
Invested in capital assets	1,021,778	802,373
Unrestricted	<u>1,065,016</u>	<u>1,086,926</u>
Total net position	<u>2,086,794</u>	<u>1,889,299</u>
Total liabilities and net position	<u>\$ 2,118,166</u>	<u>\$ 1,925,553</u>

The District's net position increased \$197,495 during the year, due to revenues exceeding expenses.

SABINE PARISH FIRE PROTECTION DISTRICT NO. 1, WARDS NO. 1 AND 2
FLORIEN, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

Condensed Statement of Activities

	Year Ended	
	December 31, 2018	December 31, 2017
Expenses	\$ (343,469)	\$ (332,421)
Contributions	-	-
Subtotal	(343,469)	(332,421)
General revenues	540,964	548,295
Change in net position	\$ 197,495	\$ 215,874

During 2018, revenues decreased by \$7,331. Expenses increased by \$11,048 (3%) to \$343,469, primarily due to increased depreciation on capital assets.

FINANCIAL ANALYSIS OF THE FUNDS

The District's governmental fund balance decreased \$21,910 during the year. Expenses increased by \$361,479 to \$562,874, primarily due to an increase in capital outlay expenses for trucks and equipment. Total revenues decreased by \$7,331 primarily due to a small decrease in ad valorem taxes. Capital expenditures are expensed in the general fund financial statements but are capitalized and depreciated in the government-wide financial statements.

CAPITAL ASSETS

The following amounts, consisting primarily of two pumper trucks, were added to capital assets in 2018:

	December 31, 2018	December 31, 2017
Capital assets added	\$ 362,500	\$ -
Capital assets retired	\$ -	\$ -

In 2018 the District purchased 3 pumper/tanker trucks for \$362,500.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District does not expect any significant changes in revenues or expenses for next year.

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. Carroll Ellzey, President, P O Box 38, Florien, LA 71429.

SABINE PARISH FIRE PROTECTION DISTRICT NO. 1, WARDS NO. 1 AND 2
FLORIEN, LOUISIANA
STATEMENT OF NET POSITION

December 31, 2018

ASSETS	
Cash	\$ 542,126
Receivables	544,222
Prepaid expenses	9,152
Capital assets, net of accumulated depreciation	1,021,778
Deposits	<u>888</u>
TOTAL ASSETS	<u>2,118,166</u>
LIABILITIES	
Accounts payable	<u>31,372</u>
TOTAL LIABILITIES	<u>31,372</u>
NET POSITION	
Invested in capital assets	1,021,778
Unrestricted	<u>1,065,016</u>
TOTAL NET POSITION	<u>\$ 2,086,794</u>

The accompanying notes are an integral part of these statements.

SABINE PARISH FIRE PROTECTION DISTRICT NO. 1, WARDS NO. 1 AND 2
 FLORIEN, LOUISIANA
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Expenses	Capital Grants and Contributions	Net (Expenses) Revenue and changes in net position Governmental Unit
FUNCTIONS/PROGRAMS			
Governmental activities:			
General government	<u>\$ 343,469</u>	<u>\$ -</u>	<u>\$ (343,469)</u>
Total governmental activities	<u>343,469</u>	<u>-</u>	<u>(343,469)</u>
General revenues:			
Taxes			502,247
State revenue sharing			22,969
Interest			105
Other			<u>15,643</u>
Total general revenues			<u>540,964</u>
Change in net position			197,495
Net position, beginning of year			<u>1,889,299</u>
Net position, end of year			<u><u>\$ 2,086,794</u></u>

The accompanying notes are an integral part of these statements.

SABINE PARISH FIRE PROTECTION DISTRICT NO. 1, WARDS NO. 1 AND 2
 FLORIEN, LOUISIANA
 GOVERNMENTAL FUNDS
 BALANCE SHEET
 December 31, 2018

ASSETS

Cash	\$ 542,126
Receivables	544,222
Prepaid expenses	9,152
Deposits	<u>888</u>
Total assets	<u><u>\$ 1,096,388</u></u>

LIABILITIES AND FUND BALANCE

Liabilities	
Accounts payable	<u>\$ 31,372</u>
Total liabilities	<u>31,372</u>
Fund balance:	
Nonspendable-prepaid expenses	9,152
Unassigned	<u>1,055,864</u>
Total fund balance	<u>1,065,016</u>
Total liabilities and fund balance	<u><u>\$ 1,096,388</u></u>

The accompanying notes are an integral part of these statements.

