

Fire Protection District No. 1 of West Feliciana
Parish
St. Francisville, Louisiana

Financial Statements

As of and for the 24-Month Period Ended June 30, 2019



BRUCE HARRELL & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

**Fire Protection District No. 1 of West Feliciana Parish
Annual Financial Statements
As of and for the 24-Month Period Ended June 30, 2019**

TABLE OF CONTENTS

	Statement/ Schedule	Page
Independent Auditor’s Report		3
Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position.....	A	7
Statement of Activities	B	8
Fund Financial Statements:		
Balance Sheet, Governmental Funds.....	C	10
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Financial Statement of Net Position	D	11
Statement of Revenues, Expenditures, and Changes in Fund Balances	E	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	F	13
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 <i>Government Auditing Standards</i>		14
Schedule of Findings and Responses		16
Schedule of Prior Year Findings and Responses.....		26

Bruce C. Harrell, CPA
Brandy W. Garcia, CPA
Charles L. Johnson, CPA

INTERNET
www.teamcpa.com

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American Institute of CPAs
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BRUCE HARRELL
and COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

109 West Minnesota Park
Park Place Suite 7
Hammond, LA 70403
VOICE: (985) 542-6372
FAX: (985) 345-3156

KENTWOOD OFFICE
P.O. Box 45 - 909 Avenue G
Kentwood, LA 70444
VOICE: (985) 229-5955
FAX: (985) 229-5951

Independent Auditor's Report

To the Board Members of the
Fire Protection District No. 1 of West Feliciana Parish
St. Francisville, Louisiana

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fire Protection District No. 1 of West Feliciana Parish (the "District"), a component unit of the West Feliciana Parish Council, as of and for the 24-month period ended June 30, 2019, which collectively comprise the District's 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 the financial statements based on conducting the 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. Because of the matters described in the "Basis for Disclaimer of Opinion" paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for audit opinions.

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Page 2

Basis for Disclaimer of Opinion

The District was unable to provide a detailed capital asset listing or detailed records supporting capital assets and related balances. Because of the inadequacy of such accounting records, we were unable to obtain sufficient appropriate audit evidence about the amounts at which capital assets and accumulated depreciation are recorded in the accompanying Statement of Net Position, or the amount of depreciation expense in the accompanying Statement of Activities for the 24-month period ended June 30, 2019. Consequently, we were unable to determine whether any adjustments to these amounts were necessary. We were also unable to determine whether any adjustments were necessary to beginning or ending governmental activities net position or components of net position. Additionally, the District was unable to provide certain additional information and documentation related to multiple elements, accounts, and items of the financial statements which was requested as audit evidence. As a result of these matters, we were unable to determine whether any adjustments were necessary to the District's accounts and the elements making up the accompanying financial statements of the District as of and for the 24-month period ended June 30, 2019. Due to the circumstances described in this paragraph which gave rise to the disclaimer of opinion on the financial statements, management elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. These disclosures are a required part of the District's basic financial statements and if these omitted disclosures were included in the financial statements, they might influence the user's conclusions about the District's financial position and results of operations.

Disclaimer of Opinions

Because of the significance of the matters described in "Basis for Disclaimer of Opinion" paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for audit opinions. Accordingly, we do not express opinions on these financial statements.

Other Matters

Prior Period Adjustments

In the current period, the District restated its financial statements for the year ended June 30, 2017 to adjust revenue \$1,712. The current beginning fund balance and beginning net position have been restated to reflect this adjustment.

Additionally, in the current period, the District also restated the financial statements of the governmental activities for the year ended June 30, 2017 in order to correct year-end total deferred outflows of resources related to pension and total deferred inflows of resources related to pension. The District decreased the deferred outflows \$65,153 and increased the deferred inflows \$767 and the beginning net position was restated by \$65,920 to reflect these adjustments. The current year beginning net position has been restated by \$65,920 to reflect these adjustments. The particular prior year(s) for which these adjustments pertain has not been identified. As such, the effect on the June 30, 2016 and June 30, 2015 beginning net position, revenues, and expenses of the governmental activities, if any, has not be determined. Additionally, the effect, if any, on total deferred outflows of resources related to pension and total deferred inflows of resources related to pension as of June 30, 2016 and June 30, 2015 has also not been determined. The financial statements of the District as of and for the years ended June 30, 2016 and June 30, 2015 were audited by other auditors whose opinions dated November 29, 2016 and December 22, 2015, respectively, were unmodified. The previous auditors reported on the 2016 and 2015 financial statements before these adjustments. We were not engaged to audit, review, or apply any procedures to the 2016 or 2015 financial statements of the District, and accordingly, we do not express an opinion or any form of assurance on the 2016 or 2015 financial statements.

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Page 3

Required Supplementary Information

Management has omitted the management's discussion and analysis and budgetary comparison information, as well as the Schedule of the District's Proportionate Share of the Net Pension Liability and the Schedule of the District's Contributions that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our disclaimer of opinion on the financial statements is not affected by the missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2022, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an engagement to perform an audit in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

Kentwood, LA
February 28, 2022

Basic Financial Statements
Government-Wide Financial Statements

Fire Protection District No. 1 of West Feliciana Parish
Statement of Net Position
As of June 30, 2019

	Primary Government
	Governmental Activities
Assets	
Current Assets:	
Cash and Equivalents	\$ 2,306,035
Ad Valorem Taxes Receivable, Net	488
Other Receivables	884
Investments	2,509,005
Prepaid Expenses	190,344
Total Current Assets	5,006,756
Noncurrent Assets:	
Deposits	400
Investments	812,196
Due From Other Government	175,000
Total Noncurrent Assets	987,596
Capital Assets:	
Land	293,929
Capital Assets, Net of Depreciation	6,794,378
Total Capital Assets	7,088,307
Total Assets	13,082,659
Deferred Outflows of Resources	
Pension Related	166,965
Total Deferred Outflows of Resources	166,965
Liabilities	
Current Liabilities:	
Accounts Payable	48,399
Accrued Salaries	7,965
Compensated Absences Payable	2,409
Other Accrued Liabilities	21,827
Unearned Revenue	31,850
Total Current Liabilities	112,450
Long Term Liabilities:	
Net Pension Liability	468,225
Total Long Term Liabilities	468,225
Total Liabilities	580,675
Deferred Inflows of Resources	
Pension Related	120,997
Total Deferred Inflows of Resources	120,997
Net Position	
Investment in Capital Assets	7,088,307
Unrestricted	5,459,645
Total Net Position	\$ 12,547,952

See Independent Auditor's Report.

