

NORTH SABINE FIRE PROTECTION DISTRICT

ZWOLLE, LOUISIANA

FINANCIAL STATEMENTS

December 31, 2019

Marsha O. Millican  
A Professional Accounting Corporation  
Shreveport, Louisiana

**NORTH SABINE FIRE PROTECTION DISTRICT**

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**NORTH SABINE FIRE PROTECTION DISTRICT**

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# Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

## Independent Auditor's Report

To the Board of Commissioners  
North Sabine Fire Production District  
Zwolle, Louisiana

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental activities and major fund of North Sabine Fire Protection District (the District), a component unit of the Sabine Parish Police Jury, as of and for the year ended December 31, 2019, 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**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North Sabine Fire Protection District as of December 31, 2019, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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, budgetary comparison information, schedule of employer's share of net pension liability, and schedule of employer pension contributions be presented to supplement the basic financial statements. Such information is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### ***Other Supplementary Information***

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 26 and 27 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information 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. Such 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 such information directly to the underlying accounting and other 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 my opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my reported dated May 19, 2020 on my consideration of North Sabine Fire Protection District's internal control over functional reporting and financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North Sabine Fire Protection District's internal control over financial reporting and compliance.



Certified Public Accountant

May 19, 2020

**NORTH SABINE FIRE PROTECTION DISTRICT  
P. O. BOX 81  
ZWOLLE, LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of North Sabine Fire Protection District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on December 31, 2019. Please read it in conjunction with the District's financial statements, which follows this section.

**FINANCIAL HIGHLIGHTS**

The District had net position of \$5,088,237 at year end which represents an increase from the prior year of \$656,808.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

These financial statements consist of the following - Management's Discussion and Analysis (this section), the basic financial statements, and Notes to Financial Statements. These components are described below:

***Basic Financial Statements***

This annual report consists of a series of financial statements. The Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and provide information about the activities of the District as a whole and present a longer-term view of the District's finances. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report the District's net position and changes in them. You can think of the District's net position, the difference between assets and liabilities, as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating.

## FINANCIAL ANALYSIS OF THE ENTITY

### *Net Position*

Net position may serve over time as a useful indicator of the District's financial position. The District's assets exceeded liabilities by \$5,008,237 as of December 31, 2019.

The District's major assets are its fixed assets of \$2,667,616 representing its investment in capital assets such as land, buildings and improvements, equipment and furniture, less the related debt used to acquire those assets that is still outstanding. The District owed \$ 761,868 at year end on the debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to the citizens of the District; consequently, these assets are not available for future spending. Revenues needed to repay the related debt will be provided through tax assessments on property located within the District.

### **North Sabine Fire Protection District December 31,**

	<b>2019</b>	<b>2018</b>
Current assets	\$ 3,252,732	\$ 1,967,055
Capital assets	2,667,616	2,918,513
Total Assets	<u>5,920,348</u>	<u>4,885,568</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>
Current liabilities	70,243	131,895
Noncurrent liabilities	761,868	761,867
Total liabilities	<u>832,111</u>	<u>893,762</u>
Deferred inflows of resources	<u>-</u>	<u>-</u>
Net position:		
Invested in capital assets, net of related debt	1,905,749	2,074,681
Unrestricted	<u>3,182,488</u>	<u>2,356,748</u>
Net Position	<u>\$ 5,088,237</u>	<u>\$ 4,431,429</u>

***Changes in Net Position***

The District's net position increased by \$856,090 during the year ended December 31, 2019. Approximately 93% (\$1,547,970) of the District's total revenue was derived through property taxes.

Expenses incurred by the District are primarily for the provision of fire protection and emergency medical treatment to the citizens of the District.

In 2019, revenues exceeded expenses, resulting in an increase in net position of \$656,808.