SABINE PARISH FIRE PROTECTION DISTRICT NO. 1, WARDS NO. 1 AND 2

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

December 31, 2018

Total fund balances - Governmental Funds		\$ 1,065,016
Cost of capital assets at December 31, 2018	\$ 2,834,386	
Less accumulated depreciation at December 31, 2018	<u>(1,812,608)</u>	<u>1,021,778</u>
Total net position at December 31, 2018 - Governmental Activities		<u>\$ 2,086,794</u>

The accompanying notes are an integral part of these statements.

SABINE PARISH FIRE PROTECTION DISTRICT NO. 1, WARDS NO. 1 AND 2
 FLORIEN, LOUISIANA
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE -
 GOVERNMENTAL FUND
 GENERAL FUND
 Year ended December 31, 2018

Revenues:	
Taxes	\$ 502,247
State revenue sharing	22,969
Grants	-
Interest income	105
Other	<u>15,643</u>
Total revenues	<u>540,964</u>
Expenditures:	
General government:	
Personnel costs	52,834
Occupancy	43,419
Insurance	37,958
Operating services	66,163
Capital outlay	<u>362,500</u>
Total general government	<u>562,874</u>
Excess (deficiency) of revenues over expenditures	(21,910)
Fund balance, beginning of year	<u>1,086,926</u>
Fund balance, end of year	<u><u>\$ 1,065,016</u></u>

The accompanying notes are an integral part of these statements.

SABINE PARISH FIRE PROTECTION DISTRICT NO. 1, WARDS NO. 1 AND 2

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

December 31, 2018

Excess (deficiency) of revenues over expenditures		\$	(21,910)
			-
Capital assets:			
Capital outlay capitalized	\$	362,500	
Depreciation expense for year		<u>(143,095)</u>	<u>219,405</u>
Change in net assets - Governmental Activities			<u>\$ 197,495</u>

The accompanying notes are an integral part of these statements.

SABINE PARISH FIRE PROTECTION DISTRICT NO. 1, WARDS NO. 1 AND 2
FLORIEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

(1) Summary of significant accounting policies

The Sabine Parish Fire Protection District No. 1, Wards No. 1 and 2 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 Village of Florien. 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. 1 and 2 present information only as to the transactions of the programs of the Sabine Parish Fire Protection District No. 1, Wards No. 1 and 2 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.

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 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. 1 and 2'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 changes 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

Consistent with GASB Statement 9, the Sabine Parish Fire Protection District No. 1, Wards No. 1 and 2 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.

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.

SABINE PARISH FIRE PROTECTION DISTRICT NO. 1, WARDS NO. 1 AND 2
FLORIEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

E. Bad debts

Uncollectable accounts receivable are 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. 1 and 2 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. 1 and 2 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 wither 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 establishes (and modifies or rescinds) fund balance commitments and assignments by passage of an ordinance or resolution.

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.

SABINE PARISH FIRE PROTECTION DISTRICT NO. 1, WARDS NO. 1 AND 2
FLORIEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

J. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. 1 and 2 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 \$542,126 deposited in demand and time deposits as of December 31, 2018, \$350,100 was secured through federal depository insurance and \$192,026 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, 2018:

Revenue sharing	\$ 15,331
Fire insurance rebate	17,281
Ad valorem taxes	<u>511,610</u>
Total	<u>\$544,222</u>

(4) Ad valorem taxes

The District is funded primarily with ad valorem taxes amounting to 19.03 mills, which amounted to collections of \$502,247 for 2018.

The District is subject to a number of tax abatement agreements entered into by other governments that reduce the ad valorem tax revenues of the District. These abatements are based on undepreciated values of various contracts as reported by Louisiana Economic Development. Property subject to abatement is located within the District and the total undepreciated property subject to the contracts during the year totaled \$18,415,567. The estimated amount of ad valorem taxes abated through indirect agreements is \$52,567.