Fire Protection District No. 1 of West Feliciana Parish
Statement of Activities
For the 24-Month Period Ended June 30, 2019

		Program Revenues			Net (Expenses) Revenues and Change in Net Position
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities
Governmental Activities					
Public Safety	\$ 3,161,017	\$ 10,733	\$ 46,439	\$ -	\$ (3,103,845)
Total Governmental Activities	3,161,017	10,733	46,439	-	(3,103,845)
General Revenues:					
Ad Valorem Tax					3,605,794
Fire Insurance Premium Rebate					105,079
On Behalf Payments - State Supplemental Pay					19,750
Other Income					60,718
Interest Income					77,148
Rental Income					16,721
Insurance Proceeds					7,363
Gain on Asset Disposal					6,727
Total General Revenues and Transfers					3,899,300
Change in Net Position					795,455
Net Position - Beginning					11,816,705
Prior Period Adjustments					(64,208)
Net Position - Beginning (Restated)					11,752,497
Net Position - Ending					\$ 12,547,952

See Independent Auditor's Report.

Basic Financial Statements

Fund Financial Statements

Fire Protection District No. 1 of West Feliciana Parish
Balance Sheet, Governmental Funds
As of June 30, 2019

Statement C

	<u>General Fund</u>
Assets	
Cash and Equivalents	\$ 2,306,035
Ad Valorem Taxes Receivable, Net	488
Interest Receivable	-
Other Receivables	884
Investments	3,321,201
Deposits	400
Prepaid Expenses	190,344
Due From Other Government	<u>175,000</u>
Total Assets	<u><u>\$ 5,994,352</u></u>
 Liabilities, Deferred Inflows of Resources, and Fund Balances	
Liabilities:	
Accounts Payable	\$ 48,399
Accrued Salaries	7,965
Compensated Absences	2,409
Other Accrued Liabilities	21,827
Unearned Revenue	<u>31,850</u>
Total Liabilities	<u>112,450</u>
Deferred Inflows of Resources:	
Intergovernmental Revenue - Unavailable	<u>175,000</u>
Total Deferred Inflows of Resources	<u>175,000</u>
Fund Balances:	
Nonspendable	190,344
Assigned for Buildings	400,232
Assigned for Equipment	5,704
Assigned for Apparatus	2,898,042
Unassigned	<u>2,212,580</u>
Total Fund Balances	<u>5,706,902</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>\$ 5,994,352</u></u>

See Independent Auditor's Report.

**Fire Protection District No. 1 of West Feliciana Parish
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Financial Statement of Net Position
As of June 30, 2019**

Total Fund Balances, Governmental Funds (Statement C) \$ 5,706,902

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the governmental funds. These assets consist of:

Governmental Capital Assets, Net of Accumulated Depreciation 7,088,307

Long-term liabilities of governmental activities are not payable from current resources, and therefore, are not reported in the governmental funds:

Net Pension Liability (468,225)

Receivables not collected within 60 days of period end are not available to pay for current expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds.

175,000

Deferred outflows and inflows of financial resources related to pensions are applicable to a future period and therefore are not reported in the governmental funds. These consist of:

Deferred Outflows of Resources - Pension Related 166,965

Deferred Inflows of Resources - Pension Related (120,997)

Net Position, Governmental Activities (Statement A) \$ 12,547,952

See Independent Auditor's Report.

Fire Protection District No. 1 of West Feliciana Parish
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the 24-Month Period Ended June 30, 2019

	General Fund
Revenues	
Ad Valorem Tax Revenue	\$ 3,605,794
Fire Insurance Premium Rebate	105,079
Other Income	60,657
Interest Income	77,148
Rental Income	16,721
Charges for Services	10,794
On Behalf Payments - State Supplemental Pay	19,750
Total Revenues	3,895,943
Expenditures	
Public Safety:	
Administrative	4,431
Advertising	4,010
Benefits	106,415
Board Per Diem	3,870
Contract Labor	32,821
Dues and Subscriptions	27,808
Insurance	268,764
Payroll Taxes	63,297
Professional Services	59,827
Repairs and Maintenance	178,808
Salaries	1,010,325
Supplies	116,223
Statutory Payments to Pension Funds	117,550
Telephone and Utilities	118,886
Training	44,014
Vehicle Expenses	58,468
Other Expenditures	28,757
Capital Outlays	596,210
Total Expenditures	2,840,484
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,055,459
Other Financing Sources (Uses)	
Insurance Proceeds	7,363
Sale of Fixed Assets	90,000
Total Other Financing Sources (Uses)	97,363
Net Change in Fund Balances	1,152,822
Fund Balance, Beginning	4,552,368
Prior Period Adjustments	1,712
Fund Balance, Beginning Adjusted	4,554,080
Fund Balance, Ending	\$ 5,706,902

See Independent Auditor's Report.

Fire Protection District No. 1 of West Feliciana Parish
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the 24-Month Period Ended June 30, 2019

Net Change in Fund Balances, Governmental Funds (Statement E) \$ 1,152,822

Amounts reported for governmental activities in the Statement of Activities are different because:

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

Expenditures for capital assets	\$	596,210	
Less:			
Current year depreciation		<u>(778,001)</u>	(181,791)

When recognizing the sale of capital assets, the governmental funds report the total proceeds of the sale. However, only the gain or loss is reported on the government-wide statement of activities. These differences consist of:

Gain/(Loss) on asset disposition:

Sales Price (\$90,000 proceeds and \$175,000 deferred inflow of resources for receivables not available to pay for current expenditures)	\$	265,000	
Less: Disposed capital assets, net		<u>(258,273)</u>	\$ 6,727
Less proceeds from sale of assets		<u>(90,000)</u>	(83,273)

Some revenues in the statement of activities do not provide current financial resources and are not reported as revenue in the governmental funds:

Non-employer contributions to cost-sharing pension plan		46,439	
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Some expenses do not require the use of current financial resources and, therefore, are recorded as expenditures in the governmental funds, but are expenses in the in the statement of activities:

Compensated absences payable after one year		2,291	
Pension Expense		<u>(141,033)</u>	

Change in Net Position, Governmental Activities (Statement B) \$ 795,455

See Independent Auditor's Report.

