

Financial Report

*Terrebonne Parish Sales and Use Tax Department
Houma, Louisiana*

December 31, 2022



Financial Report

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Houma, Louisiana

December 31, 2022

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FINANCIAL SECTION

INDEPENDENT AUDITOR’S REPORT

To the Sales and Use Tax Advisory Board,
Terrebonne Parish Sales and Use Tax Department,
Houma, Louisiana.

Opinions

We have audited the accompanying financial statements of the governmental activities, the General Fund and the Fiduciary Fund of the Terrebonne Parish Sales and Use Tax Department (the “Department”), a component unit of the Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Department basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, General Fund and Fiduciary Fund of Terrebonne Parish Sales and Use Tax Department as of December 31, 2022, and the respective changes in financial position for the governmental activities, General Fund, the Fiduciary Fund and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits 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. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Department and to meet out other ethical responsibilities, in accordance with the relevant ethical requirements related to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Department'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 Responsibility for the Audit of the Financial Statements.

Our 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 our opinions. 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 and *Government 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 and *Government Auditing Standards*, we:

- 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 Department's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Department's ability to continue as a going concern for a reasonable period of time.

We are 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 we 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 on pages 5 through 11, the Schedule of Changes in the Department's Total OPEB Liability and Related Ratios on page 49, the Schedule of the Department's Proportionate Share of the Net Pension Liability (Asset) on page 50 and the Schedule of Department Contributions on page 51 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. We 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 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that comprise the Department's basic financial statements. The information contained in Schedules 1 through 6 (the Schedule of Other Services and Charges - Budget and Actual, Schedule of Collections on Behalf of Other Taxing Authorities - Parish Sales Tax Fund, Schedule of Cash Receipts and Disbursements - Parish Sales Tax Fund, Schedule of Governmental Fund Expenditures, Graph of Governmental Fund Expenditures, and Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer) for the year ended December 31, 2022 are presented for purposes of additional analysis and are 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the Governmental Balance Sheet and Statement of Fiduciary Fund of Terrebonne Parish Sales and Use Tax Department as of December 31, 2021, 2020, 2019, and 2018, and the related statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance for each of the four years in the year ended December 31, 2021 which are not presented with the accompany financial statements, and we expressed unmodified opinions on those respective financial statements. Those

audits were conducted for the purpose of forming opinions on the financial statements. The information contained in Schedules 3 through 5 was derived from and related directly to the accounting and other records used to prepare the financial statements as of and for the years ended December 31, 2021, 2020, 2019, and 2018. The information is presented for purpose 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 related directly to the underlying accounting and other records used to prepare the 2021, 2020, 2019, and 2018 basic financial statements. The information for the years ended December 31, 2021, 2020, 2019, and 2018, in Schedules 3 through 5 was subjected to auditing procedures applied in the audits of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other procedures in accordance with general auditing procedures generally accepted in the United States of America. In our opinion, the information presented in Schedules 3 through 5 for the years ended December 31, 2021, 2020, 2019, and 2018, is fairly stated in all material respects in relation to the financial statements as a whole from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2023 on our consideration of the Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Department's 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 Department's internal control over financial reporting and compliance.



Certified Public Accountants.

Houma, Louisiana,
May 3, 2023.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Terrebonne Parish Sales and Use Tax Department

December 31, 2022

The Management's Discussion and Analysis of the Terrebonne Parish Sales and Use Tax Department's (the "Department") financial performance presents a narrative overview and analysis of the Department's financial activities for the year ended December 31, 2022. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the financial statements which follow in this section.

FINANCIAL HIGHLIGHTS

The Department's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at the close of fiscal year 2022 by \$1,163,266, net deficit, which represents a 3.86% decrease in the net deficit from the last fiscal year.

The Department is operated on a reimbursement basis with proceeds of sales and use taxes collected in Terrebonne Parish. Differences between revenues and expenses result from the reimbursement of purchases of capital assets, depreciation of capital assets and changes in long-term obligations. For the year ended December 31, 2022, revenues increased \$6,260 (or 0.68%) and expenses decreased \$38,307 (or 4.19%).

The Department collected a total of \$174,605,994 in sales taxes for outside agencies for the year ended December 31, 2022, which represents a \$27,289,745 (or 18.52%) increase from the last fiscal year. This increase is primarily due to an overall increase in economic activity throughout Terrebonne Parish as a result of improved economic conditions following the pandemic and increased spending as a result of Hurricane Ida.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Department's financial statements. The Department's annual report consists of four parts: (1) management's discussion and analysis (this section) (2) financial statements (3) supplementary information and (4) various governmental compliance reports and schedules by certified public accountants and management.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Department's finances, in a manner similar to a private sector business. The Statement of Net Position presents information on all of the Department's assets and liabilities, with the difference between the two reported as net position (deficit). Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Department is improving or deteriorating. The Statement of Activities presents information showing how the Department's net position changed during each fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The governmental activities of the Department are collecting local sales and use taxes, hotel/motel taxes, issuing occupational licenses and local bingo permits.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Department maintains two types of funds, governmental and fiduciary fund types.

Governmental Fund

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Department maintains one individual governmental fund. Information is presented in the Governmental Fund Balance Sheet and in the Statement of Revenues, Expenditures, and Changes in Fund Balance for the General Fund. The Department adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The governmental fund financial statements can be found in pages 12 through 17 of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fiduciary Funds

Fiduciary Funds are used to account for resources held for the benefit of parties outside the Department. While these funds represent a trust responsibility, these assets are restricted in purpose and do not represent assets of the Department. Therefore, these assets are not presented as part of the government-wide financial statements. The Statement of Fiduciary Fund and Statement of Changes in Fiduciary Net Position can be found on pages 18 and 19 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in Exhibit H of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Statement of Net Position reported on pages 12 and 13, presents information on all the Department's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference reported as net position (deficit). As noted earlier, a deficit exists because the Department is not reimbursed for long-term obligations until those obligations are paid. As of December 31, 2022, the net deficit amounted to \$1,163,266. A portion of the Department's net position (deficit), \$15,575, reflects its investment in capital assets (e.g., office furniture, fixtures, and equipment) less accumulated depreciation. Consequently, this portion of the net position (deficit) is not available for future spending.

Long-term liabilities consist of other postemployment benefits, lease liability and compensated absences.

Other liabilities are accounting payable and accrued expenditures. Accounts payable and accrued expenditures include fees for contract auditors, payroll liabilities and other various expenses.

Deferred outflows and inflows of resources are related to pensions and other postemployment benefits.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**Condensed Statements of Net Position**

	December 31,		Dollar Change
	2022	2021	
Current and other assets	\$ 49,993	\$ 45,957	\$ 4,036
Capital assets	15,575	6,144	9,431
Net pension asset	139,802	68,680	71,122
Right-of-use asset	129,518	-	129,518
Deferred outflows of resources	375,955	141,241	234,714
Total assets and deferred outflows of resources	<u>710,843</u>	<u>262,022</u>	<u>448,821</u>
Long-term liabilities	1,037,658	965,271	72,387
Other liabilities	49,993	45,957	4,036
Deferred inflows of resources	786,458	460,781	325,677
Total liabilities and deferred inflows of resources	<u>1,874,109</u>	<u>1,472,009</u>	<u>402,100</u>
Net position:			
Net investment in capital assets	15,575	6,144	9,431
Unrestricted (deficit)	<u>(1,178,841)</u>	<u>(1,216,131)</u>	<u>37,290</u>
Total net position (deficit)	<u>\$ (1,163,266)</u>	<u>\$ (1,209,987)</u>	<u>\$ 46,721</u>

Governmental Activities

Governmental activities decreased the Department's net deficit by \$46,721. Key elements of the net increase are as follows (see table on the following page):

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**Governmental Activities (Continued)****Condensed Statements of Activities**

	<u>December 31,</u>		<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>
	<u>2022</u>	<u>2021</u>		
Revenues:				
Charges for services	\$ 921,449	\$ 915,324	\$ 6,125	0.67%
Licenses	2,400	2,800	(400)	-14.29%
Miscellaneous - other	790	255	535	209.80%
Total revenues	<u>924,639</u>	<u>918,379</u>	<u>6,260</u>	<u>0.68%</u>
Expenses:				
General government	<u>874,928</u>	<u>913,235</u>	<u>(38,307)</u>	<u>-4.19%</u>
Increase in net position	<u>49,711</u>	<u>5,144</u>	<u>44,567</u>	<u>866.39%</u>
Net Deficit				
Beginning of year, as previously reported	(1,209,987)	(1,215,131)	5,144	-0.42%
Restatement, implementation of GASB No. 87	<u>(2,990)</u>	<u>-</u>	<u>(2,990)</u>	<u>100.00%</u>
Beginning of year, as restated	<u>(1,212,977)</u>	<u>(1,215,131)</u>	<u>2,154</u>	<u>-0.18%</u>
End of year	<u>\$ (1,163,266)</u>	<u>\$ (1,209,987)</u>	<u>\$ 46,721</u>	<u>-3.86%</u>

The Department is an expenditure driven entity where changes in revenue derive from changes in reimbursed expenses incurred during the period. The Department's revenues represent transfers of sales and use tax proceeds from its Custodial Fund to pay operating expenses of the Department.