(5) Capital assets

A summary of the District's capital assets at December 31, 2018 follows:

SABINE PARISH FIRE PROTECTION DISTRICT NO. 1, WARDS NO. 1 AND 2
FLORIEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

	Land	Vehicles and Equipment	Building Improvements	Total
Cost of capital assets, beginning of year	\$ 86,765	\$ 1,826,324	\$ 558,797	\$ 2,471,886
Deletions	-	-	-	-
Additions	-	362,500	-	362,500
Cost of capital assets, end of year	<u>\$ 86,765</u>	<u>\$ 2,188,824</u>	<u>\$ 558,797</u>	<u>\$ 2,834,386</u>
Accumulated depreciation, beginning of year	\$ -	\$ 1,349,586	\$ 319,927	\$ 1,669,513
Deletions	-	-	-	-
Additions	-	127,250	15,845	143,095
Accumulated depreciation, end of year	<u>\$ -</u>	<u>\$ 1,476,836</u>	<u>\$ 335,772</u>	<u>\$ 1,812,608</u>
Capital assets, net of accumulated depreciation, end of year	<u>\$ 86,765</u>	<u>\$ 711,988</u>	<u>\$ 223,025</u>	<u>\$ 1,021,778</u>

(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) Leases

The Sabine Parish Fire Protection District No. 1, Wards No. 1 and 2 was not obligated under any capital or operating lease commitments at December 31, 2018.

(8) Litigation

There was no outstanding litigation against the Sabine Parish Fire Protection District No. 1, Wards No.1 and 2 at December 31, 2018.

(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 2018 to the Commissioners follows:

Carroll Ellzey	\$390
Jack Hanke	450
John Corley	450
Willis Funderburk	420
Barry Goss	No per diem
Barry Goss	6,000 salary for bookkeeping services

OTHER REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS

SABINE PARISH FIRE PROTECTION DISTRICT NO. 1, WARDS NO. 1 AND 2
 FLORIEN, LOUISIANA
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 For the year ended December 31, 2018

	Original Budget	Final Budget	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues:				
Taxes	\$ 430,000	\$ 502,247	\$ 502,247	\$ -
State revenue sharing	20,000	22,969	22,969	-
Grants	-	-	-	-
Interest income	40	105	105	-
Other	15,500	15,643	15,643	-
	<u>465,540</u>	<u>540,964</u>	<u>540,964</u>	<u>-</u>
Total revenues				
	<u>465,540</u>	<u>540,964</u>	<u>540,964</u>	<u>-</u>
Expenditures:				
General government:				
Personnel costs	53,040	52,834	52,834	-
Occupancy	37,000	43,419	43,419	-
Insurance	38,000	37,958	37,958	-
Operating services	62,325	66,163	66,163	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	290,000	362,500	362,500	-
	<u>480,365</u>	<u>562,874</u>	<u>562,874</u>	<u>-</u>
Total general government				
	<u>480,365</u>	<u>562,874</u>	<u>562,874</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(14,825)	(21,910)	(21,910)	-
Fund balance, beginning of year	<u>1,086,926</u>	<u>1,086,926</u>	<u>1,086,926</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,072,101</u>	<u>\$ 1,065,016</u>	<u>\$ 1,065,016</u>	<u>\$ -</u>

SABINE PARISH FIRE PROTECTION DISTRICT NO. 1, WARDS NO. 1 AND 2
FLORIEN, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2018

CURRENT YEAR FINDINGS

2018-01 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 who has check signature authority. The same individual prepares bank reconciliations and maintains the general ledger. See prior year finding 2017-01, 2106-01 and 2015-01.

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.

Management's Response: See Management's Corrective Action Plan

2018-02 Deposits

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

Condition: The District receives the majority of funds from monthly checks from the Sabine Parish Sheriff, however during 2018 deposits were made only in four months. Of the 10 checks deposited in 2018, only 5 were deposited within 30 days of the check date. The amount posted as a deposit in the general ledger was not always the actual amount of the deposit made, as some bank deposits included more than one check. 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 2017-02, 2016-02 and 2015-02.

Cause: The District does not have adequate procedures in place (1) to assure 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.

