

NORTH SABINE FIRE PROTECTION DISTRICT

ZWOLLE, LOUISIANA

FINANCIAL STATEMENTS

December 31, 2021

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 Protection District
Zwolle, Louisiana

Opinion

I have audited the accompanying financial statements of the governmental activities and major fund of the North Sabine Fire Protection District (the District), a component unit of the Sabine Parish Commission, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the District as of December 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 and the *Louisiana Governmental Audit Guide*. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the North Sabine Fire Protection District and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 that collectively comprise the District's basic financial statements. The schedule of compensation paid to commissioners and the schedule of compensation, benefits and other payments to agency head is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the other supplementary 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*, I have also issued my report dated June 27, 2022 on my consideration of North Sabine Fire Protection District's internal control over financial reporting and on my tests of its compliance with certain provisions of law, regulations, contracts, and grant agreements, and 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 the District's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Louisiana Legislative Auditor, I have issued a report, dated June 27, 2022 on the results of my statewide agreed-upon procedures performed 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*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's statewide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.



Certified Public Accountant
June 27, 2022

**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, 2021. Please read it in conjunction with the District's financial statements, which follows this section.

FINANCIAL HIGHLIGHTS

The District had net position of \$6,101,755 at year end which represents an increase from the prior year of \$639,200.

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 and Statement of Revenues, Expenses, and Changes in Net Position 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 \$6,101,755 as of December 31, 2021.

The District's major assets are its fixed assets of \$4,425,051 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 \$2,870,496 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,

	2021	2020
Current assets	\$ 4,664,293	\$ 5,891,696
Capital assets	4,425,051	2,761,411
Total Assets	<u>9,089,344</u>	<u>8,653,107</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>
Current liabilities	433,021	320,056
Noncurrent liabilities	2,554,568	2,870,496
Total liabilities	<u>2,987,589</u>	<u>3,190,552</u>
Deferred inflows of resources	<u>-</u>	<u>-</u>
Net position:		
Invested in capital assets, net of related debt	1,554,556	2,084,234
Restricted for capital projects	1,803,899	2,469,248
Unrestricted	<u>2,743,300</u>	<u>909,073</u>
Net Position	<u>\$ 6,101,755</u>	<u>\$ 5,462,555</u>

Changes in Net Position

The District's net position increased by \$639,200 during the year ended December 31, 2021. Approximately 95% (\$1,546,588) 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 2021, revenues exceeded expenses, resulting in an increase in net position of \$639,200.

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

	<u>2021</u>	<u>2020</u>
Revenues:		
Program revenues:		
Intergovernmental	\$ 71,350	\$ 82,502
General revenues:		
Property taxes	1,546,588	1,263,890
Other	13,633	4,024
	<u>1,631,571</u>	<u>1,350,416</u>
Total revenues		
	1,631,571	1,350,416
Expenses:		
Public safety - fire protection	897,573	950,758
Interest on long-term debt	94,798	25,340
	<u>992,371</u>	<u>976,098</u>
Total expenses		
	992,371	976,098
Increase (Decrease) in net position	<u>\$ 639,200</u>	<u>\$ 374,318</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 \$4,465,609.

Of the total fund balance at year end, \$2,661,710 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 decreased by \$1,214,157 during 2021.

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 2021.

The actual expenditures were \$1,772,359 less than budgeted; and the actual revenues exceeded budgeted revenue by \$53,338.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of December 31, 2021, totaled \$9,537,975 net of accumulated depreciation of \$5,112,924 leaving a book value of \$4,425,051. This investment in capital assets includes fire stations (land, buildings and improvements), fire trucks, response vehicles, fire fighting and rescue equipment, office equipment and furniture (equipment and furniture).

Actual costs to purchase capital assets were \$2,003,498 for the year. Depreciation charges for the year totaled \$339,859.

Debt Administration

The District issued no new debt for the year ended December 31, 2021. The District reduced long-term debt by \$306,681. Debt outstanding at December 31, 2021 was \$2,870,496.

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, 2022 was prepared.

Revenues are expected to stay consistent for 2022.

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. Rich Remedies, President, P. O. Box 81, Zwolle, Louisiana 71486.