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MEMBERS
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CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

109 West Minnesota Park
Park Place Suite 7
Hammond, LA 70403
VOICE: (985) 542-6372
FAX: (985) 345-3156

KENTWOOD OFFICE
P.O. Box 45 - 909 Avenue G
Kentwood, LA 70444
VOICE: (985) 229-5955
FAX: (985) 229-5951

**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***

To the Board Members of the
Fire Protection District No. 1 of West Feliciana Parish
St. Francisville, Louisiana

We were engaged to 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fire Protection District No. 1 of West Feliciana Parish, St. Francisville, Louisiana, as of and for the 24-month period ended June 30, 2019, which collectively comprise the Fire Protection District No. 1 of West Feliciana Parish's financial statements, and have issued our report thereon February 28, 2022. Our report disclaims an opinion on such financial statements because of our inability to obtain sufficient appropriate audit evidence to provide a basis for audit opinions.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the 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 were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as Findings 2019-001, 2019-002, 2019-003, 2019-004, and 2019-005 that we consider to be material weaknesses.

BRUCE HARRELL AND CO., CPAs

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Page 2

Compliance and Other Matters

In connection with our engagement to audit the financial statements of the District, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as Findings 2019-006, 2019-007, 2019-008, and 2019-009. Additionally, if the scope of our work had been sufficient to enable us to express opinions on the basic financial statements, other instances of noncompliance or other matters may have been identified and reported herein.

Fire Protection District No. 1 of West Feliciana Parish's Response to Findings

Fire Protection District No. 1 of West Feliciana Parish's response to the findings identified in our engagement is described in the accompanying schedule of findings and responses. Fire Protection District No. 1 of West Feliciana Parish's response was not subjected to the auditing procedures applied in the engagement to audit the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

Kentwood, Louisiana
February 28, 2022

**Fire Protection District No. 1 of West Feliciana Parish
Schedule of Findings and Responses
For the 24-Month Period Ended June 30, 2019**

Section I Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified Qualified
Disclaimer Adverse

Internal Control over financial reporting:

Material Weakness(es) identified? Yes No
Significant Deficiency(ies) identified? Yes None Reported

Noncompliance Material to Financial Statements noted? Yes No

Federal Awards - NA

Internal Control over major federal programs:

Material Weakness(es) identified? Yes No
Significant Deficiency(ies) identified? Yes None Reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified Qualified
Disclaimer Adverse

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?
 Yes No

Identification of Major Federal Programs:

Assistance Listing Number(s)	Name of Federal Program (or Cluster)

Dollar threshold used to distinguish between Type A and Type B Programs: \$ _____

Auditee qualified a 'low-risk' auditee? Yes No

Fire Protection District No. 1 of West Feliciana Parish
Schedule of Findings and Responses
For the 24-Month Period Ended June 30, 2019

Section II Financial Statement Findings

Finding Number: 2019- 001 Inadequate Segregation of Duties (Material Weakness)

Criteria: Proper segregation of incompatible duties requires that there be different individuals responsible for authorizing transactions, recording transactions and maintaining custody of related assets.

Condition: As noted in the prior year audit: Duties throughout the financial reporting process, which are considered incompatible, are being performed by the limited staff of the District. Additionally, there is a lack of evidence to support the proper operation of certain compensating controls throughout the year. Specifically: Bank reconciliations are prepared by the CPA, but there is no evidence of subsequent review by someone separate of the reconciliation process. Board minutes do not consistently reflect a board review of financial data, including but not limited to budget to actual data at each of the regular board meetings. Additionally, minutes do not consistently reflect the financial decisions of the board (i.e. Certificate of Deposit renewals, other transaction approvals or specific approval of purchases above limits set by the District). The majority of disbursements are done by the Fire Chief through EFT. While the District contends that copies of bills and reports from banking software are provided to the board members at board meetings, there is no evidence of such reflected in the minutes. Additionally, neither bank statements nor reconciliations are provided to board members to accompany this provided information. During current period: No change in the above condition details noted during the current period. Additional conditions noted that represents an additional lack of evidence of segregation of duties and a lack of evidence of operation of certain compensating controls: Supporting documentation requested for certain disbursements was not provided to us; all requested budget documents were not provided as discussed separately in Finding 2019-006 to follow; all final approved board minutes for the period were not provided (some were incomplete, and several were not signed and as such do not represent final minutes). Finally, during the current period the following additional condition was also noted: certain financial reporting tasks performed by the District's outside CPA were brought inhouse for part of the period. Subsequent to the period end, a CPA was hired by the District and many duties reassigned back to a CPA, but for a portion of the current period, additional financial reporting tasks were being performed in house by the District's limited staff.

Cause: Due to the size and nature of the District, there are few employees and as such, some incompatible duties are not adequately segregated. Additionally, board minutes are not accurately detailed to support the operation of certain compensating controls and missing and incomplete documentation and minutes also creates a lack of evidence to support the operation of certain compensating controls. Finally, turnover in key positions as well as changes implemented during these turnovers created gaps in operation of compensating controls.

Effect: Inadequate segregation of duties exposes the District to several risks, including, but not limited to misappropriation of assets and inaccurate or fraudulent financial reporting. The failure to demonstrate the operation of certain compensating controls increases the pervasiveness of such risks.

Recommendation: The District should attempt to segregate incompatible duties possibly through the use of all personnel or staff and the District's outside CPA as appropriate. The District should work with their outside CPA and the Louisiana Legislative Auditor in evaluating the processes and procedures within their current internal control system, implement necessary changes, and continuously monitor the system going forward. The following additional specific recommendations are also made:

- The Board should be presented with financial data reports, including but not limited to, revenues and expenditure statements, including budget to actual comparisons and a balance sheet. The Board should review the financial information presented at board meetings, and periodically review other financial information.
- Minutes of the board meeting should be taken in enough detail to evidence the Board's review and approval of financial data presented and specific transactions.
- The Board, or at least one member of the Board, should review bank statements and reconciliations.

Fire Protection District No. 1 of West Feliciana Parish
Schedule of Findings and Responses
For the 24-Month Period Ended June 30, 2019

- All supporting documentation for disbursements should be presented with the disbursement instrument for review and approval and maintained as support for such review and approval.
- The District should continue to work with their outside CPA on financial reporting tasks and internal controls over financial reporting, including, but not limited to, segregation of duties.

Management's Response: The Board and Fire Chief are currently closely monitoring the activities of the District; they are also working with our outside CPA on implementing the written policies and procedures recommended by the Louisiana Legislative Auditor for Local Governments.

Contact Person:
Rick Dudley, Fire Chief
(225) 635-4312

Finding Number: 2019-002 Lack of Controls over Capital Assets (Material Weakness)

Criteria: Adequately designed and operating internal controls over financial reporting provides for, among other things, accurate recording of transactions as well as safeguarding of assets. Such controls include, but are not limited to, preparation and reconciliation of detailed subsidiary ledgers that are supported by detailed records; specifically, detailed capital assets listing and records. Additionally, a physical inventory of capital assets allows for the proper accounting for capital assets and provides an opportunity, if one otherwise wouldn't have existed, to note any indicators of impairment.