**North Sabine Fire Protection District's Changes in Net Position  
For the Year Ended December 31,**

	<u>2019</u>	<u>2018</u>
<b>Revenues:</b>		
Program revenues:		
Intergovernmental	\$ 71,634	\$ 70,834
General revenues:		
Property taxes	1,348,688	1,011,765
Other	37,898	3,209
	<u>1,458,220</u>	<u>1,085,808</u>
Total revenues		
	<u>1,458,220</u>	<u>1,085,808</u>
<b>Expenses:</b>		
Public safety - fire protection	773,346	734,856
Interest on long-term debt	28,066	30,704
	<u>801,412</u>	<u>765,560</u>
Total expenses		
	<u>801,412</u>	<u>765,560</u>
Increase (Decrease) in net position	<u>\$ 656,808</u>	<u>\$ 320,248</u>



## **FINANCIAL ANALYSIS OF THE DISTRICT'S INDIVIDUAL FUNDS**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### ***Governmental Funds***

The focus of the District's governmental funds is to provide information on the near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the year.

As of the end of the current year, the District's governmental funds reported combined ending fund balances of \$3,033,111.

Of the total fund balance at year end, \$3,033,111 is unassigned and available for spending in the coming year.

The general fund is the chief operating fund of the District. As a measure of the general fund's liquidity, it may be useful to compare the unreserved fund balance to total fund expenditures. The fund balance of the general fund increased by \$768,878 during 2019.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

Formal budgetary integration is employed as a management control device during the fiscal year. The budget policy of the District complies with state law, as amended, and as set forth in Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA - R.S. 39:1301 et seq).

The District's budget was amended during 2019.

The actual expenditures were \$ 64,287 less than budgeted; and the actual revenues exceeded budgeted revenue by \$62,184.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### ***Capital Assets***

The District's investment in capital assets for its governmental activities as of December 31, 2019, totaled \$7,087,199 net of accumulated depreciation of \$4,419,583 leaving a book value of \$2,667,616. This investment in capital assets includes fire stations (land, buildings and improvements), fire trucks, emergency response vehicles, fire fighting and rescue equipment, office equipment and furniture (equipment and furniture).

Actual costs to purchase capital assets were \$66,417 for the year. Depreciation charges for the year totaled \$317,314.

### *Debt Administration*

The District reduced its long term debt by \$81,964 during the year ended December 31, 2019.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The following economic factors were considered when the budget for the fiscal year ended December 31, 2020 was prepared..

Revenues are expected to stay consistent for 2020.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the finances of the North Sabine Fire Protection District for all of the District's citizens, taxpayers, investors, and creditors. The financial report seeks to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Mr. Jerry McDonald, President, P. O. Box 81, Zwolle, Louisiana 71486.

**NORTH SABINE FIRE PROTECTION DISTRICT**

Statement of Net Position

December 31, 2019

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<b>ASSETS</b>	
<b>Current Assets</b>	
Cash	\$ 1,906,103
Ad valorem taxes receivable	1,346,629
Total Current Assets	<u>3,252,732</u>
<b>Noncurrent Assets</b>	
Capital Assets, net	2,667,616
Total Noncurrent Assets	<u>2,667,616</u>
Total Assets	<u>5,920,348</u>
<b>Deferred Outflows of Resources</b>	<u>-</u>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts payable and accruals	70,243
Current portion of long term debt	84,690
Total Current Liabilities	<u>154,933</u>
<b>Long Term Liabilities</b>	
Long term debt	<u>677,178</u>
Total Liabilities	<u>832,111</u>
<b>Deferred Inflows of Resources</b>	<u>-</u>
<b>NET POSITION</b>	
Invested in capital assets, net of related debt	1,905,749
Unrestricted	<u>3,182,488</u>
Net Position	<u>\$ 5,088,237</u>

