SABINE PARISH FIRE PROTECTION DISTRICT NO. 1
WARDS NO. 1 AND 2
FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2017

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EUGENE W. FREMAUX II

CERTIFIED PUBLIC ACCOUNTANT

SABINE PARISH FIRE PROTECTION DISTRICT NO. 1, WARDS NO. 1 AND 2
FLORIEN, LOUISIANA
DECEMBER 31, 2017

TABLE OF CONTENTS

	EXHIBIT	SCHEDULE	PAGE
INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS			1
REQUIRED SUPPLEMENTARY INFORMATION - PART I			
Management's Discussion and Analysis			3
BASIC FINANCIAL STATEMENTS			
Government Wide Financial Statements			
Statement of Net Position	A	-	5
Statement of Activities	B	-	6
Fund Financial Statements - Governmental Funds			
Balance Sheet - Governmental Funds	C	-	7
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	D	-	8
Statement of Revenues, Expenditures And Changes In Fund Balance - Governmental Funds	E	-	9
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, And Changes in Fund Balances to the Statement of Activities	F	-	10
Notes to Financial Statements	-	-	11
REQUIRED SUPPLEMENTARY INFORMATION - PART II			
Budgetary Comparison - General Fund	G	-	16
OTHER REPORTS REQUIRED BY *GOVERNMENTAL AUDITING STANDARDS*			
Schedule of Findings and Responses	-	-	17
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*	-	-	21
OTHER SUPPLEMENTARY INFORMATION			
Schedule of Compensation, Benefits and Other Payments to Agency Head			23
Management's Corrective Action Plan			24

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Sabine Parish Fire Protection District No. 1, Wards No. 1 and 2, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Sabine Parish Fire Protection District No. 1, Wards No. 1 and 2 as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 4 and page 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

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We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sabine Parish Fire Protection District No. 1, Wards No. 1 and 2's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling information directly to the underlying accounting records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2019 on our consideration of Sabine Parish Fire Protection District No. 1, Wards No. 1 and 2's internal control over financial reporting and our tests on its compliance with certain provision of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

EUGENE W. FREMAUX II, CPA

May 13, 2019

This section of the District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended December 31, 2017. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The District's net position increased $215,874 to $1,889,299 during the year.
Net position increased because of excess revenues over operating expenses.
Expenses for the year amounted to $332,421, an increase of $24,195.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts:

Management's discussion and analysis
Basic financial statements
Supplementary information

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

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

	December 31, 2017	December 31, 2016
Current and other assets	$ 1,123,180	$ 823,913
Capital assets, net	802,373	933,399
Total Assets	$ 1,925,553	$ 1,757,312
Current and other liabilities	$ 36,254	$ 83,887
Long-term debt	-	-
Net Position		
Invested in capital assets	802,373	933,399
Unrestricted	1,086,926	740,026
Total net position	1,889,299	1,673,425
Total liabilities and net position	$ 1,925,553	$ 1,757,312

The District's net position increased $215,874 during the year, due to revenues exceeding expenses.

Condensed Statement of Activities

	Year Ended December 31, 2017	Year Ended December 31, 2016
Expenses	$ (332,421)	$ (308,226)
Contributions	-	15,000
Subtotal	(332,421)	(293,226)
General revenues	548,295	515,238
Change in net position	$ 215,874	$ 222,012

During 2017, revenues increased by $33,057. Expenses increased by $24,195 (8%) to $332,421, primarily due to increased depreciation on capital assets.

FINANCIAL ANALYSIS OF THE FUNDS

The District's governmental fund balance increased $346,900 during the year. Expenses decreased by $302,695 to $201,395, primarily due to a reduction in capital outlay expenses for trucks and equipment. Total revenues increased by $33,057 primarily due to increased ad valorem taxes. Capital expenditures are expensed in the general fund financial statements but are capitalized and depreciated in the government-wide financial statements.

CAPITAL ASSETS

The following amounts, consisting primarily of two pumper trucks, were added to capital assets in 2017:

	December 31, 2017	December 31, 2016
Capital assets added	$ -	$ 313,889
Capital assets retired	$ -	$ 65,610

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District does not expect any significant changes in revenues or expenses for next year, except that capital outlay expenses are expected to increase due to $362,500 in bids accepted in January 2018 for 3 trucks.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Carroll Ellzey, President, P O Box 38, Florien, LA 71429.

