

RED RIVER PARISHWIDE FIRE PROTECTION DISTRICT

Board of Commissioners

Regular Meeting Minutes

Monday, September 13, 2021 at 10:00 a.m.

- I. **Call to order:** 10:00 a.m. by Shawn Beard
- II. **Roll Call:** Rachel Long conducted a roll call. The following persons were present: Bill Jones, Jamarly Jones, Shawn Beard, Bob Harris, and Dan Cason. Absent: Jason Anderson and Mary Cobb. District 4 – Vacant.
- III. **Invocation:** Shawn Beard
- IV. **Pledge of Allegiance:** All
- V. **Motion to Approve Minutes for 8-9-21:** Dan Cason, 2nd Jamarly Jones. All in favor. Motion carried.
- VI. **Motion to Approve Agenda:** Bill Jones, 2nd Bob Harris. All in favor. Motion Carried.
- VII. **Old Business:**
 - a) Part-time Fire Chief Position – A committee was appointed to conduct interviews of the applicants for the Fire Chief position. Serving on the committee are: Bob Harris, Chairman, Jamarly Jones and Bill Jones. Interviews are to be scheduled.
- VIII. **New Business:**
 - a) **Motion to Attach Auditor Questions and Responses to the 9/13/2021 Minutes and to be Advertised:** Bill Jones, 2nd Dan Cason. All in favor. Motion carried.
 - b) **Motion to Approve and Pay Bills:** Bill Jones, 2nd Bob Harris. All in favor. Motion Carried.
 - c) Financial report given by Kylie Shaw. The District received the 2% rebate. The Board will wait until November, 2021 to amend the budget and adopt a budget for 2022. Bank of Coushatta has the signature cards ready for the new account for the sinking fund.
 - d) Jeremy Neal, Fire Chief's Report:
 - i) The forestry grant is still pending.
 - ii) The District received the 2% insurance rebate.
 - iii) Front tires were purchased for E-5.
 - iv) B-3 is back in service. The mechanical seal on the engine had to be replaced.
 - v) Station 7 – Westdale was broken into. Red River Sheriff's Office caught suspects and their attempt to steal was unsuccessful. The station was not vandalized.

- vi) Jeremy would like to shift money budgets for items that will not be used to buy air packs. The price is approximately \$5,000.00 per air pack. Some air packs may be under warranty; some are leaking and the electrical components are not working. The District approximately needs 4; however, Jeremy is doing more research on this matter.
- vii) The firefighters are healthy, and there are currently 4 part-time firefighters.
- e) Next Meeting Date: October 11, 2021 at 10:00 a.m. Shawn Beard may be out of town.
- f) **Motion to Adjourn:** Dan Cason, 2nd Bill Jones.

Minutes recorded by: Rachel Long

Questions for Auditor for Parishwide Fire Protection District for Red River Parish

1. Why was it not written up as a finding that a sinking fund or separate account was not set up or should have been set up to pay the indebtedness of \$3,000,000.00 to Whitney Bank represented by a certificate of indebtedness executed in 2016? Was this Certificate of Indebtedness examined?

The 2016 certificate of indebtedness was examined and we have copies of emails from one of our auditors to the chairman of the board and Shane inquiring about any sinking fund requirements. We also have a copy of the 2016 certificate of indebtedness in our prior year files. There did not appear to be any sinking fund requirements on the bond.

2. What records of PMI did you examine in your years as auditor of the District since PMI has handled payroll for many years and appears to have had complete and total access to the District's bank account?

The District has contracted with our firm to perform a financial audit. This type of engagement is to take financials provided by the District and perform testing and sampling on the financial information provided, including sampling payroll. An audit does not review every transaction that occurs. A financial audit for governments does require the consideration of internal control and compliance with state statutes. The results are reported to the LA Legislative Auditor and the board. An audit firm is not responsible for the District's internal control. The audits for December 31, 2014 and December 31, 2016 included late findings in the reports. The audits for December 31, 2016 and December 31, 2017 included an internal control finding for control over financial reporting and reconciliations. The consideration of internal control over the 2018 financial audit indicated that the internal control over financial reporting and reconciliations was implemented and PMI was preparing the financials correctly for the board's review.