**The notes to the financial statements are an integral part of this statement.**

**NORTH SABINE FIRE PROTECTION DISTRICT**

Statement of Activities

For the Year Ended December 31, 2019

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and</u>
	<u>Expenses</u>	<u>Operating</u>	<u>Capital</u>	<u>Changes in Net Position</u>
		<u>Grants</u>	<u>Grants and</u>	
			<u>Contributions</u>	
<b>Governmental Activities:</b>				
Public safety-fire protection	\$ 773,346	\$ -	\$ -	\$ (773,346)
Interest on long term debt	28,066	-	-	(28,066)
Total Governmental Activities	\$ 801,412	\$ -	\$ -	\$ (801,412)
<b>General Revenues:</b>				
Taxes				
Ad valorem taxes				1,348,688
State fire insurance rebate				40,979
State revenue sharing				30,655
Interest Earned				2,825
Miscellaneous				35,073
Total General Revenues				1,458,220
Change in Net Position				656,808
<b>Net Position, beginning of year,</b>				4,431,429
<b>Net Position, end of year</b>				<u>\$ 5,088,237</u>

The notes to the financial statements are an integral part of this statement.

**NORTH SABINE FIRE PROTECTION DISTRICT**

Balance Sheet  
General Fund  
December 31, 2019

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<b>ASSETS</b>	
Cash	\$ 1,906,103
Ad valorem taxes receivable	<u>1,346,629</u>
Total Assets	<u>\$ 3,252,732</u>
<b>LIABILITIES AND FUND BALANCES</b>	
Liabilities	
Accounts payable and accruals	\$ 70,243
Unearned revenue	<u>149,378</u>
Total Liabilities	219,621
Fund Balances	
Unassigned	<u>3,033,111</u>
Total Fund Balances	<u>3,033,111</u>
Total Liabilities and Fund Balances	<u>\$ 3,252,732</u>

**The notes to the financial statements are an integral part of this statement.**

**NORTH SABINE FIRE PROTECTION DISTRICT**

Reconciliation of Fund Balances on the Balance Sheet  
for Governmental Funds to Net Position of  
Governmental Activities on the Statement of Net Position  
Year Ended December 31, 2019

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Fund Balances - Total Governmental Funds	\$ 3,033,111
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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 funds:

Add: Capital Assets	7,087,199
Deduct: Accumulated Depreciation	(4,419,583)

Certain liabilities, such as debt and pension liability are not due and payable in the current period and therefore are not reported in the funds.

Deduct: Long term debt	(761,868)
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Other long term assets are not available to pay for current period expenditures and are deferred in the funds.

<u>149,378</u>
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Net Position of Governmental Activities	<u><u>\$ 5,088,237</u></u>
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**The notes to the financial statements are an integral part of this statement.**

**NORTH SABINE FIRE PROTECTION DISTRICT**

Statement of Revenues, Expenditures and Changes in Fund Balance  
General Fund  
For the Year Ended December 31, 2019

	<u>General Fund</u>
<b>Revenues:</b>	
Ad valorem taxes	\$ 1,291,825
Intergovernmental revenues:	
State fire insurance rebate	40,979
State revenue sharing	30,655
Interest earned	2,825
Miscellaneous	35,073
	<hr/>
Total Revenues	1,401,357
	<hr/>
<b>Expenditures:</b>	
Current:	
Fire protection	
Debt service:	522,449
Principal	81,964
Interest	28,066
	<hr/>
Total Expenditures	632,479
	<hr/>
Net change in fund balance before other sources	768,878
<b>Other Sources:</b>	
Proceeds from borrowing	-
	<hr/>
Net change in fund balance	768,878
Fund Balances, Beginning of Year	2,264,233
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Fund Balances, End of Year	\$ 3,033,111
	<hr/> <hr/>

**The notes to the financial statements are an integral part of this statement.**

**NORTH SABINE FIRE PROTECTION DISTRICT**

Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
Year Ended December 31, 2019

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

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 768,878</b>
Governmental Funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$317,314) exceeds capital outlay (\$66,417).	(250,897)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Net effect of prior and current year deferred revenue.	56,863
Proceeds from debt are recorded as revenue in the funds, but are recorded in the statement of net position as a liability	-
Payments on debt are recorded as expenditures in the funds, but are recorded in the statement of net position as a reduction in liabilities.	<u>81,964</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u><u>\$ 656,808</u></u></b>

**The notes to the financial statements are an integral part of this statement.**



# NORTH SABINE FIRE PROTECTION DISTRICT

Notes to Financial Statements  
December 31, 2019

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## **INTRODUCTION**

North Sabine Fire Protection District ("the District") was created by the Sabine Parish Police Jury as authorized by Louisiana Revised Statutes 40:14920-501, for the purpose of providing fire protection within the District. The District is governed by a board of commissioners appointed by the DeSoto Parish Police Jury.