On Exhibit C, the Department's general government expenses fall into six categories: personal services, supplies and materials, other services and charges, repairs and maintenance, lease expense, and depreciation. Of the six categories the largest is personal services and totals \$392,505, which is 44.86% of total expenses for the year ended December 31, 2022. Personal services decreased \$39,888 in comparison with 2021. The decrease is primarily due to changes in pension and other postemployment benefits liabilities, deferred inflows and deferred outflows. Other services and charges, which includes such expenses as contract auditing fees, legal fees, insurance, office machine rentals, software technology services, telephone, and miscellaneous expenses, decreased by \$6,842 in comparison with 2021.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental Activities (Continued)

Other expenses include supplies and materials, repairs and maintenance, and depreciation. These expenses amount to \$46,537 which is an increase of \$6,876 from 2021. This increase is the result of additional supply purchases, increased need for repairs and increased depreciation due to the purchase of capital assets in the current year.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

The focus of the Department's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Department's financing requirements. The General Fund is the chief operating fund of the Department. It is used to account for all financial resources except those that are required to be accounted for in another fund.

General Fund Budgetary Highlights

The Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual for the General Fund (Exhibit E) displays the original budget, final budget and actual amounts in columns with a variance column showing the favorable or (unfavorable) difference of the actual and the final budget. The budget was amended once during the year. Since the Department is an expenditure driven entity with expenditures fully reimbursed, revenues report an unfavorable variance equal to the favorable variance of expenditures.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of the parties outside the Department. Exhibit G on page 19 details the disbursements to other governmental units. Total cash disbursements for the year ended December 31, 2022 amounted to \$174,605,994, which represents an increase of \$27,289,745. Increase is primarily due to an increase in economic activity throughout Terrebonne Parish. The two major governmental units that receive distributions are Terrebonne Parish School Board and Terrebonne Parish Consolidated Government.

CAPITAL ASSETS**Capital Assets**

The Department's investment in capital assets for its governmental activities as of December 31, 2022, amounts to \$15,575 (net of accumulated depreciation). This investment in capital assets includes office furniture, fixtures and equipment.

	<u>2022</u>	<u>2021</u>
Office furniture, fixtures, and equipment	\$113,936	\$ 97,871
Less accumulated depreciation	<u>98,361</u>	<u>91,727</u>
Total capital assets, net	<u>\$ 15,575</u>	<u>\$ 6,144</u>

During the year ended December 31, 2022, the Department's major capital asset purchase was for new computers and scanners which amounted to \$16,065. Depreciation expense was \$6,634 for year ended December 31, 2022. Additional information on the Department's capital assets can be found in Note 3, Exhibit H of this report.

Long-Term Obligations

The Department reported a net pension asset of \$139,802 as of December 31, 2022 related to GASB 68. In 2021, the Department recognized a net pension asset related to GASB 68 of \$68,680. Other post-employment benefit obligations decreased \$66,459 to \$858,483 as of December 31, 2022 due to changes in other postemployment benefits. Obligations for unpaid annual leave increased \$4,791. Unpaid annual leave obligations amounted to \$45,120 as of December 31, 2022. During the year, the Department implemented GASB No. 87, "Leases" retrospective application. Beginning net position was restated by \$2,990 and a right-of-use asset and liability was recognized for the lease of office space. See Note 4, Exhibit H of this report for additional information related to lease commitments.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Department considered the following factors and indicators when setting next year's budget. These factors and indicators include:

- Personal services increased to reflect a 2% cost of living adjustment.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Department's finances for all those with an interest in the Department's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Brandi Fontenot, Director, Terrebonne Parish Sales Tax Department, P.O. Box 670, Houma, LA 70361.

STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET

Terrebonne Parish Sales and Use Tax Department

December 31, 2022

	<u>General Fund</u>	<u>Adjustments (Exhibit B)</u>	<u>Statement of Net Position</u>
Assets and Deferred Outflows of Resources			
Cash	\$ 49,993	\$ -	\$ 49,993
Net pension asset	-	139,802	139,802
Capital assets:			
Depreciable, net of accumulated depreciation		15,575	15,575
Right-of-use asset, net of accumulated depreciation	-	129,518	129,518
Total assets	<u>49,993</u>	<u>284,895</u>	<u>334,888</u>
Deferred outflows of resources:			
Other postemployment benefits	-	346,329	346,329
Pensions	-	29,626	29,626
Total deferred outflows of resources	<u>-</u>	<u>375,955</u>	<u>375,955</u>
Total assets and deferred outflows of resources	<u>49,993</u>	<u>660,850</u>	<u>710,843</u>
Liabilities and Deferred Inflows of Resources			
Accounts payables and accrued expenditures	44,422	-	44,422
Due to Terrebonne Parish Consolidated Government	5,571	-	5,571
Long-term liabilities:			
Due within one year	-	43,119	43,119
Due in more than one year	-	994,539	994,539
Total current and non-current liabilities	<u>49,993</u>	<u>1,037,658</u>	<u>1,087,651</u>

**Exhibit A
(Continued)**

	<u>General Fund</u>	<u>Adjustments (Exhibit B)</u>	<u>Statement of Net Position</u>
Liabilities and Deferred Inflows of Resources			
Deferred inflows of resources:			
Other postemployment benefits	-	679,447	679,447
Pensions	-	107,011	107,011
	<u>-</u>	<u>786,458</u>	<u>786,458</u>
Total deferred inflows of resources			
	<u>-</u>	<u>786,458</u>	<u>786,458</u>
Total liabilities and deferred inflows of resources	<u>49,993</u>	<u>1,824,116</u>	<u>1,874,109</u>
Fund Balances/Net Assets			
Fund balance - unassigned	<u>-</u>		
Total liabilities and fund balances	<u><u>\$ 49,993</u></u>		
Net position:			
Net investment in capital assets		15,575	15,575
Unrestricted (deficit)		<u>(1,178,841)</u>	<u>(1,178,841)</u>
Total net position (deficit)		<u><u>\$ (1,163,266)</u></u>	<u><u>\$ (1,163,266)</u></u>

See notes to financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET POSITION**

Terrebonne Parish Sales and Use Tax Department

December 31, 2022

Fund Balances - Governmental Fund	\$	-
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.		
Governmental capital assets	\$ 113,936	
Less accumulated depreciation	<u>(98,361)</u>	15,575
Long-term assets are not financial resources and, therefore, are not reported in the governmental fund.		
Right-of-use asset net of accumulated depreciation	129,518	
Net pension asset	<u>139,802</u>	269,320
Deferred outflows of resources used in governmental activities are not financial resources and are not reported in governmental fund.		
Pensions	29,626	
Other postemployment benefit obligation	<u>346,329</u>	375,955
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental fund.		
Other postemployment benefit obligation	(858,483)	
Lease liability	(134,055)	
Compensated absences payable	<u>(45,120)</u>	(1,037,658)
Deferred inflows of resources will not be recognized in the current period and are not reported in governmental funds.		
Pensions	(107,011)	
Other postemployment benefit obligation	<u>(679,447)</u>	<u>(786,458)</u>
Net Position (Deficit) of Governmental Activities		<u>\$ (1,163,266)</u>

See notes to financial statements.

**STATEMENT OF ACTIVITIES AND STATEMENT OF
GOVERNMENTAL FUND REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE**

Terrebonne Parish Sales and Use Tax Department

For the year ended December 31, 2022

	<u>General Fund</u>	<u>Adjustments (Exhibit D)</u>	<u>Statement of Activities</u>
Revenues			
Charges for services	\$ 921,449	\$ -	\$ 921,449
Licenses	2,400	-	2,400
Miscellaneous - other	790	-	790
	<u>924,639</u>	<u>-</u>	<u>924,639</u>
Expenditures/Expenses			
Current:			
Personal services	434,332	(41,827)	392,505
Supplies and materials	33,655	-	33,655
Other services and charges	387,179	-	387,179
Repairs and maintenance	6,248	-	6,248
Lease expense	47,160	1,547	48,707
Capital outlay	16,065	(16,065)	-
Depreciation	-	6,634	6,634
	<u>924,639</u>	<u>(49,711)</u>	<u>874,928</u>
Excess of Revenues Over Expenditures	-	-	-
Change in Net Position	-	49,711	49,711
Fund Balance/Net Position (Deficit)			
Beginning of year, as restated	-	(1,212,977)	(1,212,977)
End of year	<u>\$ -</u>	<u>\$ (1,163,266)</u>	<u>\$ (1,163,266)</u>

See notes to financial statements.