EXHIBIT A

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

December 31, 2017

ASSETS		
Cash	$	599,770
Receivables		509,055
Prepaid expenses		13,467
Capital assets, net of accumulated depreciation		802,373
Deposits		888
TOTAL ASSETS		1,925,553
LIABILITIES		
Accounts payable		36,254
TOTAL LIABILITIES		36,254
NET POSITION		
Invested in capital assets		802,373
Unrestricted		1,086,926
TOTAL NET POSITION	$	1,889,299

The accompanying notes are an integral part of these statements.

EXHIBIT B

SABINE PARISH FIRE PROTECTION DISTRICT NO. 1, WARDS NO. 1 AND 2
FLORIEN, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

FUNCTIONS/PROGRAMS	Expenses	Capital Grants and Contributions	Net (Expenses) Revenue and changes in net position Governmental Unit
Governmental activities:			
General government	$ 332,421	$ -	$ (332,421)
Total governmental activities	332,421	-	(332,421)
General revenues:			
Taxes			505,673
State revenue sharing			23,301
Interest			40
Other			19,281
Total general revenues			548,295
Change in net position			215,874
Net position, beginning of year			1,673,425
Net position, end of year			$ 1,889,299

The accompanying notes are an integral part of these statements.

EXHIBIT C

SABINE PARISH FIRE PROTECTION DISTRICT NO. 1, WARDS NO. 1 AND 2
FLORIEN, LOUISIANA
GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2017

ASSETS	
Cash	$ 599,770
Receivables	509,055
Prepaid expenses	13,467
Deposits	888
Total assets	$ 1,123,180
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable	$ 36,254
Total liabilities	36,254
Fund balance:	
Nonspendable-prepaid expenses	13,467
Unassigned	1,073,459
Total fund balance	1,086,926
Total liabilites and fund balance	$ 1,123,180

The accompanying notes are an integral part of these statements.

EXHIBIT D

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

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

December 31, 2017

Total fund balances - Governmental Funds		$ 1,086,926
Cost of capital assets at December 31, 2017	$ 2,471,886	
Less accumulated depreciation at December 31, 2017	(1,669,513)	802,373
Total net position at December 31, 2017 - Governmental Activities		$ 1,889,299

The accompanying notes are an integral part of these statements.

EXHIBIT E

SABINE PARISH FIRE PROTECTION DISTRICT NO. 1, WARDS NO. 1 AND 2
FLORIEN, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND
GENERAL FUND
Year ended December 31, 2017

Revenues:		
Taxes	$	505,673
State revenue sharing		23,301
Grants		-
Interest income		40
Other		19,281
Total revenues		548,295
Expenditures:		
General government:		
Personnel costs		53,581
Occupancy		34,224
Insurance		33,516
Operating services		64,624
Capital outlay		15,450
Total general government		201,395
Excess (deficiency) of revenues over expenditures		346,900
Fund balance, beginning of year		740,026
Fund balance, end of year	$	1,086,926

The accompanying notes are an integral part of these statements.

EXHIBIT F

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

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

December 31, 2017

Excess of revenues over expenditures		$ 346,900
		-
Capital assets:		
Capital outlay capitalized	$ -	
Depreciation expense for year	(131,026)	(131,026)
Change in net assets - Governmental Activities		$ 215,874

The accompanying notes are an integral part of these statements.

(1) Summary of significant accounting policies

The Sabine Parish Fire Protection District No. 1, Wards No. 1 and 2 was created by the Sabine Parish Police Jury, as authorized by Louisiana Revised Statute 40:1492, for the purpose of providing fire protection within the District. The District is governed by a board of five commissioners appointed by the Police Jury and Village of Florien. The commissioners serve two year terms.

A. Basis of Accounting

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

The accompanying financial statements of the Sabine Parish Fire Protection District No. 1, Wards No. 1 and 2 present information only as to the transactions of the programs of the Sabine Parish Fire Protection District No. 1, Wards No. 1 and 2 as authorized by Louisiana statutes and administrative regulations.

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

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

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

B. Budgetary Accounting

Formal budgetary accounting is employed as a management control. The Sabine Parish Fire Protection District No. 1, Wards No. 1 and 2's prepares and adopts a budget each year in accordance with the Louisiana Revised Statutes. The operating budget is prepared based on prior year's revenues and expenditures and the estimated changes therein for the current year, using the full accrual basis of accounting. The Fund amends its budget when projected revenues are expected to be less than budgeted revenues by five percent or more and/or projected to be more than budgeted amounts by five present or more. All budget appropriations lapse at year end.