### **1. *Summary of Significant Accounting Policies:***

The accompanying financial statements of the District have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). In June, 1999 the GASB issued Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and Statement 35, *Basic Financial Statements - and Management's Discussion and Analysis for Public Colleges and Universities*. These Statements establish new financial reporting requirements for state and local governments and public colleges and universities throughout the United States. They require new information and restructure much of the information that governments have presented in the past. Comparability with reports issued in prior years is affected.

The District has implemented GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; Omnibus*; GASB Statement No. 38, *Certain Financial Statement Note Disclosures*; and Government Accounting Standards Board Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

### **Reporting Entity**

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity is financial accountability. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government.

The District is a component unit of the Sabine Parish Police Jury, the financial reporting entity. The Police Jury is financially accountable for the District because it appoints a voting majority of the board and has the ability to impose its will on the District.

## NORTH SABINE FIRE PROTECTION DISTRICT

Notes to Financial Statements  
December 31, 2019

### 1. *Summary of Significant Accounting Policies (continued):*

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

#### **Government-Wide and Fund Financial Statements**

The government-wide financial statements (the statement of net assets and the statement of activities) report information of all nonfiduciary activities of the District. The statement of activities demonstrates the degree to which the direct expenses of a given function segment, or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods, services, or privileges provided by a given function, segment or component unit. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function segment or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. The District consists of one program - fire protection.

Governmental fund financial statements are provided for the District. The District consists of one governmental fund.

#### **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

Government-Wide Accounting - In accordance with Government Accounting Standards Board Statement No. 34, the District has presented a Statement of Net Position and a Statement of Activities for the District as a whole. Government-wide accounting is designed to provide a more comprehensive view of the government's operations and financial position as a single economic entity.

Policies specific to the government-wide statements are as follows:

*Eliminating Internal Activity* - Interfund receivables and payables are eliminated in the Statement of Net Position.

*Application of FASB Statements and Interpretations* - Reporting on governmental-type and business-type activities are based on FASB Statements and Interpretations issued after November 30, 1989, except where they conflict or contradict GASB pronouncements.

*Capitalizing Assets* - Tangible or intangible assets used in operations with an initial useful life that extends beyond one year are capitalized. Equipment, furniture and fixtures, and buildings are recorded at their historical costs and are depreciated using the straight-line method of depreciation over their estimated useful lives. They are reported net of accumulated depreciation on the Statement of Net Position.

# NORTH SABINE FIRE PROTECTION DISTRICT

Notes to Financial Statements  
December 31, 2019

## 1. *Summary of Significant Accounting Policies (continued):*

*Program Revenues* - The Statement of Activities presents two categories of program revenues - (1) charges for services; and (2) operating grants and contributions.

Charges for services are those revenues arising from exchange or exchange-like transactions with external external parties that purchase, use or directly benefit from the program goods, services or privileges.

Operating grants and contributions, whether operating or capital in nature, are revenues arising from receipts that are restricted for operating purposes of a program. State revenue sharing and fire insurance rebates are reported as operating grants and contributions.

*Restricted Net Position* - Restricted net position are those for which a constraint has been imposed either either externally or by law. Resources restricted for a specific purpose are exhausted before unrestricted net assets are used.

*Government-Wide Financial Statements* - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

*Government Fund Financial Statements* - The governmental financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered as soon as they are both measurable and available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Principal revenue sources considered to be susceptible to accrual include property taxes, fire insurance rebate, and interest on investments. Other revenues are considered measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Modifications to the accrual basis of accounting include:

Interest on general long-term obligations is recognized when paid.