**RECONCILIATION OF THE STATEMENT OF GOVERNMENTAL
FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE TO THE STATEMENT OF ACTIVITIES**

Terrebonne Parish Sales and Use Tax Department

For the year ended December 31, 2022

Net Change in Fund Balance - Governmental Fund		\$ -
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Depreciation expense	\$ (6,634)	
Capital outlay	<u>16,065</u>	9,431
The net effect of transactions involving leases and right-of-use assets.		
Amortization of right-of-use asset	(43,172)	
Lease interest	(5,535)	
Lease expense	<u>47,160</u>	(1,547)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental fund.		
Other postemployment benefit expense	5,551	
Pension expense	41,067	
Increase in compensated absences payable	<u>(4,791)</u>	<u>41,827</u>
Change in Net Position of Governmental Activities		<u>\$ 49,711</u>

See notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND**

Terrebonne Parish Sales and Use Tax Department

For the year ended December 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		<u>Favorable (Unfavorable)</u>
Revenues				
Charges for services	\$ 1,330,420	\$ 1,059,410	\$ 921,449	\$ (137,961)
Licenses	4,000	2,400	2,400	-
Miscellaneous - other	7,250	519	790	271
Total revenues	<u>1,341,670</u>	<u>1,062,329</u>	<u>924,639</u>	<u>(137,690)</u>
Expenditures				
Current:				
Personal services	690,420	443,481	434,332	9,149
Supplies and materials	46,000	39,597	33,655	5,942
Other services and charges	523,750	505,604	387,179	118,425
Repairs and maintenance	10,000	8,962	6,248	2,714
Lease expense	47,200	46,800	47,160	(360)
Capital outlay	24,300	17,885	16,065	1,820
Total expenditures	<u>1,341,670</u>	<u>1,062,329</u>	<u>924,639</u>	<u>137,690</u>
Excess of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements.

STATEMENT OF FIDUCIARY NET POSITION**Terrebonne Parish Sales and Use Tax Department**

December 31, 2022

	<u>Custodial Fund</u>
Assets	
Cash	\$ 12,953,438
Taxes receivable	<u>15,737,428</u>
Total assets	<u>28,690,866</u>
Liabilities	
Accounts payables and accrued expenditures	11,019
Liabilities to other governmental units:	
Terrebonne Parish School Board	12,995,569
Terrebonne Parish Consolidated Government	7,469,711
Terrebonne Parish Consolidated Government - Library	1,257,635
Terrebonne Parish Consolidated Government - Levees	1,257,635
Terrebonne Parish Sheriff	2,515,271
Terrebonne Levee and Conservation District	2,515,272
Houma Area Convention and Visitors Bureau	<u>213,510</u>
Total liabilities	<u>28,235,622</u>
Fiduciary net position	
Held for others	<u><u>\$ 455,244</u></u>

See notes to financial statements.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**Terrebonne Parish Sales and Use Tax Department**

For the year ended December 31, 2022

	<u>Custodial Fund</u>
Additions:	
Sales tax collections	\$ 174,605,994
Sales taxes paid under protest	37,200
Protest interest income	870
	<hr/>
Total additions	174,644,064
	<hr/>
Reductions:	
Distributions to other governmental units	173,684,544
Administrative costs	921,449
	<hr/>
Total reductions	174,605,993
	<hr/>
Change in net position	38,071
	<hr/>
Net position	
Beginning of year	417,173
	<hr/>
End of year	\$ 455,244
	<hr/> <hr/>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Terrebonne Parish Sales and Use Tax Department**

December 31, 2022

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Terrebonne Parish Sales and Use Tax Department (the “Department”) was created October 14, 1964, in compliance with Act 500 of 1964, of the State of Louisiana. The Sales and Use Tax Department administers the collection and distribution of the approved 5.50% sales tax, hotel/motel tax, occupational licenses, and bingo permits.

Tax collections, after deducting operating expenses, are distributed in the month following receipt. The first levy of 1% made in 1964 is divided between the Terrebonne Parish School Board, which receives 33%, and the Terrebonne Parish Consolidated Government, which receives 67% (split evenly between the former Terrebonne Parish Police Jury and City of Houma). There were two levies made for a total of 1% in 1976 which the Terrebonne Parish School Board receives 75%, and the Terrebonne Parish Consolidated Government receives 25%. The ¼% levy effective January 1, 1987 is remitted to the Terrebonne Parish Law Enforcement Department. The two ¼% levies effective January 1, 1993 are remitted to the Terrebonne Parish Consolidated Government with ¼% dedicated to Drainage and ¼% dedicated to Roads and Bridges. The 1% levy effective July 1, 1996 is remitted to the Terrebonne Parish School Board. The ¼% levy effective October 1, 1997 is remitted to the Terrebonne Parish Law Enforcement Department. The ¼% levy effective July 1, 1998 is remitted to the Terrebonne Parish Consolidated Government which is dedicated to the Library System. The ¼% levy effective July 1, 2002 is remitted to the Terrebonne Parish Consolidated Government, which is dedicated to being used as matching funds for the Terrebonne Levee and Conservation Department’s Morganza-to-the-Gulf Project. The ½% levy effective April 1, 2013 is remitted to Terrebonne Levee and Conservation Department. The ½% levy effective April 1, 2015 is remitted to the Terrebonne Parish School Board which is to be used for paying salaries and benefits for teachers and other personnel. The Hotel/Motel tax of 5% is remitted solely to the Houma Area Convention and Visitors Bureau.

The accounting policies of the Terrebonne Parish Sales and Use Tax Department conform to accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Reporting Entity

The Department is a component unit of the Terrebonne Parish Consolidated Government (the “Parish”) and as such, these financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ended December 31, 2022.

GASB Statement 14, *The Financial Reporting Entity*, GASB Statement 39, *Determining Whether Certain Organizations Are Component Units-an amendment of GASB Statement 14*, and GASB Statement 61, *The Financial Reporting Entity: Omnibus and amendment of GASB Statements 14 and 34* established the criterion for determining which component units should be considered part of the Department for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the governing authority appoints a majority of the board members of the potential component unit.
3. Fiscal interdependency between the Department and the potential component unit.
4. Imposition of will by the Department on the potential component unit.
5. Financial benefit/burden relationship between the Department and the potential component unit.

The Department has reviewed all of its activities and determined that there are no potential component units which should be included in its financial statements.

b) Basis of Presentation

The Department’s financial statements consist of the government-wide statements on all of the non-fiduciary activities of the Department and the governmental fund financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of Presentation (Continued)

Government-Wide Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities for all activities of the Department. The government-wide presentation focuses primarily on the sustainability of the Department as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Governmental activities of the Department generally are financed through intergovernmental revenues reported as charges for services.

Fund Financial Statements

The daily accounts and operations of the Department are organized on the basis of a fund and accounts groups, each of which is considered a separate accounting entity. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Governmental resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds of the Department are grouped, into generic fund types and two broad categories as follows:

Governmental activities presented as governmental funds in the fund financial statements:

General Fund - The General Fund is the general operating fund of the Department. It is used to account for and report all financial resources except those that are required to be accounted for and reported in another fund. The General Fund is always a major fund.

Fiduciary Fund

Custodial Fund - This fund is used to account for and report assets that the Department holds for others in a custodial capacity. Since by definition these assets are being held for the benefit of others and cannot be used to address activities or obligations of the Department, this fund is not incorporated into the governmental-wide statements.

c) Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting (Continued)

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.

Fund Financial Statements

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For this purpose, the Department considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Charges for collection and distribution services of sales taxes are considered "measurable" when the related sales taxes are in the hands of the merchants and are recognized as revenue at that time. Licenses and miscellaneous revenues are recorded as revenues when received in cash by the Department because they are generally not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is accumulated unpaid vacation and sick pay which is recognized when paid. Allocations of cost such as depreciation are not recognized in the governmental funds.

Custodial funds are used to report fiduciary activities that are not required to be reported in pension trust funds, investment trust funds, or private-purpose trust funds. The Custodial Fund accounts for sales tax collections as custodian for other governments within Terrebonne Parish.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Use of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

e) Operating Budgetary Data

The Department establishes the budgetary data reflected in the financial statements as follows:

The Director submits, to the members of the Sales and Use Tax Advisory Board, a proposed operating budget for the year commencing the following January 1. The public hearings and advertisements, which are required by state law, are conducted prior to approval by the Advisory Board. The budget is then submitted to the Parish Council. All actions necessary to adopt and otherwise finalize and implement the budget for an ensuing year are taken prior to the end of the year in progress. Any amendment involving the transfer of monies from one department to another or from one program or function to another or any other increases in expenditures exceeding amounts estimated must be approved by the Advisory Board. The Department amended its budget once during the year. All budgeted amounts which are not expended, or obligated through contracts, lapse at year end.

The budget for the General Fund is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

The General Fund budget presentation is included in the financial statements.

f) Accounts Receivable

The financial statements of the Department do not contain an allowance for uncollectible accounts. Uncollectible amounts due for receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operation of the funds.

g) Capital Assets

The accounting treatment over property and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Capital Assets (Continued)

Government-Wide Financial Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets purchased or acquired with an original cost of \$500 or more are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. 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 expensed as incurred.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The estimated useful life of assets (furniture, fixtures, and equipment) is 5-20 years.

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

h) Non-Current Liabilities

The accounting treatment of noncurrent liabilities depends on whether they are reported in the government-wide or fund financial statements.

Government-Wide Financial Statements

All non-current liabilities to be repaid from governmental resources are reported as liabilities in the government-wide statements. Non-current liabilities consist of accrued compensated absences (vacation and sick leave) and other postemployment benefits (group health insurance).