C. Cash and Cash Equivalents

Consistent with GASB Statement 9, the Sabine Parish Fire Protection District No. 1, Wards No. 1 and 2 defines cash and equivalents as follows:

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

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

D. Receivables

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

E. Bad debts

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

F. Capital Assets

Capital assets are carried at historical costs. Depreciation of all exhaustible capital assets used by the Sabine Parish fire Protection District No. 1, Wards No. 1 and 2 is charged as an expense against operations in the Statement of Activities. Capital assets, net of accumulated depreciation, are reported on the Statement of Net Position. Depreciation is computed using the straight-line method over the estimated useful life of the assets, generally 10 to 40 years for buildings and building improvements and 5 to 10 years for moveable property. Expenditures for maintenance, repairs and minor renewals are charged to earnings as incurred. Major expenditures for renewals and betterment are capitalized.

G. Compensated Absences

Sabine Parish Fire Protection District No. 1, Wards No. 1 and 2 does not have full time employees, therefore, no liability for compensated absences has been recorded in the accompanying financial statements.

H. Restricted Net Position

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

1. Investment in capital assets, net of related debt – consist of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributed to the acquisition, construction, or improvement of those assets;

2. Restricted net position – ret position with constraints placed on the use either by a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or b) law through constitutional provisions or enabling legislation;

3. Unrestricted – all other net position is reported in this category.

I. Fund Equality

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

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

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

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

J. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(2) Cash

For reporting purposes, deposits with financial institutions including savings, demand deposits, time deposits, and certificates of Deposit. Under state law, the Sabine Parish Fire Protection District No. 1, Wards No. 1 and 2 may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the Fund may invest in time certificates of deposit of state banks organized under the laws of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

Deposits in bank accounts are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Of the total of $599,770 deposited in demand and time deposits as of December 31, 2017, $291,188 was secured through federal depository insurance and $308,582 was secured by the pledge of securities owned by the depository bank

(3) Accounts receivable

The following is a summary of accounts receivable at December 31, 2017:

Revenue sharing	$ 7,638
Fire insurance rebate	17,281
Ad valorem taxes	484,136
Total	$509,055

(4) Ad valorem taxes

The District is funded primarily with ad valorem taxes amounting to 19.03 mills, which amounted to collections of $505,673 for 2017.

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

(5) Capital assets

A summary of the District's capital assets at December 31, 2017 follows:

	Land	Vehicles and Equipment	Building Improvements	Total
Cost of capital assets, beginning of year	$ 86,765	$ 1,826,324	$ 558,797	$ 2,471,886
Deletions	-	-	-	-
Additions	-	-	-	-
Cost of capital assets, end of year	$ 86,765	$ 1,826,324	$ 558,797	$ 2,471,886
Accumulated depreciation, beginning of year	$ -	$ 1,234,405	$ 304,082	$ 1,538,487
Deletions	-	-	-	-
Additions		115,181	15,845	131,026
Accumulated depreciation, end of year	$ -	$ 1,349,586	$ 319,927	$ 1,669,513
Capital assets, net of accumulated depreciation, end of year	$ 86,765	$ 476,738	$ 238,870	$ 802,373

(6) Risk Management

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

(7) Leases

The Sabine Parish Fire Protection District No. 1, Wards No. 1 and 2 was not obligated under any capital or operating lease commitments at December 31, 2017.

(8) Litigation

There was no outstanding litigation against the Sabine Parish Fire protection District No. 1, Wards No.1 and 2 at December 31, 2017.

(9) Compensation paid to Commissioners

In accordance with Louisiana revised Statute 40:1498, members, including police jurors serving ex-officio, may be paid per diem of $30 for attending board meetings – not to exceed two meetings in one calendar month. Compensation paid in 2017 to the Commissioners follows:

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

(10) Subsequent Event

In January 2018 the District accepted bids for 3 trucks in the amount of $362,500.