Management's Response: See Management's Corrective Action Plan

2018-03 Not Used

2018-04 Not Used

2018-05 Payroll

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

Condition: The District pays a fixed monthly amount to the chief, two assistant chiefs, bookkeeper, Board members and station caretakers and reports these payments (\$48,694 in 2018) in accordance with Form 1099-MISC regulations for payments to independent contractors. 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 2017-05, 2016-05 and 2015-05.

Cause: The District has elected to treat the payments in the past as payments to independent contractors.

Effect: Non-compliance with IRS regulations could expose the District to substantial monetary penalties, in addition to having to pay the IRS for payroll taxes not paid in the past.

Recommendation: Based upon the wording in IRS Publication 5138, I believe the payments being made to the chief, two assistant chiefs, bookkeeper, Board members and station caretakers should be considered payments to employees and not independent contractors.

Management's Response: See Management's Corrective Action Plan

2018-06 Cash Disbursements

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

Condition: Of the 39 cash disbursements we selected for additional testing, 11 (28%) did not have any approved support attached and 1 had no supporting invoice. See prior year finding 2017-06, 2016-06 and 2015-06.

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 approved 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 with proper approved supporting documents attached.

Management's Response: See Management's Corrective Action Plan

2018-07 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: Board minutes are not being published or are not being published timely. No minutes of monthly Board meetings were published in 2018.

Cause: The District has not published all the board minutes. See prior year finding 2017-07, 2016-07 and 2015-07.

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

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

Management's Response: See Management's Corrective Action Plan

PRIOR YEAR FINDINGS

2017-01 Segregation of duties

See corresponding current year finding above.

2017-02 Deposits

See corresponding current year finding above.

2017-03 Not Used

2017-04 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, 2018. 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 2016-04 and 2015-04.

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, 2017 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.

Resolution: The financial statements for the year ended December 31, 2018 were timely filed.

2017-05 Payroll

See corresponding current year finding above.

2017-06 Cash Disbursements

See corresponding current year finding above.

2017-07 Minutes

See corresponding current year finding above.

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 No.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 No. 1 and 2, Florien, Louisiana, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated June 28, 2019.

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, therefore material weaknesses may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses (finding 2018-01, 2018-02 and 2018-06).

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 are described in the accompanying schedule of findings and questioned costs as items 2018-05, and 2018-07.



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
June 28, 2019

SABINE PARISH FIRE PROTECTION DISTRICT NO. 1, WARDS NO. 1 AND 2
FLORIEN, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD
YEAR ENDED DECEMBER 31, 2018

AGENCY HEAD: CARROLL ELLZEY

Per Diem	\$390
Travel	118
Other	None

SABINE PARISH FIRE PROTECTION DISTRICT NO. 1, WARDS NO. 1 AND 2
FLORIEN, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 2018

Current Year Audit Findings (2015)

2015-01 Segregation of duties

Effective immediately (November 2018) person doing the accounting, accounts payable, bank reconciliations etc. will surrender check signing privileges. Monthly bank reconciliations will be reviewed and signed by at least one board member. All check vouchers will be signed by at least one board member who is not involved in the check signing process.

2015-02 Deposits

Deposits will be made within one to two days of being received. Deposits will be documented by a copy of the check and supporting documents received with the check.

2015-03 Budgets

The district's budget will be adopted in December prior to the beginning of the next physical year. The district's budget will be amended if necessary before the close of the fiscal year to be in compliance with the ACT.

2015-04 Annual financial statements

The district will be ready to furnish financial information to the auditor at auditor's request.

2015-05 Payroll

The district will initiate a payroll withholding system effective January 2019!

2015-06 Cash Disbursements

Checks are not issued without proper documentation. All documentation will be attached to the check for signers to view.

2015-07 Minutes

Minutes will be submitted to the official publication within 5 working days from the date of the meeting.


Barry Goss, Secretary/Treasurer


Carroll Ellzey, Chairman

Subsequent to the above responses, in December 2018, District management engaged a local CPA firm to handle bookkeeping for the District, effective January 2019.