NORTH SABINE FIRE PROTECTION DISTRICT

Statement of Net Position

December 31, 2021

ASSETS	
Current Assets	
Cash	\$ 3,080,382
Ad valorem taxes receivable	1,498,162
Prepaid expense	85,749
Total Current Assets	<u>4,664,293</u>
Noncurrent Assets	
Capital Assets, net	4,425,051
Total Noncurrent Assets	<u>4,425,051</u>
Total Assets	<u>9,089,344</u>
Deferred Outflows of Resources	<u>-</u>
LIABILITIES	
Current Liabilities	
Accounts payable and accruals	22,563
Construction payable	94,530
Current portion of long term debt	315,928
Total Current Liabilities	<u>433,021</u>
Long Term Liabilities	
Long term debt	<u>2,554,568</u>
Total Liabilities	<u>2,987,589</u>
Deferred Inflows of Resources	<u>-</u>
NET POSITION	
Invested in capital assets, net of related debt	1,554,556
Restricted for capital projects	1,803,899
Unrestricted	<u>2,743,300</u>
Net Position	<u>\$ 6,101,755</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, 2021

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
	<u>Expenses</u>	<u>Operating Grants</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities:				
Public safety-fire protection	\$ 897,573	\$ -	\$ -	\$ (897,573)
Interest on long term debt	94,798	-	-	(94,798)
Total Governmental Activities	<u>\$ 992,371</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (992,371)</u>
General Revenues:				
Taxes				
Ad valorem taxes				1,546,588
State fire insurance rebate				40,384
State revenue sharing				30,966
Interest Earned				4,857
Miscellaneous				8,776
Total General Revenues				<u>1,631,571</u>
Change in Net Position				639,200
Net Position, beginning of year,				<u>5,462,555</u>
Net Position, end of year				<u><u>\$ 6,101,755</u></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, 2021

ASSETS	
Cash	\$ 3,080,382
Ad valorem taxes receivable	1,498,162
Prepaid insurance	<u>85,749</u>
 Total Assets	 <u><u>\$ 4,664,293</u></u>
 LIABILITIES AND FUND BALANCES	
Liabilities	
Accounts payable and accruals	\$ 22,563
Construction payable	94,530
Unearned revenue	<u>81,591</u>
 Total Liabilities	 198,684
Fund Balances	
Nonspendable:	
Prepaid insurance	85,749
Restricted for capital projects	1,803,899
Unassigned	<u>2,575,961</u>
 Total Fund Balances	 <u>4,465,609</u>
 Total Liabilities and Fund Balances	 <u><u>\$ 4,664,293</u></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, 2021

Fund Balances - Total Governmental Funds	\$ 4,465,609
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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	9,537,975
Deduct: Accumulated Depreciation	(5,112,924)

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	(2,870,496)
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Other long term assets are not available to pay for current period expenditures and are deferred in the funds.

81,591

Net Position of Governmental Activities

\$ 6,101,755

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, 2021

	General Fund
Revenues:	
Ad valorem taxes	\$ 1,663,551
Intergovernmental revenues:	
State fire insurance rebate	40,384
State revenue sharing	30,966
Interest earned	4,857
Miscellaneous	8,776
	1,748,534
Total Revenues	1,748,534
Expenditures:	
Current:	
Fire protection	
Debt service:	2,561,212
Principal	303,864
Interest	97,615
	2,962,691
Total Expenditures	2,962,691
Net change in fund balance before other sources	(1,214,157)
Other Sources:	
Proceeds from borrowing	-
Net change in fund balance	(1,214,157)
Fund Balances, Beginning of Year	5,679,766
Fund Balances, End of Year	\$ 4,465,609

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, 2021

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

Net Change in Fund Balances - Total Governmental Funds	\$(1,214,157)
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 capital outlay (\$2,003,498) exceeds depreciation (\$339,859).	1,663,639
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.	(116,963)
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>306,681</u>
Change in Net Position of Governmental Activities	<u><u>\$ 639,200</u></u>

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

NORTH SABINE FIRE PROTECTION DISTRICT

Notes to Financial Statements

December 31, 2021

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 Sabine 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.

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.

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 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 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 to be 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.

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 2021.

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.

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.

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, 2021, the District has cash and cash equivalents as follows:

	Bank Balances	Book Balances
Demand Deposits	\$ 609,985	\$ 609,985
Interest Bearing Demand Deposits	2,573,752	2,470,397
Total	<u>\$ 3,183,737</u>	<u>\$ 3,080,382</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, 2021, \$500,000 in deposits were collateralized by FDIC insurance; \$2,683,737 secured by securities pledged in the name of the District (Category 3).