Condition: The District does not maintain a detailed fixed asset schedule to support the balance in the financial statements and continued to be unable to provide the supporting records for older fixed assets. The District performs weekly inspections of all of its apparatus and equipment, but because there is no complete detailed fixed asset listing, the District was not able to perform a complete physical inventory of fixed assets recorded in the financial statements. Additionally, complete documentation requested for current period capital asset activity was not provided.

Cause: Failure to prepare a detailed fixed asset listing in prior years. Additionally, inadequate financial records available and a lack of adequate time to complete the preparation of such a listing. Finally, complete documentation for current period capital asset transactions was not maintained to support all transactions as the District's financial and related records do not appear to have been maintained in an organized manner. Additionally, turnover in key positions appears to have created gaps in the operation of certain internal controls, including obtaining documentation that fully supports transactions, providing such documentation for review and recording of transactions, and maintaining such documentation.

Effect: Inadequate controls over capital assets exposes the District to several risks, including, but not limited to misappropriation of assets and inaccurate or fraudulent financial reporting.

Recommendation: The District should locate or obtain from third party vendors, detailed records to support all fixed assets. From these records, the District should prepare a detailed fixed asset listing. Finally, the District should perform a complete physical inventory of their capital assets at least annually. Going forward, the District should maintain all supporting documentation to support capital asset transactions, including, documentation to support compliance with state laws (and federal laws, if applicable).

Management's Response: The Fire Chief and Board are working with our outside CPA on adopting the additional written policies and procedures to maintain the required record keeping and safeguards of the District's capital assets.

Contact Person:
Rick Dudley, Fire Chief
(225) 635-4312

Fire Protection District No. 1 of West Feliciana Parish
Schedule of Findings and Responses
For the 24-Month Period Ended June 30, 2019

Finding Number: 2019-003 Inadequate Controls over Disbursements (Material Weakness)

Criteria: Adequately designed and operating internal controls over financial reporting provides for, among other things, adequate documentation to support transactions and to allow for proper review and approval of transactions; including, but not limited to, disbursements.

Condition: The District was unable to provide detailed receipts supporting all credit card transactions as well as requested documentation supporting other disbursement transactions. The District was also unable to provide board minutes in sufficient detail to support the operation of controls over disbursements. Finally, the District was unable to provide complete, final, approved minutes for the entire period and those provided lacked sufficient detail to support the operation of controls over disbursements performed by the Board as noted in Finding 2019-001.

Cause: The District's financial and related records do not appear to have been maintained in an organized manner. Additionally, turnover in key positions appears to have created gaps in the operation of certain internal controls, including obtaining documentation that fully supports transactions, providing such documentation for review and recording of transactions, and maintaining such documentation. Finally, Board minutes are not appropriately detailed to support the operation of certain controls over disbursements, including but not limited to proper disbursement approvals and review of financial data and statements. Board minutes were also not approved and maintained throughout the period as noted in Finding 2019-001 and as such are not able to support the operation of certain controls over disbursements, including but not limited to proper disbursement approvals and review of financial data and statements.

Effect: Without preserving and maintaining individual credit card receipts, adequate records do not exist to demonstrate proper matching of individual receipts to credit card statements or adequate review and approval of such specific transactions. Similarly, without preserving and maintaining supporting documents for all disbursement transactions, adequate records do not exist to demonstrate proper matching of supporting documents to the disbursement instrument or adequate review and approval of such transactions. Finally, failure to keep and maintain adequately detailed board minutes, does not provide record of the operation of certain controls of disbursements. Consequently, inadequate recordkeeping to support all disbursements, fails to demonstrate properly designed and operating internal controls over such transactions and exposes the District to several risks, including, but not limited to misappropriation of assets and inaccurate or fraudulent financial reporting.

Recommendation: The District should work with their outside CPA and the Louisiana Legislative Auditor in evaluating the processes and procedures within their current internal control system, implement necessary changes, and continuously monitor the system going forward. The District should ensure that procedures are performed related to obtaining, reviewing, and approving supporting documentation that permits the proper recording of approved transactions from relevant, sufficient and reliable data and maintaining documentation to support such. Within this, the District should ensure that all individual credit card receipts are collected and matched to the credit card statements. Prior to paying credit card statements, the District should also ensure that the individual receipts accompany the statement for review and approval of the disbursement. The District should also obtain supporting documents for all disbursements and present them along with the disbursement instrument for review, approval and recording of the transactions. Finally, the District should implement a more organized recordkeeping system to ensure that all records are promptly filed and organized in a manner which supports all financial activities and demonstrates properly designed and operating internal controls.

Management's Response: The Fire Chief and Board are working with our outside CPA on ensuring the proper operation of the District's policy regarding credit card usage and disbursements as well as working on ensuring procedures are performed related to obtaining, reviewing, approving and maintaining related supporting documentation.

Fire Protection District No. 1 of West Feliciana Parish
Schedule of Findings and Responses
For the 24-Month Period Ended June 30, 2019

Contact Person:
Rick Dudley, Fire Chief
(225) 635-4312

Finding Number: 2019-004 Lack of Supporting Documentation (Material Weakness)

Criteria: Adequately designed and operating internal controls over financial reporting provides for, among other things, adequate documentation to support transactions and to allow for proper review and approval of transactions.

Condition: The District was unable to provide detailed receipts supporting all credit card transactions as well as requested documentation supporting other disbursement transactions as noted in Point 4. The District was also unable to provide detailed supporting documentation for fixed assets as noted in Point 3. Additionally, the District was unable to provide all requested supporting documentation for certain revenue transactions. This documentation was subsequently obtained from the District's CPA or requested from another governmental entity. Additionally, all supporting documentation for period end accruals and activity from the prior year related to these accruals was not provided. Finally, the District did not provide requested information and supporting documentation related to the existence and operation of certain policies and procedures that affect internal control, including, but not limited to those noted in Findings 2019-001, 2019-002, and 2019-003.

Cause: The District's financial and related records do not appear to have been maintained in an organized manner. Additionally, turnover in key positions appears to have created gaps in the operation of certain internal controls, including, but not limited to, obtaining documentation that fully supports transactions, providing such documentation for review and recording of transactions, and maintaining such documentation.