### **Fund Accounting**

The financial activities of the District are recorded in individual funds, each of which is deemed to be a separate accounting entity. The District uses fund accounting to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

## NORTH SABINE FIRE PROTECTION DISTRICT

### Notes to Financial Statements

December 31, 2019

#### 1. *Summary of Significant Accounting Policies (continued):*

Funds of the District are classified as governmental funds. Governmental funds account for the District's general activities, including collection and disbursement of specific or legally restricted monies, the acquisition, construction or improvement of capital assets, and the servicing of long-term debt. Governmental funds of the District include:

General Fund - the general operating fund of the District and accounts for all financial resources, except those required to be accounted for in other funds.

#### **Budget and Budgetary Control**

A budget for the ensuing year is prepared by the fire chief and approved by the board of commissioners prior to December 31st of each year. The proposed budget is prepared on a cash basis of accounting that is a comprehensive basis of accounting other than Generally Accepted Accounting Principles (GAAP). The budget is legally adopted and amended, as necessary, by the board of commissioners. The board reserves all authority to make changes to the budgets. Unexpended appropriations lapse at year end and must be re-appropriated in the next year's budget to be expended. The budget was amended in 2019.

Formal integration of the budget into the accounting records is employed as a management control device. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

#### **Cash and Cash Equivalents**

Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less when purchased. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

#### **Use of Estimates**

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

# NORTH SABINE FIRE PROTECTION DISTRICT

Notes to Financial Statements  
December 31, 2019

## 1. *Summary of Significant Accounting Policies (continued):*

### **Capital Assets**

The District's assets are recorded at historical cost. Capital assets are recorded as expenditures in the governmental financial statements. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are charged to expense as incurred. Depreciation expense is recorded in the government-wide financial statements using the straight-line method over the useful lives of the assets. All assets of the District are reported in the accompanying financial statements.

### **Long-term obligations**

In the government-wide statements, debt principal payments of both government and business-type activities are reported as decreases in the balance of the liability reported on the Statement of Net Position. In the fund financial statements, debt principal payments of the governmental funds are recognized as expenditures when paid.

### **Receivables**

Accounts receivable in all funds report amounts that have arisen in the ordinary course of business.

Governmental fund type receivables consist primarily of amounts due for property taxes.

### **Net Position/Fund Balances**

In the Statement of Net Position, the differences between a government's assets and liabilities are recorded as net position. The three components of net position are as follows:

*Invested in Capital Assets, Net of Related Debt* - This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowing attributable to the acquisition, construction, or improvement of capital assets.

*Restricted Net Position* - This category records net position that is restricted by external sources such as banks or by law are reported separately as restricted net assets.

*Unrestricted Net Position* - This category represents net position not appropriate for expenditures or legally separated for a specific future use.

## NORTH SABINE FIRE PROTECTION DISTRICT

Notes to Financial Statements  
December 31, 2019

### 1. *Summary of Significant Accounting Policies (continued):*

#### **Net Position/Fund Balances (continued)**

In the Balance Sheet of governmental funds, fund balances are segregated as follows:

*Nonspendable* - This classification includes amounts that cannot be spent that are not in spendable form or legally required to be maintained intact.

*Unassigned* - This classification is the residual fund balance for the General Fund. It represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes.

### 2. *Cash and Cash Equivalents:*

At December 31, 2019, the District has cash and cash equivalents as follows:

	Bank Balances	Book Balances
Demand Deposits	\$ 294,889	\$ 290,674
Interest Bearing Demand Deposits	1,919,515	1,615,428
Total	<u>\$ 2,214,405</u>	<u>\$ 1,906,103</u>

These deposits 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 deposits insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank that is mutually acceptable to both parties. At December 31, 2019, \$500,000 in deposits were collateralized by FDIC insurance; \$1,406,103 were secured by securities pledged in the name of the District.

### 3. *Ad Valorem Taxes and Structure Fees:*

The District levies taxes on real and business personal property within its boundaries on November 1st of each year. Property taxes are due before December 31st and attach as an enforceable lien on property as of January 1st of the following year.

The District collects a (12.39) mill ad valorem tax. The purpose of the tax is for maintaining and operating fire protection facilities, purchasing fire trucks and other fire fighting equipment, and paying the cost of obtaining water for fire protection purposes, including charges for fire hydrant rentals and services.