3. *Ad Valorem Taxes and Structure Fees:*

The District levies taxes on real and business personal property within its boundaries on 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, 2021 total ad valorem taxes of 12.39 mills were levied on property assessed valuations totaling \$140,717,688 after the application of homestead exemptions and adjudicated property. Total taxes levied at December 31, 2021 were \$1,542,087.

4. *Receivables:*

A summary of receivables at December 31, 2021, follows:

	<u>Receivable</u>	<u>Allowance</u>	<u>Total</u>
Ad valorem Taxes	\$1,496,162	\$ -	\$ 1,496,162
State revenue sharing	-	-	-
	<u>\$1,496,162</u>	<u>\$ -</u>	<u>\$ 1,496,162</u>

5. **Capital Assets:**

Capital asset activity for the year ended December 31, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Net Additions</u>	<u>Ending Balance</u>
Government activities:			
Capital assets, not being depreciated			
Work in Process	\$ 177,785	\$ 1,891,733	\$ 2,069,518
Capital assets, being depreciated:			
Buildings & improvements	\$ 2,437,567	\$ 4,800	\$ 2,442,367
Vehicles	4,134,956	7,848	4,142,804
Equipment & furniture	632,976	99,118	732,094
Total	<u>7,205,499</u>	<u>111,766</u>	<u>7,317,265</u>
Less accumulated depreciation			
Buildings & improvements	(759,927)	(57,348)	(817,275)
Vehicles	(3,609,339)	(239,775)	(3,849,114)
Equipment & furniture	(403,800)	(42,736)	(446,536)
Total	<u>(4,773,066)</u>	<u>(339,859)</u>	<u>(5,112,925)</u>
Land	151,193	-	151,193
Total	<u>2,583,626</u>	<u>(339,859)</u>	<u>2,355,533</u>
Net capital assets	<u>\$ 2,761,411</u>	<u>\$ 1,551,874</u>	<u>\$ 4,425,051</u>

Total additions for the year ended December 31, 2021 were \$2,003,499.

Depreciation expense for the year ended December 31, 2021 was \$339,859.

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

Per diem was paid to Commissioners for the year ended December 31, 2021 totaled \$2,550.

7. Long-Term Obligations:

Long-Term Obligations at December 31, 2021 were as follows:

Capital lease dated March 31, 2017 due in annual installments of \$110,030 through March 1, 2027 bearing interest at 3.326%, collateralized by equipment. The balance at December 31, 2021 was \$589,669.

Certificates of indebtedness dated December 25, 2020 due in annual installments of \$291,448 through September 25, 2030 bearing interest at 2.891%. The balance at December 31, 2021 was \$2,280,827.

Changes in long-term debt are as follows:

	Balance 1/1/2021	Borrowings	Principal Payments	Balance 12/31/2021
Capital Lease Payable	\$ 677,177	-	\$ (87,508)	\$ 589,669
Certificates of Indebtedness	2,500,000	-	(219,173)	2,280,827
Totals	<u>\$ 3,177,177</u>	<u>-</u>	<u>\$ (306,681)</u>	<u>\$ 2,870,496</u>

Principal payments on debt during the year totaled \$306,681

Amounts required to service the debt, including interest of \$342,178 are as follows:

Year	Capital Lease			Certificates of Indebtedness		
	Total	Principal	Interest	Total	Principal	Interest
2022	\$ 110,030	\$ 90,418	\$ 19,612	\$ 291,449	\$ 225,510	\$ 65,939
2023	110,030	93,425	16,605	291,448	232,029	59,419
2024	110,030	96,433	13,597	291,448	238,737	52,711
2025	110,030	99,744	10,286	291,448	245,639	45,809
2026	110,031	103,061	6,970	291,448	252,740	38,708
2027 and after	110,129	106,588	3,541	1,165,764	1,086,172	79,592
Total	<u>\$ 660,280</u>	<u>\$589,669</u>	<u>\$ 70,611</u>	<u>\$ 2,623,005</u>	<u>\$2,280,827</u>	<u>\$ 342,178</u>

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 24 is a reconciliation of revenues and expenditures recognized in accordance to budgetary basis (cash basis) for the year ended December 31, 2021.

10. *Subsequent Events:*

Management has evaluated subsequent events through June 27, 2022, the date the financial statements were available to be issued, and determined no additional disclosures are warranted.