Effect: Without preserving and maintaining supporting documents for all transactions, adequate records do not exist to demonstrate adequate review, approval, and recording of such transactions. Consequently, inadequate recordkeeping to support all transactions, fails to demonstrate properly designed and operating internal controls over such transactions and exposes the District to several risks, including, but not limited to misappropriation of assets and inaccurate or fraudulent financial reporting. Additionally, it has contributed to our inability to obtain sufficient appropriate audit evidence on which to base an opinion for the 24-month period ended June 30, 2019.

Recommendation: The District should ensure that procedures are performed related to obtaining, reviewing, and approving supporting documentation that permits the proper recording of approved transactions from relevant, sufficient and reliable data and maintaining documentation to support such. Within this, see all recommendations made in the previous findings above. Additionally, the District should obtain supporting documents for all transactions and ensure that it is reviewed for approval and recording of all transactions and maintained in an organized manner.

Management's Response: See findings above. Specifically, the Fire Chief and Board are working with our outside CPA ensuring procedures are performed related to obtaining, reviewing, approving and maintaining related supporting documentation.

Contact Person:
Rick Dudley, Fire Chief
(225) 635-4312

Finding Number: 2019-005 Lack of Reliable Financial Data (Material Weakness)

Criteria: Internal control is generally defined as a process effected by an entity's oversight board, management, and other personnel that provides reasonable assurance that an entity's objectives relating to operations, reporting, and compliance will be achieved. A properly designed and implemented system of internal control over financial reporting that is operating effectively provides, among other things, reasonable assurance that the financial

Fire Protection District No. 1 of West Feliciana Parish
Schedule of Findings and Responses
For the 24-Month Period Ended June 30, 2019

statements are reliable and the entity's assets are safeguarded. It can further provide reasonable assurance that transactions are executed in compliance with applicable laws, regulations, contracts, and grant agreements. Processes within the District's system include policies and procedures that permit the proper recording of approved transactions from relevant, sufficient and reliable data. The District's system also includes processes for preparation of periodic reliable financial information and financial statements which include certain management and board review of the information and statements, including but not limited to, budget to actual comparison.

Condition: As noted in findings above, the District lacked evidence to support the operation of processes within the District's internal control system. Additionally, as evidenced in findings above, the District lacked documentation such that not all recorded transactions were adequately supported to evidence that relevant, sufficient and reliable data was captured in the transaction. Resultantly, it was noted that periodic accurate financial information and statements were not able to be prepared throughout the entire 24-month period ended June 30, 2019 and as such, management nor the board could have routinely reviewed financial information or financial statements for the entire period. As such, controls including but not limited to, management review and board oversight were not operating effectively throughout the entire period. Finally, these above conditions also contributed to a lack of adequate year-end financial close and reporting.

Cause: Turnover in management (the chief position) left gaps in the operation of certain financial reporting tasks as well as changes to the design of certain financial reporting processes as noted in findings above. Resultantly, there appears to be a lack of reliable financial data from which reliable financial information and statements could be prepared and as such were not prepared throughout the period.

Effect: A lack of reliable financial data does not permit for preparation of reliable financial information and statements. This exposes the District to several risks, including, but not limited to misappropriation of assets and inaccurate or fraudulent financial reporting. Finally, it has contributed to our inability to obtain sufficient appropriate audit evidence on which to base an opinion for the 24-month period ended June 30, 2019.

Recommendation: In addition to the recommendations made in the findings above, the District should work with their outside CPA and the Louisiana Legislative Auditor in performing a detailed evaluation of the processes and procedures within their current internal control system, implement necessary changes, and continuously monitor the system going forward.

Management's Response: The Fire Chief and Board are working with our outside CPA on the District's policies and procedures, reviewing the Louisiana Legislative Auditor's Best Practices, and making necessary changes to the District's policies and procedures. Additionally, we are working on ensuring procedures are performed related to obtaining, reviewing, and approving supporting documentation that permits the proper recording of approved transactions from relevant, sufficient and reliable data and maintaining documentation to support such.

Contact Person:
Rick Dudley, Fire Chief
(225) 635-4312

Finding Number: 2019-006 Local Budget Act (Noncompliance)

Criteria: See the following relevant excerpts of the Louisiana Revised Statutes referred to as the Local Budget Act:

LRS 39:1305 requires: a comprehensive budget be presented for the general fund. The budget document must include a budget message and a statement. The budget message must be signed by the preparer and should include a summary description of the proposed financial plan, policies, and objectives, assumptions, budgetary basis, and a discussion of the most important features. The statement must show the estimated fund balances at the beginning of the year; estimates of all receipts and revenues to be received; revenues itemized by source; recommended expenditures itemized by agency, department, function, and character; other financing sources and

Fire Protection District No. 1 of West Feliciana Parish
Schedule of Findings and Responses
For the 24-Month Period Ended June 30, 2019

uses by source and use; and the estimated fund balance at the end of the fiscal year. Such statements must also include a clearly presented side-by-side detailed comparison of such information for the current year, including the fund balances at the beginning of the year, year-to-date actual receipts and revenues received and estimates of all receipts and revenues to be received the remainder of the year; estimated and actual revenues itemized by source; year-to-date actual expenditures and estimates of all expenditures to be made the remainder of the year itemized by agency, department, function, and character; other financing sources and uses by source and use, both year-to-date actual and estimates for the remainder of the year; the year-to-date actual and estimated fund balances as of the end of the fiscal year; and the percentage change for each item of information.

LRS 39:1310 requires amending the budget when the governing authority has received notification pursuant to R.S. 39:1311 (when total revenue and other sources plus projected revenue and other sources for the remainder of the year, within a fund, are failing to meet total budgeted revenues and other sources by five percent or more; when total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more; or when actual beginning fund balance, within a fund, fails to meet estimated beginning fund balance by five percent or more and fund balance is being used to fund current year expenditures), or there has been a change in operations upon which the original budget was adopted....In no event shall a budget amendment be adopted proposing expenditures which exceed the total of estimated funds available for the fiscal year. LRS 1311 also states that "...the adopted budget and any duly authorized adopted amendments shall form the framework from which the chief executive or administrative officers and members of the governing authority of the political subdivision shall monitor revenues and control expenditures..." and that, "...the adopted budget and any duly authorized amendments required by this Section shall constitute the authority of the chief executive or administrative officers of the political subdivision to incur liabilities and authorize expenditures from the respective budgeted funds during the fiscal year..."

LRS 39:1309 (D) requires that upon adoption, certified copies of the budget and adoption instrument shall be transmitted to and retained by the chief executive or administrative officer as required by R.S. 39:1313 which requires the chief executive officer or administrative officer to retain and file certified copies of the adopted budget, budget adoption instrument, duly authorized budget amendments, and copies of supporting schedules and correspondence related to the budget at the domicile of the governing authority.