Fund Financial Statements

Non-current liabilities for governmental funds are not reported as liabilities in the fund financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Vacation and Sick Leave

Employees of the Department can earn twelve or seventeen days per year vacation leave, depending on their length of employment. All employees are required to take vacation within one year of being earned. Any unused vacation remaining on the employee's anniversary date will be transferred to sick leave. In the event the employee is terminated or resigns, all vacation leave not transferred to sick leave will be paid to them.

Employees of the Department earn seven days of sick leave per year. Upon official retirement from the Parochial Retirement System, the retiring employee will be allowed to receive half of whatever accumulated sick leave time has accrued, up to a maximum of 30 days, by leaving work early and remaining on the payroll until the 30 days are exhausted.

The liability for vacation and sick leave is recorded as a non-current liability in the government-wide statements. In the fund financial statements, governmental funds report only the vacation and sick leave liability payable from expendable available financial resources, accordingly no significant compensated absences liability is recorded as of December 31, 2022.

j) Leases

The Department is a lessee in a noncancelable lease. Since the contract provides the Department with the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. ROU assets are also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred. There were no adjustments for 2022.

Future lease payments are discounted using the interest rate implicit in the lease. If the discount rate is not readily determined, the estimated incremental borrowing rate should be used. The Department used an estimated incremental borrowing rate when discounting future lease payments.

Lease liabilities are reduced as payments are made and the Department recognizes an outflow of resources, and an expense for interest on the lease liability. ROU assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

The right-of-use assets and lease liability as of December 31, 2022 are presented as separate line items on the Department's statement of net position.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Parochial Employees' Retirement System of Louisiana (the "System") and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are accounted for at market value.

l) Deferred Outflows of Resources

In addition to assets, the Statement of Net Position and Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Department has pension and other postemployment benefits related deferred outflows of resources.

m) Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position and Balance Sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental activities report pension and other postemployment benefits related deferred inflows of resources in the Department's government-wide statements. These amounts are deferred and recognized as an inflow of resources in the amortization period.

n) Fund Equity

Government-Wide Statements

Equity is classified as net position and may be displayed in three components:

- a. Net investment in capital assets - Consists 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 attributable to the acquisition, construction or improvement of those assets. As of December 31, 2022, the Department did not report any borrowings.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Fund Equity (Continued)

- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of “restricted” or “net investment in capital assets”.

When both restricted and unrestricted resources are available for use, it is the Department’s policy to use restricted resources first, then unrestricted resources as they are needed. As of December 31, 2022 and for the year then ended, the Department did not have or receive restricted net position.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

- a. Non-spendable - Amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted - Amounts for which constraints have been placed on the use by externally imposed donors, grantors, creditors, or government laws and regulations, or imposed by law through constitutional provisions or enabling legislation.
- c. Committed - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Department’s Advisory Board.
- d. Assigned - Amounts that are constrained by the Department’s intent to be used for a specific purpose but do not meet the criteria for restricted or committed. Assignments may be assigned by the Department’s Director.
- e. Unassigned - All other spendable amounts.

For the classification of governmental fund balances, the Department considers an expenditure to be made from the most restrictive fund balance first when more than one classification is available.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) Fiduciary Net Position Adjustment

GASB Statement No. 84 requires liabilities to beneficiaries of a fiduciary activity to be recognized when an event has occurred that compels the Department to disburse fiduciary resources. Events that compel the Department to disburse fiduciary resources occur when a demand for resources has been made or when no further action, approval or condition is required to be taken or met by the beneficiary to release the assets.

p) New GASB Statements

During the year ending December 31, 2022, the Department implemented the following GASB Statements:

Statement 87, “*Leases*” increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities.

The key changes upon adoption of the standard was the recognition of right-to-use asset on the Statement of Net Position, given that the recognition of lease expense on the Statement of Activities is similar to the Department’s historical accounting. There was a cumulative effect adjustment to net position of \$2,990 as of January 1, 2022. Leases with original terms of one year or less were excluded.

The adoption of Statement 87 resulted in the recognition of a right-of-use asset as of December 31, 2022 of \$129,518 and a lease liability of \$134,055.

The impact of adopting the new guidance is as follows:

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) New GASB Statements (Continued)

	<u>Amounts That Were Reported Under Former Guidance</u>	<u>Effect of Applying New Guidance</u>	<u>Amounts That Were Reported Under Former Guidance</u>
Assets			
Right-of-use asset	<u>\$ -</u>	<u>\$ 172,690</u>	<u>\$ 172,690</u>
Liabilities			
Lease liability	<u>\$ -</u>	<u>\$ 175,680</u>	<u>\$ 175,680</u>
Affect on Net Assets - 2021	<u>\$ -</u>	<u>\$ (2,990)</u>	<u>\$ (2,990)</u>
Beginning net position before restatement		<u>(1,209,987)</u>	(1,209,987)
Beginning net position as restated		<u>\$ (1,212,977)</u>	<u>\$ (1,212,977)</u>

Statement 91, “*Conduit Debt Obligations*” provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement did not affect the financial statements for the year ended December 31, 2022.

Statement 92, “*Omnibus 2020*” establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance related activities of public entity risk pools, fair value measurements, and derivative instruments. This Statement did not affect the financial statements for the year ended December 31, 2022.

Statement 93, “*Replacement of Interbank Offered Rates*” some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) New GASB Statements (Continued)

rates. The Statement will preserve the consistency and comparability of reporting hedging derivative instruments and leases after governments amend or replace agreements to replace an IBOR. This Statement did not affect the financial statements for the year ended December 31, 2022.

Statement No. 97, “*Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*” provides objectives to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. This Statement did not affect the financial statements for the year ended December 31, 2022.

The GASB has issued the following Statements which will become effective in future years as shown below:

Statement 94, “*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*” improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) New GASB Statements (Continued)

(APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for years beginning after June 15, 2022. Management has yet to determine the effect of this Statement on the financial statements.

Statement No. 96, “*Subscription-based Information Technology Arrangements*” provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for the years beginning after June 15, 2022. Management has yet to determine the effect of this Statement on the financial statements.

Statement No. 99, “*Omnibus 2022*” provides objectives to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements and accounting and financial report for financial guarantees. The requirements of this Statement apply to all financial statements at dates varying from upon issuance to fiscal periods beginning after June 15, 2023. Management has yet to determine the effect of this Statement on the financial statements.

Statement No. 100, “*Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*” provides guidance to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management has yet to determine the effect of this Statement on the financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) New GASB Statements (Continued)

Statement No. 101, “*Compensated Absences*” provides guidance to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management has yet to determine the effect of this Statement on the financial statements.

Note 2 - DEPOSITS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or any other federally insured investments, certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper or domestic corporations.

State law also requires that deposits of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

The year end balances of deposits are as follows:

	Bank Balance	Reported Amounts
Cash	\$ 13,019,989	\$ 13,003,431

Custodial credit risk is the risk that in the event of a bank failure, the Department’s deposits may not be returned to it. The Department has a written policy for custodial credit risk, which reflects state law. As of December 31, 2022, \$12,519,989 of the Department’s bank balance of \$13,019,989 was exposed to custodial credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution’s trust department or agent and are deemed to be held in the Department’s name by state statutes.

Note 2 - DEPOSITS (Continued)

As of December 31, 2022, cash in excess of the FDIC insurance was adequately collateralized in accordance with state law, by securities held by an unaffiliated bank for the account of the Department. The GASB, which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the deposits are considered subject to custodial credit risk under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

A reconciliation of deposits as shown on the Statement of Net Position and Governmental Fund Balance Sheet is as follows:

Book balance	\$ 13,003,431
Less cash reported in the Statement of Fiduciary Net Position	<u>(12,953,438)</u>
Cash - Statement of Net Position and Governmental Fund Balance Sheet	<u>\$ 49,993</u>

Note 3 - CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022 was as follows:

	<u>Balance January 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2022</u>
Capital assets being depreciated:				
Office furniture, fixtures, and equipment	\$ 97,871	\$ 16,065	\$ -	\$ 113,936
Less accumulated depreciation for:				
Office furniture, fixtures, and equipment	<u>(91,727)</u>	<u>(6,634)</u>	<u>-</u>	<u>(98,361)</u>
Total capital assets, net	<u>\$ 6,144</u>	<u>\$ 9,431</u>	<u>\$ -</u>	<u>\$ 15,575</u>

Note 4 - LEASE COMMITMENTS

The Department entered into a lease with Terrebonne Parish Consolidated Government (the “Parish”) for office space. The lease term began on January 1, 2021 and covers 3 years with an option to renew for 2 additional years. The lease calls for monthly payments of \$3,930. The lease interest rate is approximated at the incremental borrowing rate of 3.53%.

The weighted-average discount rate is approximated at the incremental borrowing rate of 3.53%. The Department has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for the lease where the implicit rate is not readily determinable. The Department has applied the risk-free rate option to the lease.