For the year ended December 31, 2019 total ad valorem taxes of 12.39 mills were levied on property assessed valuations totaling \$124,772,165 after the application of homestead exemptions and adjudicated property. Total taxes levied at December 31, 2019 were \$1,346,629.

## NORTH SABINE FIRE PROTECTION DISTRICT

Notes to Financial Statements  
December 31, 2019

### 4. *Receivables:*

A summary of receivables at December 31, 2019, follows:

	Receivable	Allowance	Total
Ad valorem Taxes	\$ 1,346,629	\$ -	\$ 1,346,629
State revenue sharing	-	-	-
	\$ 1,346,629	\$ -	\$ 1,346,629

### 5. *Capital Assets:*

Capital asset activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Net Additions	Ending Balance
Government activities:			
Capital assets, being depreciated:			
Buildings & improvements	\$ 2,400,767	\$ 25,000	\$ 2,425,767
Vehicles	4,020,084	32,000	4,052,084
Equipment & furniture	448,738	9,417	458,155
Total	6,869,589	66,417	6,936,006
Less accumulated depreciation			
Buildings & improvements	(649,076)	(54,342)	(703,418)
Vehicles	(3,097,428)	(250,559)	(3,347,987)
Equipment & furniture	(355,765)	(12,413)	(368,178)
Total	(4,102,269)	(317,314)	(4,419,583)
Land	151,193	-	151,193
Total	2,918,513	(317,314)	2,667,616
Net capital assets	\$ 2,918,513	\$ (250,897)	\$ 2,667,616

Total additions for the year ended December 31, 2019 were \$66,417.

Depreciation expense for the year ended December 31, 2019 was \$317,314.

### 6. *Per Diem Paid to Commissioners:*

Per diem was paid to Commissioners for the year ended December 31, 2019 totaled \$2,340.

**NORTH SABINE FIRE PROTECTION DISTRICT**

Notes to Financial Statements  
December 31, 2019

**7. Long-Term Obligations:**

Changes in long-term debt are as follows:

	Balance 1/1/2019	Borrowings	Principal Payments	Balance 12/31/2019
Capital Lease Payable	\$ 843,832	-	\$ (81,964)	\$ 761,868
Totals	\$ 843,832	-	\$ (81,964)	\$ 761,868

Principal payments on debt during the year totaled \$81,965.

Amounts required to service the debt, including interest of \$118,374 are as follows:

	Total	Principal	Interest
2020	110,030	84,691	25,339
2021	110,030	87,508	22,522
2022	110,030	90,418	19,612
2023	110,030	93,425	16,605
2024	110,030	96,533	13,498
2025 and after	330,091	309,293	20,798
Total	\$ 880,241	\$ 761,868	\$ 118,374

**8. Risk Management:**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for all risks of loss, including workers' compensation. There were no significant reductions in insurance coverage from the prior year.

**9. Reconciliation of Differences between the Budgetary-Based Fund Financial Statements and the GAAP-Based Fund Financial Statements:**

As discussed in Note 1, the budget is prepared on a cash basis of accounting. However, the modified accrual basis of accounting is used for fund financial reporting purposes in accordance with GAAP. Exhibit 1 on page 30 is a reconciliation of revenues and expenditures recognized in accordance to the budgetary basis (cash basis) for the year ended December 31, 2019.



## NORTH SABINE FIRE PROTECTION DISTRICT

Notes to Financial Statements  
December 31, 2019

### **10. *Subsequent Events:***

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. Future potential impacts may include disruptions or restrictions on our employees' ability to work and perform requirements of grants. The future effects of this issue are unknown.