OTHER REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS

EXHIBIT G

SABINE PARISH FIRE PROTECTION DISTRICT NO. 1, WARDS NO. 1 AND 2
FLORIEN, LOUISIANA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the year ended December 31, 2017

	Original Budget	Final Budget	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues:				
Taxes	$ 430,000	$ 430,000	$ 505,673	$ 75,673
State revenue sharing	20,000	20,000	23,301	3,301
Grants	-	-	-	-
Interest income	40	40	40	-
Other	15,500	15,500	19,281	3,781
Total revenues	465,540	465,540	548,295	82,755
Expenditures:				
General government:				
Personnel costs	50,860	50,860	53,581	(2,721)
Occupancy	35,800	35,800	34,224	1,576
Insurance	38,000	38,000	33,516	4,484
Operating services	52,925	52,925	64,624	(11,699)
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	290,000	290,000	15,450	274,550
Total general government	467,585	467,585	201,395	266,190
Excess (deficiency) of revenues over expenditures	(2,045)	(2,045)	346,900	(183,435)
Fund balance, beginning of year	740,026	740,026	740,026	
Fund balance, end of year	$ 737,981	$ 737,981	$ 1,086,926	$ (183,435)

CURRENT YEAR FINDINGS

2017-01 Segregation of duties

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

Condition: Our evaluation of the internal control structure revealed an absence of appropriate segregation of duties over cash receipts, accounts payable, and general ledger preparation. The receipt of funds, bank deposits and posting of receipts are performed by the same individual. Invoices are received, processed and paid by one individual who has check signature authority. The same individual prepares bank reconciliations and maintains the general ledger. See prior year finding 2106-01 and 2015-01.

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

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

Recommendation: Since the costs associated with establishing an appropriate system of internal control should not outweigh the benefits derived from it, we recommend that the District develop and implement procedures that provide as much segregation of duties possible utilizing the management and staff available. At a minimum, bank reconciliations should be reviewed by a Board member not involved in accounting functions or check signing, and checks should only be signed by Board members not involved in accounting functions.

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

2017-02 Deposits

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

Condition: The District receives the majority of funds from monthly checks from the Sabine Parish Sheriff, however during 2017 deposits were made only in the six months. Of the 19 checks deposited in 2017, only 10 were deposited within 30 days of the check date. In addition, one check from the Sabine Parish Police Jury in the amount of $17,281.35, dated May 30, 2017, was misplaced and had to be reissued in 2019. The amount posted as a deposit in the general ledger was not always the actual amount of the deposit made, as some bank deposits included more than one check. Generally, bank deposit slips only indicated an amount

and did not list individual checks or details that composed the deposit. Supporting records of deposits were not always complete. See prior year finding 2016-02 and 2015-02.

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

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

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

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

2017-03 Not Used

2017-04 Annual Financial Statements

Criteria: LRS 24:514 requires the District to file its annual financial statements with the Louisiana Legislative Auditor's office within six months after the end of its fiscal year, which would be June 30, 2018. The District's annual financial statements were not filed within the timeframe required by state law.

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

Cause: The District's financial information was not furnished to the District's independent auditor on timely basis for the audit to be completed by the June 30, 2017 deadline.

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

Recommendation: The District should comply with state law.

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

2017-05 Payroll

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

Condition: The District pays a fixed monthly amount to the chief, two assistant chiefs, bookkeeper, Board members and station caretakers and reports these payments ($48,092 in 2017) in accordance with Form

1099-MISC regulations for payments to independent contractors. IRS Publication 5138 "Quick Reference Guide for Public Employees" has a section entitled "Volunteer Firefighters" which states "Volunteer firefighters are considered employees and their remuneration is generally subject to all withholding taxes.". See prior year finding 2016-05 and 2015-05.

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

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

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

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

2017-06 Cash Disbursements

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

Condition: Of the 34 cash disbursements we selected for additional testing, 14 (41%) did not have any approved support attached and 2 had no supporting invoice. See prior year finding 2016-06 and 2015-06. In addition, sales tax of $49.32 was paid on 2 of the selected items.

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

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

Recommendation: Check signers should not sign checks with proper approved supporting documents attached. The District should notify all vendors that the District is not subject to sales tax.

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

2017-07 Minutes

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

Condition: Board minutes are not being published or are not being published timely. No minutes of monthly Board meetings were published in 2017.

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

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

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

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

PRIOR YEAR FINDINGS

2016-01 Segregation of duties

See corresponding current year finding above.

2016-02 Deposits

See corresponding current year finding above.

2016-03 Budgets

Criteria: The Local Government Budget Act (Act) has requirements that must be met relating to budgeting procedures.

Condition: The budget for 2016 was not amended and actual expenses exceeded the budget expenses by 12%, which exceeded the 5% variance allowed by the Act.

Cause: The District did not amended budget for 2016.

Effect: The District is not in compliance with the Act.

Recommendation: The District should comply with all provisions of the Act.