Condition: See below for specifics by fiscal year:

Fiscal year ended June 30, 2018 - The District provided us their original budget for the fiscal year ended June 30, 2018, and while they provided us with an extensive budget document including detailed budget information, the budget statement was not presented in the format prescribed by the above referenced statute. Additionally, budget amendments and final budget for the fiscal year ended June 30, 2018 were not provided to us. One budget amendment was noted in board minutes provided however: (1) the following month's minutes indicate a change to the previous minutes without details of such change, and (2) minutes provided for several months within the fiscal year are not signed and therefore whether final minutes include any additional budget amendments cannot be ascertained.

Fiscal year ended June 30, 2019 - The District was unable to provide us their approved budget for the fiscal year ended June 30, 2019 nor any approved amendments to that budget or the final fiscal year end budget. A public hearing and approval of the 2019 budget was noted in the board minutes provided to us, however the minutes were unsigned. One possible budget amendment was noted in board minutes provided however: (1) the wording was unclear if the approval was already included in the budget or if a budget amendment was being requested and subsequently approved, (2) the minutes provided were missing a page, which may have had additional information or amendments and would have included the approval signatures, and (3) minutes provided for the fiscal year are not signed, including several that are incomplete and as such, inclusion of budget amendments in the final board minutes throughout the fiscal year cannot be ascertained. The District did provide a current budgeting spreadsheet that management indicated was used in their fiscal year 2021 budgeting, and which included a fiscal year 2019 comparative column. The District purported that this fiscal year 2019 column

Fire Protection District No. 1 of West Feliciana Parish
Schedule of Findings and Responses
For the 24-Month Period Ended June 30, 2019

represents the final 2019 budget, however no original approved budget nor approved amendments were provided to substantiate the amounts therein nor compliance with requirements of approved budgets and amendments.

Cause: The original 2018 budget document contains extensive detailed information however a prior year apparent format requirement oversight continued into preparation of the fiscal year 2018 budget due to the timing of the fiscal year 2017 audit findings. As it relates to the remainder of the conditions, the District's financial and related records do not appear to have been maintained in an organized manner, including board minutes. Additionally, turnover in key positions appears to have created gaps in the operation of certain processes within the District's internal control system, including, but not limited to those required by statute such as proper budget documentation and maintenance as well as the taking, approving, and maintaining accurately detailed board minutes.

Effect: See below for specifics by fiscal year:

Fiscal year ended June 30, 2018 - Apparent noncompliance with LRS 39:1305 on budget format and LRS 39:1309 (D) on budget retention; possible noncompliance with LRS 39:1310 and 1311.

Fiscal year ended June 30, 2019 - Possible noncompliance with all statutes referenced above in "Condition".

Recommendation: The District should present and approve its budget in accordance with the Local Budget Act. The District should amend its budget as necessary in accordance with the Local Budget Act. The District should maintain its approved budget and budget amendments in accordance with the Local Budget Act. The District should also ensure that board minutes are kept in sufficient and accurate detail and final approved minutes should be signed and maintained.

Management's Response: The previous Fire Chief attended seminars of the Louisiana Legislative Auditor and prepared the District's 2018 budget based on what he learned from those seminars. The following year's budget was changed in an attempt to comply with the required format. The District will consult with the LLA through review of their published best practices and its budget template and will work with its CPA on changes necessary for compliance with the Local Budget Act. Additionally, the Fire Chief and Board are working with our outside CPA ensuring procedures are performed related to preparing, reviewing, approving and maintaining board minutes.

Contact Person:
Rick Dudley, Fire Chief
(225) 635-4312

Finding Number: 2019-007 Inadequate Recordkeeping (Noncompliance)

Criteria: The District is required to maintain accounting records in such a manner as to comply with RS 24:513, requiring an audit of the District's financial statements. Louisiana Revised Statute (RS 44:36) further requires the preservation of public records for the period(s) of time for a retention period prescribed in the statute. Finally, certain records related to fixed assets must be maintained as described in Louisiana Revised Statute (RS 24:515 B.(1)) as follows: "The head of every auditee subject to examination and audit under the provisions of R.S. 24:513(A) shall maintain records of all land, buildings, improvements other than buildings, equipment, and any other general fixed assets which were purchased or otherwise acquired, and for which such entity is accountable. The records shall include information as to the date of purchase of such property or equipment, the initial cost, the disposition, if any, the purpose of such disposition, and the recipient of the property or equipment disposed of. When ascertaining the exact cost, exact selling price, or any other relevant information on property or equipment obtained prior to January 1, 1980, creates a hardship on the auditee, such agency may provide estimates of the information. The records shall be made available to the legislative auditor or, when the audit is conducted by a certified public accountant, the certified public accountant, at the time of examination and audit of the auditee, or any such time as the legislative auditor or certified public accountant requests the copies of such records be

Fire Protection District No. 1 of West Feliciana Parish
Schedule of Findings and Responses
For the 24-Month Period Ended June 30, 2019

furnished. The records shall not include office supplies. Said records shall be used as one of the criteria in determining the rating which the auditee will be given.”

Additionally, the District’s use of funds is limited by state law. Article VII, Section 14(A) of the Louisiana Constitution states, “Except as otherwise provided by this constitution, the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private...” Use of the District’s funds is limited by its public purpose and it’s approved operating budget. It is further limited by other specific sections of Louisiana Revised Statutes (examples of such include, but are not limited to, those related to Public Bid Law, and those related to meals and travel.)

Condition: The District does not maintain an accurate detail fixed asset schedule and was unable to provide supporting records for fixed assets as described in Finding 2019-002 above. Additionally, the District lacked supporting documentation for transactions as noted in Findings 2019-003 and 2019-004 above which contributed to a lack of reliable financial data to be used in preparation of reliable financial information and statements as noted in Finding 2019-005 above. Finally, the District did not maintain budgets as specifically described in Finding 2019-006. Without adequate supporting documentation and the maintenance of approved budgets and amendments, the District was unable to demonstrate compliance with limits on its use of funds.

Cause: See Findings 2019-002, 2019-003, 2019-004, 2019-005 and 2019-006 above.

Effect: Apparent violation of the above referenced statutes. Additionally, possible violation of the above referenced section of the Louisiana Constitution and state laws governing the use of District funds.

Recommendation: See Findings 2019-002, 2019-003, 2019-0004, 2019-005, 2019-006 above.

Management’s Response: See Findings 2019-002, 2019-003, 2019-0004, 2019-005, 2019-006 above.