**NORTH SABINE FIRE PROTECTION DISTRICT**  
 Budgetary/GAAP Reporting Reconciliation  
 December 31, 2019

	<u>Actual on GAAP Basis</u>	<u>General Fund Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>
<b>Revenues:</b>			
Ad valorem taxes	\$ 1,291,825	\$ (147,073)	\$ 1,144,752
Intergovernmental			
State fire insurance rebate	40,979	-	40,979
State revenue sharing	30,655	-	30,655
Interest earned	2,825	-	2,825
Miscellaneous	35,073	(32,000)	3,073
Total revenues	<u>1,401,357</u>	<u>(179,073)</u>	<u>1,222,284</u>
<b>Expenditures:</b>			
General government	522,449	12,884	535,333
Debt service	110,030	-	110,030
Total expenditures	<u>632,479</u>	<u>12,884</u>	<u>645,363</u>
Changes in Fund Balance before Other Financing Resources	768,878	(191,957)	576,921
Other Financing Sources:			
Proceeds from debt	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues over Expenditures	768,878	<u>(191,957)</u>	<u>576,921</u>
Fund Balance, Beginning of Year	<u>2,264,233</u>		
Fund Balance, End of Year	<u><u>\$3,033,111</u></u>		

**NORTH SABINE FIRE PROTECTION DISTRICT**  
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
General Fund  
For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Budgetary Basis</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>with Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
Ad valorem taxes	\$ 1,025,000	\$ 1,090,000	\$ 1,144,752	\$ 54,752
Intergovernmental				-
State fire insurance rebate	40,000	38,000	40,979	2,979
State revenue sharing	10,000	29,000	30,655	1,655
Grants	-	-	-	-
Interest earned	2,100	3,100	2,825	(275)
Miscellaneous	-	-	3,073	3,073
Total revenues	<u>1,077,100</u>	<u>1,160,100</u>	<u>1,222,284</u>	<u>62,184</u>
<b>Expenditures:</b>				
General government	589,050	595,650	535,333	60,317
Debt service	114,000	114,000	110,030	3,970
Total expenditures	<u>703,050</u>	<u>709,650</u>	<u>645,363</u>	<u>64,287</u>
<b>Excess Revenues</b>				
<b>Over Expenditures before</b>				
<b>Other Financing Sources</b>	374,050	450,450	576,921	126,471
<b>Other Financing Sources:</b>				
Proceeds from debt	-	-	-	-
<b>Excess Revenues over</b>				
<b>Expenditures</b>				
	374,050	450,450	576,921	126,471
<b>Fund Balances, Beginning of Year</b>	<u>2,264,233</u>	<u>2,264,233</u>	<u>2,264,233</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u><u>\$ 2,638,283</u></u>	<u><u>\$ 2,714,683</u></u>	<u><u>\$ 2,841,154</u></u>	<u><u>\$ 126,471</u></u>

**NORTH SABINE FIRE PROTECTION DISTRICT**  
Schedule of Compensation Paid to Commissioners  
Year Ended December 31, 2019

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Steve Ezernak	\$ 630
Jerry Campbell	120
Kenneth Ebarb	360
Rich Remedies	540
Ricky Sepulvado	330
Jerry McDonald	<u>360</u>
Total	<u>\$ 2,340</u>

**NORTH SABINE FIRE PROTECTION DISTRICT**

Schedule of Compensation, Reimbursements, Benefits, and Other Payments  
to Agency Head  
For the Year Ended December 31, 2019

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Agency Head: James M. Spann, Fire Chief

Salary	<u>\$ 70,674</u>
Payroll Taxes	<u>\$ 2,027</u>
Travel	<u>\$ -</u>

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether North Sabine Fire Protection District's financial statements are free of material misstatement, I 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, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of my 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. Although the intended use of this report may be limited, under Louisiana Revised Statutes, it is issued by the Legislative Auditor as a public document.



Certified Public Accountant  
May 19, 2020



# Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Commissioners  
North Sabine Fire Protection District  
Zwolle, Louisiana

I 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 North Sabine Fire Protection District as of and for the year ended December 31, 2019, and related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated May 19, 2020.

### Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered North Sabine Fire Protection District's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 District's financial statements will not be prevented, or detected 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.

My 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 over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during my audit, I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**NORTH SABINE FIRE PROTECTION DISTRICT**

Corrective Action Taken on Prior Year Findings

Year Ended December 31, 2019

There were no findings for the year ended December 31, 2018.