Independent Accountant's Report on Applying Agreed-Upon Procedures

Board of Districters
Sabine Parish Fire Protection District No. 1,
Wards No. 1 and 2
Florien, Louisiana

We have performed the procedures enumerated below, which were agreed to by Sabine Parish Fire Protection District No. 1, Wards No. 1 and 2 (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. **Procedure:** Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity'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, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage (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 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results: The Entity does not have formal written policies and procedures for any of the above areas.

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

Board (or Finance Committee

- 2. **Procedure:** 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 that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit 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 entity's collections during the fiscal period.*
- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted 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 unrestricted fund balance in the general fund.

Results: Not applicable

Bank Reconciliations

- 3. **Procedure:** Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity'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 selected each 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, 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 that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results:

- a) The Entity has two bank accounts.
- b) There is no written indication that a member of management has reviewed the bank reconciliations.
- c) All old outstanding items on the bank reconciliations were researched and resolved in early 2019.

Management's Response: The Treasurer, as part of his review process of bank reconciliations, will make sure all bank accounts are reconciled monthly, appropriate review of the reconciliations is done and documented, and that appropriate research documentation is attached for any old outstanding item.

Collections

4. **Procedure:** 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).

Results: No exceptions noted. The collection location is the District office.

5. **Procedure:** 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 that are 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 verifies the reconciliation.

Results: The Entity does not have written documentation supporting the policy or procedure stating that the employee responsible for collecting cash is not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account

Management's Response: Due to the limited staff size, the Entity's policy and procedures for collections does not preclude employees who collect cash from depositing, recording, and reconciling bank accounts. However, beginning in January 2019, the District's collections (which are mainly monthly checks from the

Sheriff) are turned over to the contract CPA to deposit and record in the general ledger.

6. **Procedure:** Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Results: No exception.

7. **Procedure:** 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 that 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).
- e) Trace the actual deposit per the bank statement to the general ledger.

Results: The Sabine Sheriff issued a check to the District in the amount of \$44,970.14 on December 8, 2017, which was not deposited until January 11, 2018. The Sabine Sheriff issued a check to the District in the amount of \$364,785.47 on January 9, 2018, which was not deposited until January 25, 2018.

Management's Response: In the future, the Entity's policy will be to make deposits within a day of receipt.

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

8. **Procedure:** 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).

Results: No exceptions noted.

9. **Procedure:** 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.

Results: The District does not use a requisition or purchase order system. The District does not have formal written policies and procedures regarding who is responsible for adding vendors to the purchasing/disbursement system.

10. **Procedure:** For each location selected under #8 above, obtain the entity'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 that the disbursement matched the related original invoice/billing statement.
- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results: Of the 5 disbursement selected, 3 had evidence of written approval and 2 had no evidence of written approval.

Management's Response: Although there are no written policies and procedures regarding how vendors are added, all significant expenditures are discussed and approved as necessary in Board meetings. In addition, all payments to vendors are reviewed and checks are signed by two individuals.

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

11. **Procedure:** 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.

Results: Not applicable.

12. **Procedure:** 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 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, 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.

Results: Not applicable.

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 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).

Results: Not applicable.

Travel and Expense Reimbursement

14. **Procedure:** 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, agree the reimbursement rate to 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 that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

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

Results: No exceptions.

Contracts

15. **Procedure:** 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 that 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 that 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 that the original contract terms provided for such an amendment.
- 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 that the invoice and related payment agreed to the terms and conditions of the contract.

Results: Not applicable.

Payroll and Personnel

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

Results: Not applicable.

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

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Results: Not applicable.

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

Results: Not applicable.

19. **Procedure:** Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Results: Not applicable.

Ethics

20. **Procedure:** Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above: obtain ethics documentation from management, and:
- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Results: No ethics documentation maintained for 2018.

Debt Service

21. **Procedure:** Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond District approval was obtained for each bond/note issued.

Results: Not applicable.

22. **Procedure:** 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.

Results: Not applicable.

Other

23. **Procedure:** 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 entity reported the misappropriation(s) to the legislative auditor and the District attorney of the parish in which the entity is domiciled.

Results: No exceptions noted.

24. **Procedure:** Observe that the entity 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: Required notice not posted.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

A handwritten signature in black ink, appearing to read 'Eugene W. Fremaux II', with a long horizontal flourish extending to the right.

Eugene W. Fremaux II, CPA
June 27, 2019