NORTH SABINE FIRE PROTECTION DISTRICT
 Budgetary/GAAP Reporting Reconciliation
 December 31, 2021

	Actual on GAAP Basis	General Fund Adjustment to Budgetary Basis	Actual on Budgetary Basis
Revenues:			
Ad valorem taxes	\$ 1,663,551	\$ (260,489)	\$ 1,403,062
Intergovernmental		-	
State fire insurance rebate	40,384	-	40,384
State revenue sharing	30,966	-	30,966
Interest earned	4,857	307	4,550
Miscellaneous	8,776	-	8,776
Total revenues	<u>1,748,534</u>	<u>(260,182)</u>	<u>1,487,738</u>
Expenditures:			
General government	2,561,212	(103,890)	2,457,322
Debt service	401,479	-	401,479
Total expenditures	<u>2,962,691</u>	<u>(103,890)</u>	<u>2,858,801</u>
Changes in Fund Balance before Other Financing Resources	(1,214,157)	(156,906)	(1,371,063)
Other Financing Sources:			
Proceeds from debt	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues over Expenditures	(1,214,157)	<u>(156,906)</u>	<u>(1,371,063)</u>
Fund Balance, Beginning of Year	<u>5,679,766</u>		
Fund Balance, End of Year	<u><u>\$ 4,465,609</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, 2021

	<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>
Revenues:				
Ad valorem taxes	\$ 1,090,000	\$ 1,350,000	\$ 1,403,062	\$ 53,062
Intergovernmental				-
State fire insurance rebate	38,000	40,500	40,384	(116)
State revenue sharing	29,000	31,000	30,966	(34)
Grants	-	-	-	-
Interest earned	3,100	4,400	4,550	150
Miscellaneous	-	8,500	8,776	276
Total revenues	<u>1,160,100</u>	<u>1,434,400</u>	<u>1,487,738</u>	<u>53,338</u>
Expenditures:				
General government	818,408	4,229,679	2,457,322	1,772,357
Debt service	314,000	401,481	401,479	2
Total expenditures	<u>1,132,408</u>	<u>4,631,160</u>	<u>2,858,801</u>	<u>1,772,359</u>
Excess Revenues				
Over Expenditures before				
Other Financing Sources				
	27,692	(3,196,760)	(1,371,063)	1,825,697
Other Financing Sources:				
Proceeds from debt	-	-	-	-
Excess Revenues over				
Expenditures				
	27,692	(3,196,760)	(1,371,063)	1,825,697
Fund Balances, Beginning of Year	<u>5,679,766</u>	<u>5,679,766</u>	<u>5,679,766</u>	<u>-</u>
Fund Balances, End of Year	<u><u>\$ 5,707,458</u></u>	<u><u>\$ 2,483,006</u></u>	<u><u>\$ 4,308,703</u></u>	<u><u>\$ 1,825,697</u></u>

NORTH SABINE FIRE PROTECTION DISTRICT
Schedule of Compensation Paid to Commissioners
Year Ended December 31, 2021

Steve Ezernak	\$	390
Jerry Campbell		330
Kenneth Ebarb		450
Larry Patrick		300
Rich Remedies		720
Ricky Sepulvado		360
		<hr/>
Total	\$	<u>2,550</u>

NORTH SABINE FIRE PROTECTION DISTRICT

Schedule of Compensation, Reimbursements, Benefits, and Other Payments
to Agency Head
Year Ended December 31, 2021

Agency Head: James M. Spann, Fire Chief

Salary	<u>\$ 36,000</u>
Payroll Taxes	<u>\$ 2,754</u>
Travel	<u>\$ -</u>



Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

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

Board of Commissioners
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, 2020, and related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated June 27, 2022.

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.

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. 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

July 27, 2022

NORTH SABINE FIRE PROTECTION DISTRICT

Corrective Action Taken on Prior Year Findings

Year Ended December 31, 2021

There were no findings for the year ended December 31, 2020.

NORTH SABINE FIRE PROTECTION DISTRICT

Schedule of Findings

Year Ended December 31, 2021

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, 2021.



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 on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPS) for the fiscal period January 1, 2021 through December 31, 2021. Management of North Sabine Fire Protection District (the District) is responsible for those C/C areas identified in the SAUPS.

The Board of Commissioners of the District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA's SAUPS for the fiscal period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

The entity has written policies and procedures that adequately address this function.