Disposition: The budget for 2017 was timely adopted and amendment was not required.

2016-04 Annual Financial Statements

See corresponding current year finding above.

2016-05 Payroll

See corresponding current year finding above.

2016-06 Cash Disbursements

See corresponding current year finding above.

2016-07 Minutes

See corresponding current year finding above.

Eugene W. Fremaux II
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of Sabine Parish Fire Protection District No. 1, Wards No. 1 and 2, Florien, Louisiana, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 13, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies, therefore material weaknesses may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses (finding 2017-01, 2017-02 and 2017-06).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying schedule of findings and questioned costs as items 2017-04, 2017-05, and 2017-07.

The CPA. Never Underestimate The Value.SM

Purpose of this Report

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

EUGENE W. FREMAUX II, CPA
May 13, 2019

SABINE PARISH FIRE PROTECTION DISTRICT NO. 1, WARDS NO. 1 AND 2
FLORIEN, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD
YEAR ENDED DECEMBER 31, 2017

AGENCY HEAD: CARROLL ELLZEY

Per Diem	$420
Travel	None
Other	None

SABINE PARISH FIRE PROTECTION DISTRICT NO. 1, WARDS NO. 1 AND 2
FLORIEN, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 2017

Current Year Audit Findings (2015)

2015-01 Segregation of duties
Effective immediately (November 2018) person doing the accounting, accounts payable, bank reconciliations etc. will surrender check signing privileges. Monthly bank reconciliations will be reviewed and signed by at least one board member. All check vouchers will be signed by at least one board member who is not involved in the check signing process.

2015-02 Deposits
Deposits will be made within one to two days of being received. Deposits will be documented by a copy of the check and supporting documents received with the check.

2015-03 Budgets
The district's budget will be adopted in December prior to the beginning of the next physical year. The district's budget will be amended if necessary before the close of the fiscal year to be in compliance with the ACT.

2015-04 Annual financial statements
The district will be ready to furnish financial information to the auditor at auditor's request.

2015-05 Payroll
The district will initiate a payroll withholding system effective January 2019!

2015-06 Cash Disbursements
Checks are not issued without proper documentation. All documentation will be attached to the check for signers to view.

2015-07 Minutes
Minutes will be submitted to the official publication within 5 working days from the date of the meeting.

Barry Goss, Secretary/Treasurer

Carroll Ellzey, Chairman

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

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Independent Accountant's Report on Applying Agreed-Upon Procedures

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

We have performed the procedures enumerated below, which were agreed to by Sabine Parish Fire Protection District No. 1, Wards No. 1 and 2 (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. **Procedure:** Obtain the Entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the Entity does not have any written policies and procedures), as applicable:

   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**, including receiving, recording, and preparing deposits.

e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.

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 issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

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

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

Board (or Finance Committee, if applicable)

2. **Procedure:** Obtain and review the board/committee minutes for the fiscal period, and:

a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the Entity's prior audit (GAAP-basis).

1. If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Results: No exceptions noted.

Bank Reconciliations

3. **Procedure:** Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Result: No exceptions noted.

4. **Procedure:** Using the listing provided by management, select all of the entity's bank accounts (if five (5) accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than five (5) accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement. For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

a) Bank reconciliations have been prepared;

b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than six (6) months as of the end of the fiscal period.

Results:

a) The Entity has two bank accounts. No bank reconciliations were prepared for the inactive Sabine Bank account for 2017.
b) There is no indication that a member of management has reviewed the reconciliations.
c) The Entity did not have documentation indicating that old outstanding items (more than 6 months) had been researched. There were 61 items on the operating account that were outstanding more than six months.

Management's Response: All of the 61 items were researched and resolved in January 2019. The Treasurer, as part of his review process of bank reconciliations, will make sure all bank accounts are reconciled monthly, appropriate review of the reconciliations is done and documented, and that appropriate research documentation is attached for any old outstanding item.

Collections

5. **Procedure:** Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

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

6. **Procedure:** Using the listing provided by management, select all of the Entity's cash collection locations (if five (5) locations or less) or one-third of the collection locations on a three-year rotating basis (if more than five (5) locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement. For each cash collection location selected:

a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the Entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

1. Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

2. Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Results:

a) The Entity does not have written documentation supporting the policy or procedure stating that the employee responsible for collecting cash is not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account. Entity employees are bonded.

b) The Entity does not have written documentation and procedures for reconciling cash collections to the general ledger.

c) 1. The following items were not deposited within one (1) day of receipt:

The Sabine Sheriff issued a check in the amount of $365,368.69 on January 11, 2017, which was not deposited until February 1, 2017.