Reported under Statement 87 for year ended December 31, 2022 are as follows:

Lease expense	\$ 48,707
Cash paid for lease	\$ 47,160
Right-of-use asset	\$ 129,518
Lease liability	\$ 134,055

Weighted-Average Information

Weighted-average remaining lease in years	3
Weighted-average discount rate:	3.53%

Future Minimum Lease Payments

<u>Year Ending December 31,</u>	<u>Amounts</u>
2023	\$ 47,160
2024	47,160
2025	47,160
Total lease payments	141,480
Less amounts representing interest	<u>(7,425)</u>
Present value of lease liability	134,055
Less current maturities	<u>(43,119)</u>
Long-term lease obligation	<u>\$ 90,936</u>

Note 5 - ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES

Accounts payable and accrued expenditures as of December 31, 2022 consisted of the following:

	General Fund	Custodial Fund	Totals
Vendors	\$ 27,783	\$ 11,019	\$ 38,802
Salaries and benefits	16,639	-	16,639
Totals	\$ 44,422	\$ 11,019	\$ 55,441

Note 6 - NON-CURRENT LIABILITIES

Non-current liabilities and assets consist of accumulated earned and unpaid vacation and sick leave and other postemployment benefits. The following is a summary of changes in the non-current liabilities of the Department for the year ended December 31, 2022:

	Payable January 1, 2022	Increase/ Earned	Decrease/ Used	Payable December 31, 2022	Due Within One Year
Accumulated unpaid annual leave	\$ 40,329	\$ 23,625	\$ (18,834)	\$ 45,120	
Lease liability	175,680		(41,625)	134,055	43,119
Other postemployment benefits	924,942	-	(66,459)	858,483	
Totals	\$ 1,140,951	\$ 23,625	\$ (126,918)	\$ 1,037,658	\$ 43,119

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description

The Department administers a single employer defined benefit healthcare plan (the “Plan”). The Plan provides for the payment of medical, dental and life insurance premiums for eligible employees, retirees and their dependents as approved by the Terrebonne Parish Council. Louisiana Revised Statute 33:5161 grants authority to establish and amend the benefit terms and financing requirements to the Parish Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. For employees retiring before January 1, 2005, the Department funds the entire premium for all benefits on employees retiring with at least ten years of service upon retiring from the formal retirement systems.

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Plan Description (Continued)

Department employees retiring on or after January 1, 2005 with at least ten years of permanent full-time creditable service with the Department shall be eligible to participate in the Plan approved by the Parish Council under the following vesting schedule: 11 to 15 years of service, 27.50 % plus 2.75% per year; 16 to 20 years of service 41.25% plus 3.75% per year of service; 21 years or more of service, 60% plus 5% per year of service, limited to 85% of the premium. Employees hired after December 31, 2013 with at least 30 years of permanent full-time creditable service, age 55 and 5 years of participation in the Department’s group health insurance plan immediately prior to retirement shall be eligible to participate in the Plan with benefits limited to 80% of premiums. A retired employee may provide dependent hospitalization coverage at applicable dependent rates. To be eligible for coverage after retirement, retired employees must be eligible for retirement under the Parochial Employees’ Retirement System, see Note 8.

The Department does not issue a publicly available financial report on the Plan.

Employees Covered by Benefit Terms

Inactive employees currently receiving benefit payments	5
Active employees	<u>4</u>
Total	<u><u>9</u></u>

The Department’s total OPEB liability of \$858,483 was measured as of December 31, 2022 and was determined by an actuarial valuation as of January 1, 2022.

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Total OPEB Liability

Actuarial Assumptions and Other Inputs

The total OPEB liability as of December 31, 2022 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless, otherwise specified:

Measurement Date	December 31, 2022
Actuarial Valuation Date	January 1, 2022
Inflation	2.50%
Salary Increases, Including Inflation	3.00%
Discount Rate	4.05%
Healthcare Cost Trend Rates	Medical - 6.00% in year one decreasing in decrements of 0.25% per year until 5.00% through year five. Dental - 3.50% in year one decreasing in decrements of 0.25% per year until 2.50% through year five.

The discount rate was based on the December 31, 2022 Fidelity General Obligation AA 20-Year Yield.

Mortality rates for active employees were based on the PubG.H-2010 (general) and PubS.H-2010 (public safety) Employee Mortality Tables, Generational with Projection Scale MP-2021 for males or females, as appropriate.

Mortality rates for retirees were based on the PubG.H-2010 (general) and PubS.H-2010 (public safety) Healthy Retiree Mortality Tables, Generational with Projection Scale MP-2021 for males or females, as appropriate.

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Total OPEB Liability (Continued)

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance as of December 31, 2021	\$ 924,942
Changes for the year:	
Service cost	27,387
Interest	21,708
Difference between expected and actual experience	86,893
Changes in assumptions and other inputs	(416,957)
Change in proportion	261,300
Benefit payments	<u>(46,790)</u>
Net changes	<u>(66,459)</u>
Balance as of December 31, 2022	<u>\$ 858,483</u>

Sensitivity to Total OPEB Liability to Change in the Discount Rate

The following presents the total OPEB liability of the Department, as well as what the Department's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate.

	<u>1.00% Decrease ▾ (3.05%)</u>	<u>Current Discount Rate ▾ (4.05%)</u>	<u>1.00% Increase ▾ (5.05%)</u>
Total OPEB Liability	<u>\$ 1,007,246</u>	<u>\$ 858,483</u>	<u>\$ 740,276</u>

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Total OPEB Liability (Continued)

Sensitivity to Total OPEB Liability to Change in the Health Cost Trend Rate

The following presents the total OPEB liability of the Department, as well as what the Department's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate.

	<u>1.00% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1.00% Increase</u>
Total OPEB Liability	<u>\$ 729,297</u>	<u>\$ 858,483</u>	<u>\$ 1,026,015</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2022, the Department recognized OPEB expense of \$25,607. As of December 31, 2022, the Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ 78,185	\$ (71,810)
Change in assumptions	59,515	(394,762)
Change in proportion	<u>208,629</u>	<u>(212,875)</u>
Totals	<u>\$ 346,329</u>	<u>\$(679,447)</u>

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Total OPEB Liability (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense (credit) as follows:

<u>Year Ending December 31,</u>	
2023	\$(105,145)
2024	(143,610)
2025	(49,904)
2026	<u>(34,459)</u>
Total	<u><u>\$(333,118)</u></u>

Note 8 - DEFINED BENEFIT PENSION PLAN

Plan Description. The Department contributes to Plan B of the Parochial Employees’ Retirement System of Louisiana (the “System”), a cost-sharing, multiple-employer defined benefit pension plan established by Act 205 of the 1952 regular session of the Legislature of the State of Louisiana to provide retirement benefits to all employees of any parish in the State of Louisiana or any governing body or a parish which employs persons serving the parish. Act 765 of the year 1979, established by the Legislature of the State of Louisiana, revised the System to create Plan A and Plan B to replace the “regular plan” and the “supplemental plan”. Plan A was designated for employers out of Social Security. Plan B was designated for those employers that remained in Social Security on the revision date. The Retirement System is governed by Louisiana Revised Statutes, Title 11, Section 1901 through 2025, specifically and other general laws of the State of Louisiana.

Benefits Provided. The System provides retirement, deferred retirement, disability and death benefits. Retirement benefits are generally equal to 2.0% of the member’s final average compensation multiplied by the years of creditable service. For members hired prior to January 1, 2007 they may retire with full benefits at age 55 upon completing 30 years of service, retire at age 60 after completing 10 years of service or retire at age 65 after completing 7 years of service. For members hired after January 1, 2007 they may retire with full benefits at age 55 after completing 30 years of service, retire at age 62 after completing 10 years of service or retire at age 67 after completing 7 years of service.

Note 8 - DEFINED BENEFIT PENSION PLAN (Continued)

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the System. When a member enters DROP their status changes from active to retired even though they continue to work and draw their salary for up to three years. During the three year period, employer contributions continue but employee contributions cease. The election to participate in DROP is irrevocable once participation begins. Retirement benefits that would be paid, had the person ceased employment, are paid into the DROP account. Upon termination of employment a participant in DROP may receive a lump sum equal to payments into the participant's account, an annuity or a roll over to an Individual Retirement Account. Members hired before January 1, 2007 with 5 or more years of service who becomes disabled may receive retirement benefits determined in the same manner as retirement benefits. Members hired after January 1, 2007 with 7 or more years of service who become disabled may receive retirement benefits determined in the same manner as retirement benefits. Death benefits are payable to eligible surviving dependents based on the deceased member's years of creditable service and compensation and the dependent's relationship to the deceased member. The System provides permanent benefit increases, cost of living adjustments (COLA) as approved by the State Legislature.

Contributions. According to state statute, contributions for all employers are actuarially determined each year. For the Plan year ending December 31, 2021, the actuarial employer contribution rate was 7.07% of member's compensation. However, the actual rate for the fiscal year ending December 31, 2021 was 7.50%.

According to state statute, the System also receives $\frac{1}{4}$ of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

Contributions to the System from the Department were \$21,273 for the year ended December 31, 2022.

Net Pension Asset. As of December 31, 2022, the Department reported an asset of \$139,802 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021 and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Department's proportion of the net pension asset was based on a projection of the Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

Note 8 - DEFINED BENEFIT PENSION PLAN (Continued)

As of December 31, 2022, the Department's proportion was 0.250177%, which was a decrease of 0.01735% from its proportion measured as of December 31, 2021.