Contact Person:
Rick Dudley, Fire Chief
(225) 635-4312

Finding Number: 2019-008 Audit Requirement (Noncompliance)

Criteria: The District is subject to audit requirements as defined in Revised Statutes 24:513(A) for filing financial audit reports. The general deadline for filing is six months after the end of the entity’s fiscal year, but may be extended per Legislative Auditor approval.

Condition: The District is currently beyond the statutory deadline and beyond its last approved extension. Additionally, the Independent Auditor’s Report includes a disclaimer of opinion on the District’s financial statements for the 24-month period ended June 30, 2019.

Cause: Conditions noted in above findings contributed to delays in audit timing as well as contributed to our inability to obtain sufficient appropriate audit evidence on which to base an opinion for the 24-month period ended June 30, 2019.

Effect: Apparent violation of the above referenced statute.

Recommendation: Recommendations in all above findings will aid in timely audit procedures and in providing sufficient appropriate audit evidence.

Management’s Response: See responses to above findings.

Fire Protection District No. 1 of West Feliciana Parish
Schedule of Findings and Responses
For the 24-Month Period Ended June 30, 2019

Contact Person:
Rick Dudley, Fire Chief
(225) 635-4312

Finding Number: 2019-009 Payroll Tax Filing and Remittance (Noncompliance)

Criteria: Withholding by employers of tax on wages is required by the federal government. The District withholds the employee portion of the payroll taxes and as such, is responsible for promptly remitting those taxes along with the employer payroll taxes (semimonthly a week after payroll). Additionally, the District is required by federal law to report quarterly wages, tips, and other compensation paid to employees by filing the required federal form, Form 941, by the last day of the month that follows the quarter (10 additional calendar days allowed for employers that made timely deposits of all taxes when due).

Condition: During procedures performed in connection with our engagement to audit the District's financial statements, it was noted that the 2nd quarter of 2019 payroll taxes were remitted late and that the 2nd quarter Form 941 for 2019 was filed late. The District's outside CPA subsequently communicated to us that the Form 941 for the 1st and 2nd quarter from 941 were filed in April 2020.

Cause: Conditions noted in above findings contributed to delays in payroll tax remittance and Form 941 reporting.

Effect: Apparent violation of the tax payment remittance requirements and Form 941 reporting requirements.

Recommendation: Recommendations in all above findings will aid in timely remittance of correct payroll tax amounts and timely filing of Form 941. Additionally, specific recommendation that the District ensure use of outside CPA for these remittances and Form 941 preparation.

Management's Response: See responses to above findings. Also, the District has hired an outside CPA who assists in financial reporting tasks including payroll tax reporting and remittance assistance. Currently, all penalties associated with late filings has been waived by taxing authorities and the District is in compliance with all payroll tax returns and tax payments.

Contact Person:
Rick Dudley, Fire Chief
(225) 635-4312

Section III Federal Award Findings and Questioned Costs

N/A

**Fire Protection District No. 1 of West Feliciana Parish
Schedule of Prior Year Findings and Responses
For the 24-Month Period Ended June 30, 2019**

Financial Statement Findings

Finding Number: 2017- II Inadequate Segregation of Duties (Material Weakness)

Criteria: Proper segregation of incompatible duties requires that there be different individuals responsible for authorizing transactions, recording transactions and maintaining custody of related assets.

Condition: Duties throughout the financial reporting process, which are considered incompatible, are being performed by the limited staff of the District. Additionally, there is a lack of evidence to support the proper operation of certain compensating controls throughout the year. Specifically: Bank reconciliations are prepared by the CPA, but there is no evidence of subsequent review by someone separate of the reconciliation process. Board minutes do not consistently reflect a Board Review of financial data, including but not limited to budget to actual data at each of the regular Board Meetings. Additionally, minutes do not include financial decisions of the board (i.e. Certificate of Deposit renewals and other transaction approvals, specific approval of purchases above limits set by the District). The majority of disbursements are done by the Fire Chief through EFT. While the District maintains copies of bills and reports from banking software are provided to the board members at board meetings, there is no evidence of such reflected in the minutes. Additionally, neither bank statements nor reconciliations are provided to board members to accompany this provided information.

Cause: Due to the size and nature of the District, there are few employees and as such, some incompatible duties are not adequately segregated. Additionally, board minutes are not accurately detailed to support the operation of certain compensating controls.

Effect: Inadequate segregation of duties exposes the District to several risks, including, but not limited to misappropriation of assets and inaccurate or fraudulent financial reporting. The failure to demonstrate the operation of certain compensating controls increases the pervasiveness of such risks.

Recommendation: The District should attempt to segregate incompatible duties possibly through the use of all personnel or staff and the District's outside accountant as appropriate. The following specific recommendations are also made:

- The Board should be presented with financial data reports, including but not limited to, revenue and expenditure statements, including budget to actual comparisons and a balance sheet. The Board should review the financial information presented at board meetings, and periodically review other financial information.
- Minutes of the board meeting should be taken in enough detail to evidence the Board's review and approval of financial data presented and specific transactions.
- The Board, or at least one member of the Board, should review bank statements and reconciliations.

Management's Response: The Board and Fire Chief are of the opinion that they are closely monitoring the activities of the District; they are working on additional written policies to improve those controls by implementing the written policies and procedures recommended by the Louisiana Legislative Auditor for Local Governments.

Contact Person:
James Wood, Fire Chief
(225) 635-4312

Current Period Status: Repeated as part of current year Finding 2019-001.

**Fire Protection District No. 1 of West Feliciana Parish
Schedule of Prior Year Findings and Responses
For the 24-Month Period Ended June 30, 2019**

Finding Number: 2017- I2 Lack of Controls over Capital Assets (Material Weakness)

Criteria: Adequately designed and operating internal controls over financial reporting provides for, among other things, accurate recording of transactions as well as safeguarding of assets. Such controls include, but are not limited to, preparation and reconciliation of detailed subsidiary ledgers that are supported by detailed records; specifically, detailed capital assets listing and records. Additionally, a physical inventory of capital assets allows for the proper accounting for capital assets and provides an opportunity, if one otherwise wouldn't have existed, to note any indicators of impairment.

Condition: The District does not maintain a detailed fixed asset schedule to support the balance in the financial statements and was unable to provide the supporting records for older fixed assets. The District performs weekly inspections of all of its apparatus and equipment, but because there is no complete detailed fixed asset listing, the District was not able to perform a complete physical inventory of fixed assets recorded in the financial statements.

Cause: Failure to prepare a detailed fixed asset listing in prior years. Additionally, inadequate financial records available and a lack of adequate time to complete the preparation of such a listing.