2. There was no documentation of the above deposit.

Management's Response: Due to the limited staff size, the Entity's policy and procedures for collections does not preclude employees who collect cash from depositing, recording, and reconciling bank accounts.

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

7. **Procedure:** Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

Results: The Entity does not have formal written policies and procedures for determining the completeness of all collections for each revenue source by a person who is not responsible for those collections.

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

8. **Procedure:** Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

   Results: No exceptions noted.

9. **Procedure:** Using the disbursement population from #8 above, randomly select twenty-five (25) disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than twenty-five (25) transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

   a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

   b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

   c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; (2) a receiving report showing receipt of goods purchased, or electronic equivalent; and (3) an approved invoice.

   Results: The Entity does not use a requisition or purchase order system. Of the 25 items tested, 13 had no evidence of written approval, and 2 had no supporting invoice.

10. **Procedure**: Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Results: The Entity does not have formal written policies and procedures regarding who is responsible for adding vendors to the purchasing/disbursement system.

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

11. **Procedure:** Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Results: The Entity does not have formal written policies and procedures stating that persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating purchases.

Management's Response: Due to the small staff size, it is impractical to prohibit persons with signatory authority or who make final authorization for disbursements to have no responsibility for initiating purchases. However, all checks require two signatures and supporting documentation for expenditures is supposed to be presented for review and approval at the time checks are presented for signing.

12. **Procedure:** Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Results: Check stock is maintained in a locked location but is accessible by some authorized check signers.

Management's Response: Due to the limited staff size, it is impractical to prohibit all persons with signatory authority from access to check stock. However, all checks require two signatures. Beginning in January 2019 blank check stock is maintained by the local CPA responsible for check preparation.

13. **Procedure:** If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Results: A signature stamp or signature machine is not used. No exceptions noted.

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

14. **Procedure:** Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Results: No exceptions noted.

15. **Procedure:** Using the listing prepared by management, randomly select ten (10) cards (or at least one-third of the cards if the entity has less than ten (10) cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

b) Report whether finance charges and/or late fees were assessed on the selected statements.

Results:

a) There was no evidence that the monthly statements were reviewed or approved by someone other than the authorized card holder.
b) No exceptions noted.

16. **Procedure:** Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the ten (10) cards selected (i.e. each of the ten (10) cards should have one month of transactions subject to testing).

a) For each transaction, report whether the transaction is supported by:

1. An original itemized receipt (i.e., identifies precisely what was purchased).

2. Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

3. Other documentation that may be required by written policy (e.g., purchase order, written authorization).

b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Results: No exceptions noted.

Travel and Expense Reimbursement

17. **Procedure:** Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Results: No travel and expense reimbursement recorded in 2017.

18. **Procedure:** Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Results: No written policy.

19. Procedure: Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each

selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three (3) travel expenses selected:

a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

b) Report whether each expense is supported by:

    1. An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

    2. Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

    3. Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).

c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: Not applicable.

Contracts

20. **Procedure:** Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Results: No exceptions noted.

21. **Procedure**: Using the listing above, select the five (5) contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

1. If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).

2. If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Results: No exceptions noted.

Payroll and Personnel

22. **Procedure:** Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five (5) employees/officials, obtain their personnel files, and:

a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Results: The District has no employees.

23. **Procedure:** Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select twenty-five (25) employees/officials (or randomly select one-third of employees/officials if the entity had less than twenty-five (25) employees during the fiscal period), and:

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

b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Results: Not applicable.

24. **Procedure:** Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Results: Not applicable.

25. **Procedure:** Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Results: Not applicable.

Ethics

26. **Procedure:** Using the five (5) randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity-maintained documentation to demonstrate that required ethics training was completed.

Results: No ethics documentation maintained for 2017.

27. **Procedure:** Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Results: No exceptions noted.

Debt Service (excluding nonprofits)

28. **Procedure:** If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Entity approval was obtained.

Results: No debt was issued during the fiscal period.

29. **Procedure:** If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Results: The Entity has not debt outstanding.

30. **Procedure:** If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Results: Not applicable.

Other

31. **Procedure:** Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

    Results: No exceptions noted.

32. **Procedure:** Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.lla.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

    Results: Required notice not posted.

33. **Procedure:** If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

    Results: No exceptions noted.

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

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

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May 13, 2019