- 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 Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

The entity has written policies and procedures that adequately address this function.

- c) *Disbursements*, including processing, reviewing, and approving.

The entity has written policies and procedures that adequately address this function.

- d) *Receipts/Collections*, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

The entity has written policies and procedures that adequately address this function.

- e) *Payroll/Personnel*, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

The entity has written policies and procedures that adequately address this function.

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

The entity has written policies and procedures that adequately address this function.

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

The entity has written policies and procedures that adequately address this function.

- h) *Travel and expense reimbursements*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

The entity has written policies and procedures that adequately address this function.

- i) *Ethics*, including (1) the prohibition as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

The entity has written policies and procedures that adequately address this function.

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

The entity has written policies and procedures that adequately address this function.

- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from a network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

The entity has written policies and procedures that adequately address this function.

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

The entity has written policies and procedures that adequately address this function.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exceptions were noted as a result of this procedure.

- 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, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to the public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

No exceptions were noted as a result of this procedure.

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund

balance in the general fund.

No exceptions were noted as a result of this procedure.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

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.

No exceptions were noted as a result of this procedure.

Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 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 location for each deposit site (i.e., 5 collection locations for 5 deposit sites, obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

a) Employees that are responsible for cash collections do not share cash drawers/registers.

No exceptions were noted as a result of this procedure.

- 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.

No exceptions were noted as a result of this procedure.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

No exceptions were noted as a result of this procedure.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

No exceptions were noted as a result of this procedure.

- 6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.

No exceptions were noted as a result of this procedure.

- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions were noted as a result of this procedure.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

No exceptions were noted as a result of this procedure.

- e) Trace the actual deposit per the bank statement to the general ledger.

No exceptions were noted as a result of this procedure.

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

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

All payments are processed through off-site CPA.

- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

No exceptions were noted as a result of this procedure.

- b) At least two employees are involved in processing and approving payments to vendors.

No exceptions were noted as a result of this procedure.

- 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.

No exceptions were noted as a result of this procedure.

- 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.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

No exceptions were noted as a result of this procedure.

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 that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity.

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

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

11. Obtain from management a listing of all 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.

A list of all credit, debit, fuel and other cards was obtained with management's assertion that the list 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 on 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 received and approved, in writing (or electronically approved), 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.]

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

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). For missing receipts, the practitioners should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

No exceptions were noted as a result of this procedure.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 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, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

No exceptions were noted as a result of this procedure.

b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

No exceptions were noted as a result of this procedure.

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).

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts

(or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

No exceptions were noted as a result of this procedure.

- 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).

No exceptions were noted as a result of this procedure.

- c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment was approval documented).

No exceptions were noted as a result of this procedure.

- 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.

No exceptions were noted as a result of this procedure.

Payroll and Personnel

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

This procedure was performed and no exceptions were noted.

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

- a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). [Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.

No exceptions were noted as a result of this procedure.

- b) Observe that supervisors approved the attendance and leave of the selected employees or officials.

No exceptions were noted as a result of this procedure.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's accumulative leave records.

No exceptions were noted as a result of this procedure.

- d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

- 19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed by the required deadlines.

No exceptions were noted as a result of this procedure.

Ethics

- 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.

No exceptions were noted as a result of this procedure.

- b) Observe that the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

No exceptions were noted as a result of this procedure.

Debt Service

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued.

No exceptions were noted as a result of this procedure.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

No exceptions were noted as a result of this procedure.

Fraud Notice

23. Obtain a listing of misappropriation 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 to the district attorney of the parish in which the entity is domiciled.

No exceptions were noted as a result of this procedure.

24. Observe 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.

No exceptions were noted as a result of this procedure.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report, "I performed the procedure and discussed the results with management."**
- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

I performed the procedures and discussed the results with management.

- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

I performed the procedures and discussed the results with management.

- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

I performed the procedures and discussed the results with management.

Sexual Harassment

- 26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

No exceptions were noted as a result of this procedure.

- 27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

No exceptions were noted as a result of this procedure.

- 28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements.;

No exceptions were noted as a result of this procedure.

- b) Number of sexual harassment complaints received by the agency;

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

I was engaged by the District to perform this agreed-upon procedures engagement and conducted my engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. I was not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. 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.

I am required to be independent of the District and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my agreed-upon procedures engagement.

This report is intended 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.



Certified Public Accountant
June 27, 2022