**NORTH SABINE FIRE PROTECTION DISTRICT**

Schedule of Findings

Year Ended December 31, 2019

1. The auditor's report expresses an unmodified opinion on the financial statements.
2. No significant deficiencies in internal control over financial reporting were disclosed during the audit.
3. No instances of noncompliance material to the financial statements of the District were disclosed during the audit.

There were no findings for the year ended December 31, 2019.



# Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING STATEWIDE AGREED-UPON PROCEDURES

To the Board of Commissioners  
North Sabine Fire Protection District  
Zwolle, Louisiana

I have performed the procedures enumerated below, which agreed to by the Board of Commissioners of the North Sabine Fire Protection District (the District) and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed Upon Procedures (SAUPs) for the fiscal year January 1 through December 31, 2019. The District's management is responsible for those control and compliance 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 the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the Council. Consequently, I make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

My procedures and associated findings are enumerated below.

### ***Written Policies and Procedures***

***(The following written policies and procedures were not reviewed since there were no exceptions for the prior year, with the exception of the new policy added for Year 3, Disaster Recovery/Business Recovery/Business Continuity).***

1. I obtained and inspected the entity's written policies and procedures and observed 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 of statements, and (5) monitoring card usage (e.g. determining the reasonableness of fuel card purchases).
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 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. Note: Ethics requirements are not applicable to nonprofits.
- j) **Debt Service**, including (1) debt insurance approval, (2) continuing disclosure/EMMA requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Procedure Results - I noted no exceptions.

**Board or Finance Committee**

***(The following procedures were not performed since there were no exceptions in the prior year.)***

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

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
- b) For those entities reporting on the governmental accounting model, observe 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.
- c) For governmental entities, obtain the prior year audit 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.

### ***Bank Reconciliations***

***(The following procedures were not performed since there were no exceptions in the prior year.)***

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3. Obtain a listing of client bank accounts 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 individual 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 reconciliation 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.

### ***Collections***

***(The following procedures were not performed since there were no exceptions in the prior year.)***

---

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection 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 ledger, 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.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two deposit dates for each of the five bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 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 or the deposit is less than \$100).
  - e) Trace the actual deposit per the bank statement to the general ledger.

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

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***(The following procedures were not performed since there were no exceptions in the prior year.)***

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the entity 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 a purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
- 10 For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation 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.

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

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***(The following procedures were not performed since there were no exceptions in the prior year.)***

- 11 Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- 12 Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation and:
- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved in writing (or electronically approved) by someone other than the authorized card holder.
  - b) Observe that finance charges and late fees were not assessed on the selected statements.

13 Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe 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).

### ***Travel and Expense Reimbursement***

***(The following procedures were not performed since there were no exceptions in the prior year.)***

---

14 Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the General Services Administration ([www.gsa.gov](http://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.

### ***Contracts***

***(The following procedures were not performed since there were no exceptions in the prior year.)***

---

15 Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Randomly, select 5 contracts (or all contracts if less than 5) from the listing 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 orders, 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.

### ***Payroll and Personnel***

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*(The following procedures were not performed since there were no exceptions in the prior year.)*

- 16 Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employee's/official, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- 17 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).
  - 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.
- 18 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 employees/officials' authorized pay rates in the employees/officials' personnel files.
- 19 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.

### ***Ethics***

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*(The following procedures were not performed since there were no exceptions in the prior year.)*

- 20 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.

***Debt Service***

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*(The following procedures were not performed since there were no exceptions in the prior year.)*

- 21 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 the State Bond Commission approval was obtained for each bond/note issued.
- 22 Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

***Other***

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*(The following procedures were not performed since there were no exceptions in the prior year.)*

- 23 Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
- 24 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.

I was not engaged and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively on the Statewide Agreed-Upon Procedures. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the information and use of the District and the LLA, and is not intended to be, and should not be, used by anyone other than the specified parties.

*Masha D. Milliean*

Certified Public Accountant

March 19, 2020