3. Did you have any trouble getting records from the District or PMI during your audit? If so what were those records?

Our audit files indicate that the District was experiencing problems with its prior CPA (per the 2014-2015 board meeting minutes). As a result, the District contracted with PMI. Our firm files included numerous emails between PMI, Shane Felts and Robert Yarbrough which indicate a lack of cooperation with PMI providing our firm with the needed information to perform the audit engagements for years ending December 31, 2014, December 31, 2015, December 31, 2016 and December 31, 2017. Our firm discussed these concerns via email and telephone calls with the board chairman and fire chief on numerous occasions. Regardless, the board and fire chief relied heavily on the expertise of the accountants and made the management decision to continue their services. We did not identify any illegal activity during our audits, however that is not the objective of an audit.

For the years ending December 31, 2018 and December 31, 2019, we did not have trouble getting records from PMI, however it was very evident that Shane and the Board trusted PMI wholeheartedly. Again we did not identify any illegal activity during our audit.

4. Ryan who attended our meeting on August 9 said your firm had some questions about the way things were handled but the questions were satisfactory answered. Do you recall or make a record of those questions and/or the answers?

During the audit for 12/31/19, I performed the fieldwork and assisted another auditor in the completion of the audit. I interviewed Shane Felts concerning the Fire Districts cash flow issue at the end of 2019 and beginning 2020. The cash flow issue appeared to be the significant debt payments due because of the short maturity on the debt. When this payment was due, because

there was no sinking fund requirements, the District's cash flow would suffer significantly. The ad valorem taxes have decreased since the 2016 bond was established. The tax base decreased, however the expenses did not decrease. Shane indicated that PMI had discussed the need to decrease expenses, and refinancing the loan was just one step. We did a current assets to liabilities ratio, and this ratio calculated as positive. I asked about presenting the report to the prior Board and Shane said there was no reason and PMI would take care of presenting anything financial to the Board. Once again, our engagement is to report on financial matters and not internal control matters. We prefer to have contact with the Board, but that is usually done at an annual meeting.

5. Was it appropriate for PMI to fund payroll for the District in the latter part of 2020 when the District did not have the money to pay that? Would that be considered as borrowing money for which bond approval would be needed?

Short-term borrowing does not require approval from the bond commission. As long as this borrowing is recorded as a payable, it is financially correct and we do not believe that noncompliance occurred.

6. Is that indebted to PMI shown in the audit? If so on what page and how is it listed? Is it on page 16 Proceeds from Debt?

Amounts owed by PMI to the District were recorded on the trial balance by Kylie in accounts payable. We performed tests to verify the recorded accounts payable and made an adjustment for unrecorded payables, however the amounts due from PMI were recorded.

7. Were invoices to the District from PMI for their professional services examined? Where there invoices presented to the District?

If the PMI payments were selected during our sampling of expenditures, the invoices would have been examined. The Board would have signed checks after the checks were completed by PMI. We were told during our understanding of internal control, that the checks to be signed were stapled to the invoices. Also the invoices and the check stubs were noted as reviewed by the Board during the meetings. We can only inquire about these procedures, review that approval is done, and read meeting minutes indicating that this occurred.

8. The accountant hired by the District discovered PMI overcharged the District \$35,443.00 for the years ended December 31, 2016-2019. Why was this not discovered in the audit for those years if your firm did the audit?

It is not an auditor's responsibility to discover an overcharged invoice. If these invoices were reviewed during our test or sampling, and the paid invoice was approved by the assigned personnel/board along with all the supporting documentation being attached, we would not know that the invoices were in error.

Every year our firm has performed a fraud inquiry. And during these fraud inquiries, no items were noted that need further audit attention. And it is noteworthy to reiterate that in an audit 100% of transactions will not be reviewed. We perform tests which includes sampling and ratios. If ratios or accounts are significantly different from the prior year, we inquire of management and then a conclusion is rendered upon management's response.