Pension Benefit. For the year ended December 31, 2022, the Department recognized pension benefit of \$19,794.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. As of December 31, 2022, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 2,656	\$ (14,857)
Net difference between projected and actual earnings on pension plan investments	-	(91,076)
Change in proportionate share	81	(1,078)
Changes in assumptions	5,616	-
Contributions subsequent to the measurement date	<u>21,273</u>	<u>-</u>
Totals	<u>\$29,626</u>	<u>\$(107,011)</u>

The Department reported \$21,273 as deferred outflows of resources related to pensions resulting from Department contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (credit) as follows:

<u>Year Ending December 31,</u>	
2023	\$(20,749)
2024	(40,844)
2025	(27,290)
2026	<u>(9,775)</u>
Total	<u>\$(98,658)</u>

Note 8 - DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions. A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2021 are as follows:

Valuation Date	December 31, 2021
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	4 years
Investment Rate of Return	6.40%, net investment expense, including inflation
Projected Salary Increases	4.25% (2.30% inflation, 1.95% merit)
Inflation rate	2.30%
Mortality Rates	Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using MP2018 scale. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for disabled annuitants.
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

Note 8 - DEFINED BENEFIT PENSION PLAN (Continued)

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing method (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.10% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.00% for the year ended December 31, 2021.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2021 are as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	33.00%	0.85%
Equity	51.00%	3.23%
Alternatives	14.00%	0.71%
Real assets	<u>2.00%</u>	<u>0.11%</u>
Totals	<u>100.00%</u>	4.90%
Inflation		<u>2.10%</u>
Expected Arithmetic Nominal Rate		<u>7.00%</u>

Discount Rate. The discount rate used to measure the total pension liability was 6.40%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 8 - DEFINED BENEFIT PENSION PLAN (Continued)

Sensitivity of the Department’s Proportionate Share of the Collective Net Pension Asset (Liability) to Changes in the Discount Rate. The following presents the Department’s proportionate share of the collective net pension liability using the discount rate of 6.40%, as well as what the Department’s proportionate share of the net pension (liability) asset would be if it were calculated using a discount rate that is one percentage-point lower (5.40%) or one percentage-point higher (7.40%) than the current rate as presented as the follows:

	1.00% Decrease <u>5.40%</u>	Current Discount Rate <u>6.40%</u>	1.00% Increase <u>7.40%</u>
Department's proportionate share of the net pension asset (liability)	<u>\$12,073</u>	<u>\$139,802</u>	<u>\$ 246,617</u>

Pension Plan Fiduciary Net Position. The Parochial Employees’ Retirement System of Louisiana issued a stand-alone audit report on their financial statements for the year ended December 31, 2021. Access to the audit report can be found on the System’s website, www.persla.org/ or on the Louisiana Legislative Auditor’s website, www.la.la.gov.

Note 9 - COMPENSATION OF ADVISORY BOARD

The Department did not pay per diem to any of its Board Members in 2022.

Note 10 - RELATED PARTY RENTS AND FEES

The building housing the Department’s office space is owned by the Parish. The lease term is January 1, 2021 to December 31, 2023 with the option to extend the lease for two one-year terms with each term subject to the same terms and conditions as the original lease. See note 4.

The Department incurred data processing fees with the Parish in the amount of \$17,540 for the year ended December 31, 2022.

Note 11 - RISK MANAGEMENT

The Department is exposed to various risks of loss related to workers compensation; torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and group health benefits for which the Department carries commercial insurance and also participates in the Parish’s risk management program for general liability, workers’ compensation and group insurance. No settlements were made during the year that exceeded the Department’s insurance coverage. The Department pays monthly premiums to the Parish for general liability based on various factors such as its operations and maintenance budget, exposure and claims experience. The premiums for workers’ compensation are based on a fixed percentage of payroll. The premiums for group insurance are based on a fixed rate per employee. The Parish handles all claims filed against the Department for which it has insurance coverage under the Parish.

The Department could have additional exposure for claims in excess of the Parish’s insurance contracts as described below:

<u>Policy</u>	<u>Coverage Limits</u>
General Liability	\$10,000,000
Workers' Compensation	Statutory

Coverage for general liability claims in excess of the above stated limits are to be funded first by assets of the Parish’s risk management internal service fund then secondly by the Department. The Parish is self-insured for the first \$175,000 of each claim relating to group health insurance. The aggregate deductible for all group claims relating to group insurance for 2021 was \$14,007,398. Insurance contracts cover the excess liability on individual claims. Covered employees are subject to a lifetime maximum claims limit. Coverage for group health claim liabilities are to be funded first by assets of the Parish’s group health internal service fund then secondly by the Department. Worker’s compensation claims in excess of \$600,000 are covered under an insurance contract for claims aggregate up to limits are to be funded first by assets of the Parish’s workers’ compensation internal service fund then secondly by the Department. As of December 31, 2022, the Department had no claims in excess of the above coverage limits. Total premiums paid to the Parish for insurance coverage during the year ended December 31, 2022 totaled \$154,346.

Note 12 - COMMITMENTS AND CONTINGENCIES

Presently, three taxpayers have paid taxes in protest with the aggregate of taxes and interest paid under protest amounting to \$455,244 which has been reported as fiduciary net position in the financial statements of the Custodial Fund as of December 31, 2022.

Note 13 - SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through May 3, 2023, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGES IN THE DEPARTMENT'S
TOTAL OPEB LIABILITY AND RELATED RATIOS**

Terrebonne Parish Sales and Use Tax Department

For the five years ended December 31, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability					
Service cost	\$ 27,387	\$ 21,011	\$ 27,114	\$ 20,907	\$ 50,192
Interest	21,708	18,191	31,252	28,499	73,135
Changes of benefit terms	-	-	-	-	(1,096,388)
Difference between expected and actual experience	86,893	(2,970)	(136,855)	41,862	(10,847)
Changes in assumptions or other inputs	(416,957)	10,295	(98,447)	249,608	(75,680)
Change in proportion	261,300	(21,671)	(189,899)	(54,711)	-
Benefit payments	<u>(46,790)</u>	<u>(22,305)</u>	<u>(50,377)</u>	<u>(31,078)</u>	<u>(30,424)</u>
Net change in total OPEB liability	(66,459)	2,551	(417,212)	255,087	(1,090,012)
Total OPEB liability, beginning of year	<u>924,942</u>	<u>922,391</u>	<u>1,339,603</u>	<u>1,084,516</u>	<u>2,174,528</u>
Total OPEB liability, end of year	<u>\$ 858,483</u>	<u>\$ 924,942</u>	<u>\$ 922,391</u>	<u>\$ 1,339,603</u>	<u>\$ 1,084,516</u>
Covered employee payroll	<u>\$ 526,424</u>	<u>\$ 508,769</u>	<u>\$ 510,397</u>	<u>\$ 617,329</u>	<u>\$ 629,064</u>
Total OPEB liability as a percentage of covered employee payroll	<u>163.08%</u>	<u>181.80%</u>	<u>180.72%</u>	<u>217.00%</u>	<u>172.40%</u>

Notes to Schedule:

Changes of Benefit Terms:

Effective January 1, 2019, a Medicare Advantage plan was introduced as an option for eligible retirees.

Changes of assumptions and other inputs	<u>4.05%</u>	<u>1.84%</u>	<u>2.00%</u>	<u>2.75%</u>	<u>3.71%</u>
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The schedule is provided beginning with the Department's year ended December 31, 2018 and is intended to show a ten year trend. Additional years will be reported as they become available.

**SCHEDULE OF THE DEPARTMENT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY (ASSET)**

Terrebonne Parish Sales and Use Tax Department

For the eight years ended December 31, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Department's proportion of the net pension liability	<u>0.250177%</u>	<u>0.267524%</u>	<u>0.290269%</u>	<u>0.309680%</u>	<u>0.295811%</u>	<u>0.358629%</u>	<u>0.396838%</u>	<u>0.401743%</u>
Department's proportionate share of the net pension liability (asset)	<u>\$ (139,802)</u>	<u>\$ (68,680)</u>	<u>\$ (21,000)</u>	<u>\$ 83,665</u>	<u>\$ (37,219)</u>	<u>\$ 46,589</u>	<u>\$ 70,655</u>	<u>\$ 31,085</u>
Department's covered-employee payroll	<u>\$ 285,744</u>	<u>\$ 306,401</u>	<u>\$ 322,493</u>	<u>\$ 319,146</u>	<u>\$ 349,799</u>	<u>\$ 357,260</u>	<u>\$ 381,423</u>	<u>\$ 368,388</u>
Department's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<u>-48.926%</u>	<u>-22.415%</u>	<u>-6.512%</u>	<u>26.215%</u>	<u>-10.640%</u>	<u>13.041%</u>	<u>18.524%</u>	<u>8.438%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>114.20%</u>	<u>106.76%</u>	<u>102.50%</u>	<u>91.93%</u>	<u>104.02%</u>	<u>94.15%</u>	<u>92.23%</u>	<u>99.15%</u>

The schedule is provided beginning with the Department's year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