Effect: Inadequate controls over capital assets exposes the District to several risks, including, but not limited to misappropriation of assets and inaccurate or fraudulent financial reporting.

Recommendation: The District should locate or obtain from third party vendors, detailed records to support fixed assets. From these records, the District should prepare a detailed fixed asset listing. Finally, the District should perform a complete physical inventory of all of their capital assets at least annually.

Management's Response: The Fire Chief and Board are working on adopting the required additional written policies and procedures to maintain the required record keeping of the District's capital assets.

Contact Person:
James Wood, Fire Chief
(225) 635-4312

Current Period Status: Repeated as part of current year Finding 2019-002.

Finding Number: 2017- I3 Inadequate Controls over Disbursements (Material Weakness)

Criteria: Adequately designed and operating internal controls over financial reporting provides for, among other things, adequate documentation to support transactions and to allow for proper review and approval of transactions; including, but not limited to, disbursements.

Condition: During procedure performed during the agreed upon procedures engagement, it was noted that the District was unable to provide detailed receipts supporting all credit card transactions.

Cause: The District's financial and related records for credit cards were not maintained in an organized manner. The District maintains all disbursement documentation for credit cards in one file for the entire year.

Effect: Without preserving and maintaining individual credit card receipts, adequate records do not exist to demonstrate proper matching of individual receipts to credit card statements or adequate review and approval of such specific transactions. Consequently, inadequate recordkeeping to support specific credit card transactions fails to demonstrate properly designed and operating internal controls over such

Fire Protection District No. 1 of West Feliciana Parish
Schedule of Prior Year Findings and Responses
For the 24-Month Period Ended June 30, 2019

transactions and exposes the District to several risks, including, but not limited to misappropriation of assets and inaccurate or fraudulent financial reporting.

Recommendation: The District should ensure that all individual credit card receipts are collected and matched to the credit card statements. Prior to paying credit card statements, the District should also ensure that the individual receipts accompany the statement for review and approval of the disbursement. Finally, the District should implement a more organized recordkeeping system for credit cards to ensure that all records are promptly filed and organized in a manner which supports all financial activities and demonstrates properly designed and operating internal controls.

Management's Response: The Fire Chief and Board are working on ensuring the proper operation of the District's policy regarding credit card usage.

Contact Person:
James Wood, Fire Chief
(225) 635-4312

Current Period Status: Repeated as part of current year Finding 2019-003.

Finding Number: 2017- C1 Inadequate Recordkeeping (Noncompliance)

Criteria: The District is required to maintain accounting records in such a manner as to comply with RS 24:513, requiring an audit of the District's financial statements. Louisiana Revised Statute (RS 44:36) further requires the preservation of records for the period(s) of time for a period of record retention prescribed in the statute. Finally, certain records related to fixed assets must be maintained as described in Louisiana Revised Statute (RS 24:515 B.(1)) as follows: "The head of every auditee subject to examination and audit under the provisions of R.S. 24:513(A) shall maintain records of all land, buildings, improvements other than buildings, equipment, and any other general fixed assets which were purchased or otherwise acquired, and for which such entity is accountable. The records shall include information as to the date of purchase of such property or equipment, the initial cost, the disposition, if any, the purpose of such disposition, and the recipient of the property or equipment disposed of. When ascertaining the exact cost, exact selling price, or any other relevant information on property or equipment obtained prior to January 1, 1980, creates a hardship on the auditee, such agency may provide estimates of the information. The records shall be made available to the legislative auditor or, when the audit is conducted by a certified public accountant, the certified public accountant, at the time of examination and audit of the auditee, or any such time as the legislative auditor or certified public accountant requests the copies of such records be furnished. The records shall not include office supplies. Said records shall be used as one of the criteria in determining the rating which the auditee will be given."

Condition: The District does not maintain a detail fixed asset schedule and was unable to provide supporting records for fixed assets as described in Finding 2017-I2 above. Additionally, the District failed to maintain adequate accounting records for credit card purchases as described in Finding 2017-I3.

Cause: See Findings 2017-I2 and 2017-I3 above.

Effect: Apparent violation of the above references statutes.

Recommendation: See Findings 2017-I2 and 2017-I3 above.

Management's Response: See Findings 2017-I2 and 2017-I3 above.

**Fire Protection District No. 1 of West Feliciana Parish
Schedule of Prior Year Findings and Responses
For the 24-Month Period Ended June 30, 2019**

Contact Person:
James Wood, Fire Chief
(225) 635-4312

Current Period Status: Repeated as part of current year Finding 2019-007.

Finding Number: 2017- C2 Local Budget Act (Noncompliance)

Criteria: The Local Budget Act, specifically LRS 39:1305, requires a comprehensive budget be presented for the general fund. The budget document must include a budget message and a statement. The budget message must be signed by the preparer and should include a summary description of the proposed financial plan, policies, and objectives, assumptions, budgetary basis, and a discussion of the most important features. The statement must show the estimated fund balances at the beginning of the year; estimates of all receipts and revenues to be received; revenues itemized by source; recommended expenditures itemized by agency, department, function, and character; other financing sources and uses by source and use; and the estimated fund balance at the end of the fiscal year. Such statements must also include a clearly presented side-by-side detailed comparison of such information for the current year, including the fund balances at the beginning of the year, year-to-date actual receipts and revenues received and estimates of all receipts and revenues to be received the remainder of the year; estimated and actual revenues itemized by source; year-to-date actual expenditures and estimates of all expenditures to be made the remainder of the year itemized by agency, department, function, and character; other financing sources and uses by source and use, both year-to-date actual and estimates for the remainder of the year; the year-to-date actual and estimated fund balances as of the end of the fiscal year; and the percentage change for each item of information.

Condition: The District prepared an extensive budget document including a detailed budget for 2017. However, the District did not present its 2017 budget in the format prescribed by the above referenced statute nor did it include the required budget message. The budget document contains extensive detailed information and as such, the condition is primarily form over content in nature.

Cause: The budget document contains extensive detailed information. There was an apparent oversight in regards to specific format required.

Effect: Apparent noncompliance with the above referenced statute.

Recommendation: The District should present its budget in accordance with the Local budget Act.

Management's Response: The Fire Chief attended seminars of the Louisiana Legislative Auditor and prepared the District's budget based on what he learned from those seminars. The current year budget will be amended using the required format of the Local Government Budget Act, and the District will prepare future budgets using the same format.

Contact Person:
James Wood, Fire Chief
(225) 635-4312

Current Period Status: Repeated as part of current year Finding 2019-006

Federal Award Findings and Questioned Costs

N/A

This schedule was prepared by management.