SCHEDULE OF DEPARTMENT CONTRIBUTIONS

Terrebonne Parish Sales and Use Tax Department

For the eight years ended December 31, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 21,273	\$ 21,431	\$ 22,980	\$ 24,187	\$ 23,936	\$ 27,984	\$ 28,581	\$ 34,328
Contributions in relation to the required contribution contractually	<u>(21,273)</u>	<u>(21,431)</u>	<u>(22,980)</u>	<u>(24,187)</u>	<u>(23,936)</u>	<u>(27,984)</u>	<u>(28,581)</u>	<u>(34,328)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Department's covered-employee payroll	<u>\$ 283,641</u>	<u>\$ 285,744</u>	<u>\$ 306,401</u>	<u>\$ 322,493</u>	<u>\$ 319,146</u>	<u>\$ 349,799</u>	<u>\$ 357,260</u>	<u>\$ 381,423</u>
Contributions as a percentage of covered-employee payroll	<u>7.50%</u>	<u>7.50%</u>	<u>7.50%</u>	<u>7.50%</u>	<u>7.50%</u>	<u>8.00%</u>	<u>8.00%</u>	<u>9.00%</u>

The schedule is provided beginning with the Department's year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

SUPPLEMENTARY INFORMATION SECTION

SCHEDULE OF OTHER SERVICES AND CHARGES -
BUDGET AND ACTUAL

Terrebonne Parish Sales and Use Tax Department

For the year ended December 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Auditing services	\$ 400,000	\$ 400,000	\$ 284,857	\$ 115,143
Auto and travel	5,500	3,871	3,442	429
Insurance	32,000	28,749	28,749	-
Legal fees:				
Attorneys	44,500	32,897	33,925	(1,028)
Office machine rentals	27,000	27,000	27,050	(50)
Other	7,750	6,087	4,082	2,005
Telephone	7,000	7,000	5,074	1,926
Totals	<u>\$ 523,750</u>	<u>\$ 505,604</u>	<u>\$ 387,179</u>	<u>\$ 118,425</u>

SCHEDULE OF COLLECTIONS ON BEHALF OF
OTHER TAXING AUTHORITIES -
PARISH SALES TAX FUND

Terrebonne Parish Sales and Use Tax Department

For the year ended December 31, 2022

	<u>Total Collections</u>	<u>Collection Cost</u>	<u>Final Distribution</u>
Terrebonne Parish Consolidated Government (1.67%)			
Parish Tax (.59%)	\$ 18,124,365	\$ 86,193	\$ 18,038,172
Parish Drainage (.25%)	7,767,540	37,439	7,730,101
Parish Roads and Bridges (.25%)	7,767,540	37,439	7,730,101
City of Houma (.33%)	10,356,825	48,754	10,308,071
Levee District (.25%)	7,767,540	37,439	7,730,101
	<u>51,783,810</u>	<u>247,264</u>	<u>51,536,546</u>
Terrebonne Parish Library (.25%)	<u>7,767,540</u>	<u>37,439</u>	<u>7,730,101</u>
Terrebonne Levee and Conservation District (.50%)	<u>15,533,955</u>	<u>74,878</u>	<u>15,459,077</u>
Terrebonne Parish School Board (2.58%)	<u>80,260,190</u>	<u>386,868</u>	<u>79,873,322</u>
Terrebonne Parish Sheriff's Office (.50%)	<u>15,535,080</u>	<u>74,878</u>	<u>15,460,202</u>
Terrebonne Parish - Occupational Licenses	<u>1,361,637</u>	<u>44,214</u>	<u>1,317,423</u>
Houma Area Convention and Visitors Bureau	<u>2,363,782</u>	<u>55,909</u>	<u>2,307,873</u>
Totals	<u>\$ 174,605,994</u>	<u>\$ 921,450</u>	<u>\$ 173,684,544</u>

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS -
PARISH SALES TAX FUND

Terrebonne Parish Sales and Use Tax Department

For the five years ended December 31, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Cash at beginning of year	\$ 14,928,105	\$ 11,858,366	\$ 10,331,832	\$ 10,212,893	\$ 10,465,239
Cash receipts:					
Sales and use taxes (net of refunds)	169,033,567	145,347,203	124,523,164	123,959,349	120,084,017
Hotel/motel taxes	2,236,337	2,098,569	1,687,007	1,261,063	1,211,908
Occupational license (net of refunds)	1,359,885	1,347,896	1,347,430	1,378,638	1,338,754
Miscellaneous:					
Interest	871	793	746	825	557
Other	5,391	3,244	12,883	17,463	22,614
Total cash receipts	<u>172,636,051</u>	<u>148,797,705</u>	<u>127,571,230</u>	<u>126,617,338</u>	<u>122,657,850</u>
Total cash available	<u>187,564,156</u>	<u>160,656,071</u>	<u>137,903,062</u>	<u>136,830,231</u>	<u>133,123,089</u>
Cash disbursements:					
Distributions to other governmental units:					
Terrebonne Parish School Board	79,873,322	66,433,194	57,416,262	57,716,742	56,091,222
Terrebonne Parish Consolidated Government	45,123,868	37,780,098	32,802,250	33,004,787	32,149,265
Terrebonne Parish Sheriff	15,460,202	12,873,228	11,117,742	11,179,754	10,880,860
Terrebonne Parish Consolidated Government - Library	7,730,101	6,436,614	5,558,871	5,589,877	5,440,430
Terrebonne Parish Consolidated Government - Levees	7,730,101	6,436,614	5,558,871	5,589,877	5,440,430
Terrebonne Levee and Conservation District	15,459,077	12,872,318	11,097,996	11,170,532	10,813,903
Houma Area Convention and Visitors Bureau	2,307,873	1,963,982	1,572,285	1,227,665	1,179,100
Distributions to the General Fund	922,168	929,432	912,734	1,010,605	903,961
Miscellaneous	4,006	2,486	7,685	8,560	11,025
Total cash disbursements	<u>174,610,718</u>	<u>145,727,966</u>	<u>126,044,696</u>	<u>126,498,399</u>	<u>122,910,196</u>
Cash at end of year	<u>\$ 12,953,438</u>	<u>\$ 14,928,105</u>	<u>\$ 11,858,366</u>	<u>\$ 10,331,832</u>	<u>\$ 10,212,893</u>

SCHEDULE OF GOVERNMENTAL FUND EXPENDITURES**Terrebonne Parish Sales and Use Tax Department**

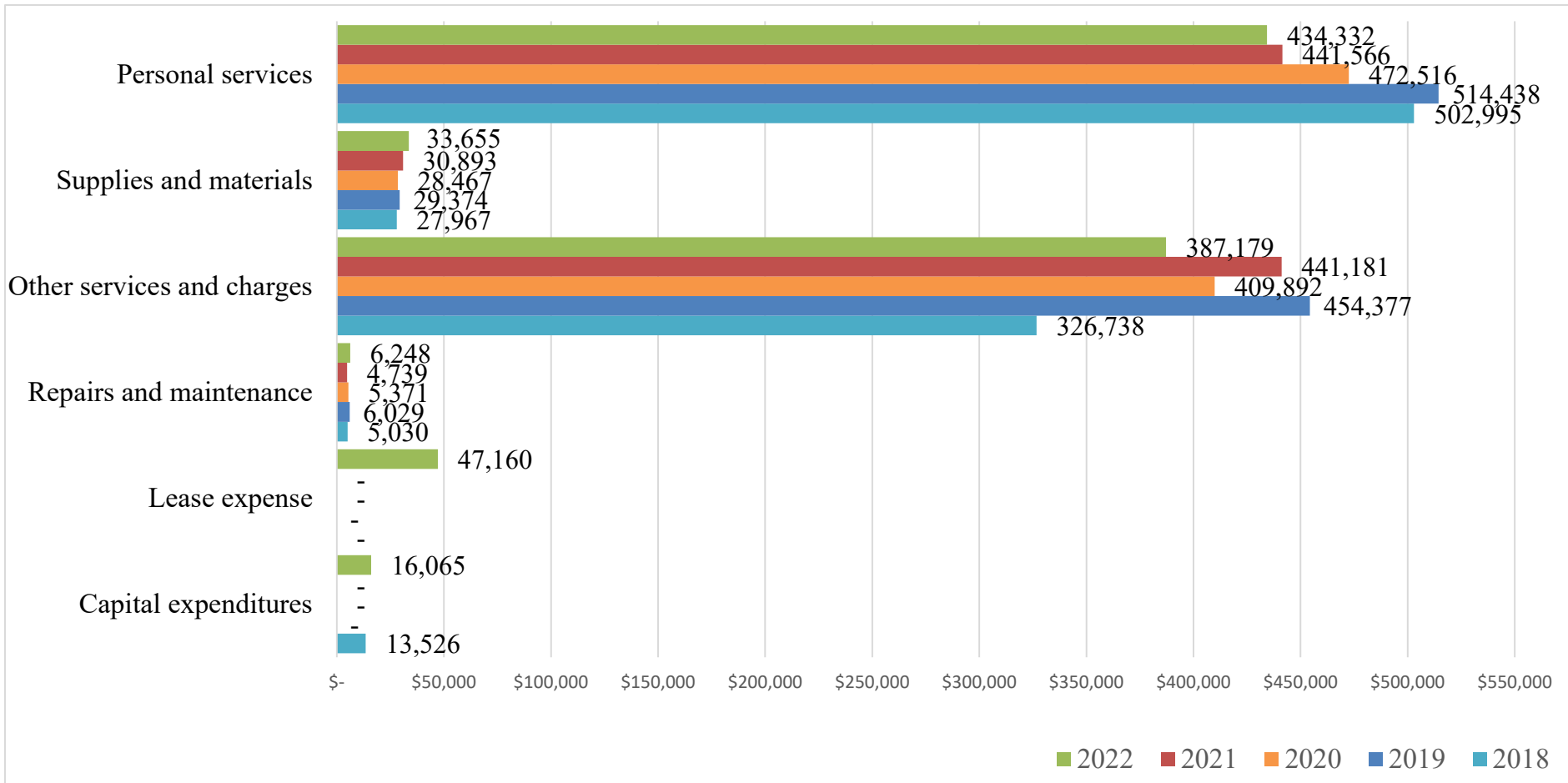
For the five years ended December 31, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Expenditures - General Government					
Personal services:					
Salaries and wages	\$ 290,312	\$ 292,789	\$ 315,105	\$ 330,294	\$ 328,646
Payroll taxes	20,603	20,646	22,921	22,815	22,690
Employee benefits	123,417	128,131	134,490	161,329	151,659
Total personal services	<u>434,332</u>	<u>441,566</u>	<u>472,516</u>	<u>514,438</u>	<u>502,995</u>
Supplies and materials	<u>33,655</u>	<u>30,893</u>	<u>28,467</u>	<u>29,374</u>	<u>27,967</u>
Other services and charges:					
Auditing services	284,857	306,893	281,922	328,602	196,899
Auto and travel	3,442	1,148	678	3,578	3,482
Insurance	28,749	30,296	26,371	27,914	28,536
Legal fees:					
Attorneys	33,925	31,165	31,130	32,166	32,734
Attorney fee revenue	-	-	-	(8,183)	(11,074)
Office machine rentals	27,050	15,931	13,205	11,211	19,554
Office rent	-	47,167	47,168	47,168	47,168
Other	4,082	3,419	3,935	5,136	3,308
Telephone	5,074	5,162	5,483	6,785	6,131
Total other services and charges	<u>387,179</u>	<u>441,181</u>	<u>409,892</u>	<u>454,377</u>	<u>326,738</u>
Repairs and maintenance	<u>6,248</u>	<u>4,739</u>	<u>5,371</u>	<u>6,029</u>	<u>5,030</u>
Lease expense	<u>47,160</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital expenditures	<u>16,065</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,526</u>
Total general government	<u>\$ 924,639</u>	<u>\$ 918,379</u>	<u>\$ 916,246</u>	<u>\$ 1,004,218</u>	<u>\$ 876,256</u>

GOVERNMENTAL FUND EXPENDITURES

Terrebonne Parish Sales and Use Tax Department

For the five years ended December 31, 2022



**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

Terrebonne Parish Sales and Use Tax Department

For the year ended December 31, 2022

Agency Head: Brandi Fontenot, Director

Purpose

Salary	\$ 88,069
Benefits - insurance	19,290
Benefits - retirement	6,785
Benefits - other	-
Car allowance	285
Vehicle provided by government	-
Per diem	-
Reimbursements	1,525
Travel	-
Registration fees	1,030
Conference travel	732
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special Meals	-
	<hr/>
Total	<u><u>\$ 117,716</u></u>

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

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

To the Sales and Use Tax Advisory Board,
Terrebonne Parish Sales and Use Tax Department,
Houma, 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 and each major fund of Terrebonne Parish Sales and Use Tax Department (the “Department”), a component unit of Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Department’s basic financial statements and have issued our report thereon dated May 3, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Department’s internal control over financial reporting (internal control) as a basis for determining 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 Department’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Department 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 Department’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 over financial reporting 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department'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 Department's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
May 3, 2023.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Terrebonne Parish Sales and Use Tax Department

For the year ended December 31, 2022

Section I - Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 2021.

No significant deficiencies were reported during the audit for the year ended December 31, 2021.

Compliance

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2021.

Section II - Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Sales and Use Tax Department did not expend federal awards during the year ended December 31, 2021.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2021.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Terrebonne Parish Sales and Use Tax Department

For the year ended December 31, 2022

Section I - Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 2022.

No significant deficiencies were reported during the audit for the year ended December 31, 2022.

Compliance

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2022.

Section II - Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Sales and Use Tax Department did not expend federal awards during the year ended December 31, 2022.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2022

STATEWIDE AGREED-UPON PROCEDURES

INDEPENDENT ACCOUNTANT’S REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the Sales and Use Tax Advisory Board,
Terrebonne Parish Sales and Use Tax Department,
Houma, Louisiana.

We have performed the procedures described in Schedule 7 on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor’s (LLA) Statewide Agreed-Upon Procedures (SAUP) for the fiscal period January 1, 2022 through December 31, 2022. Terrebonne Parish Sales and Use Tax Department’s (the “Department”) management is responsible for those C/C areas identified in the SAUPs.

The Department 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, 2022 through December 31, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purpose. 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 responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are described in Schedule 7.

We were engaged by the Department to perform this agreed-upon procedures engagement and conducted our engagement in accordance with the attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were 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 these 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.

We are required to be independent of the Department and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our 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.

Bourgeois Bennett, L.L.C.

Certified Public Accountants

Houma, Louisiana,
May 3, 2023.

SCHEDULE OF PROCEDURES AND ASSOCIATED FINDINGS
OF THE STATEWIDE AGREED-UPON PROCEDURES

Terrebonne Parish Sales and Use Tax Department

For the year ended December 31, 2022

The required procedures and our findings are as follows:

1) Procedures Performed on the Department's Written Policies and Procedures:

- A. Obtain and inspect the Department's written policies and procedures and observe that they address each of the following categories and subcategories if applicable to public funds and the Department's operations:
- i. Budgeting, including preparing, adopting, monitoring, and amending the budget.
Performance: Obtained and read the written policy for budgeting and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.
 - ii. 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.
Performance: Obtained and read the written policy for purchasing and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.
 - iii. Disbursements, including processing, reviewing, and approving.
Performance: Obtained and read the written policy for disbursements and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.
 - iv. Receipts/Collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of each type of revenue or Department fund additions.
Performance: Obtained and read the written policy for receipts/collections and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.

1) Procedures Performed on the Department's Written Policies and Procedures: (Continued)

- v. 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.
Performance: Obtained and read the written policy for payroll and personnel and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.
- vi. Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
Performance: Inquired of management regarding the Department's contracting policy.
Exceptions: There were exceptions noted due to the Department not having this policy.
- vii. Travel and Expense Reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
Performance: Obtained and read the written policy for travel and expense reimbursement and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.
- viii. 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).
Performance: Inquired of management regarding the Department's credit cards policy. The Department does not utilize credit cards; therefore, testing is not applicable.
Exceptions: There were no exceptions noted.
- ix. 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 Department's ethics policy.
Performance: Obtained and read the written policy for ethics and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.
- x. Debt Service, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
Performance: Inquired of management regarding the Department's debt service policy. The Department does not utilize debt; therefore, testing is not applicable.
Exceptions: There were no exceptions noted.

1) Procedures Performed on the Department's Written Policies and Procedures: (Continued)

- xi. 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 the network; (3) periodic testing/verification that backups can be restored; (4) use of antivirus software on all systems; (5) timely application of all available system and software patches/updates; and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Performance: Inquired of management regarding the Department's information technology disaster recovery/business continuity policy.

Exceptions: There were exceptions noted due to the Department not having this policy.

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

Performance: Obtained and read the written policy for sexual harassment.

Exceptions: There was an exception noted due to the policy not having a provision on annual reporting.

2) Procedures Performed on the Department's Board:

- A. Obtain and inspect the board 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:

- i. Observe that the 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.

Performance: Obtained and read the written minutes of the Board meetings. The Board met with a quorum for each meeting.

Exceptions: There were no exceptions noted.

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

Performance: Inspected meeting minutes to determine if the minutes included references to monthly budget-to-actual comparisons on the General Fund.

Exceptions: There was an exception noted due to one meeting lacking reference to monthly budget-to-actual comparisons on the General Fund.

2) Procedures Performed on the Department's Board: (Continued)

- iii. 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 unrestricted fund balance in the general fund.

Performance: Obtained the prior year's audit report and observed the unassigned fund balance in the General Fund. The General Fund did not have a negative ending unassigned fund balance.

Exceptions: There were no exceptions noted.

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Performance: Obtained and read the written minutes of the Board meetings. The Department did not have any findings in the prior year's audit report.

Exceptions: There were no exceptions noted.

3) Procedures Performed on the Department's Bank Reconciliations:

- A. Obtain a listing of the Department's bank accounts from management and management's representation that the listing is complete. Ask management to identify the main operating account. Select the Department's main operating account and 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:

Performance: Obtained the listing of bank accounts from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

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

Performance: Obtained monthly bank reconciliation for the month of December for the main operating bank account and 3 additional accounts. Inspected management's documentation for timely preparation of the bank reconciliations.

Exceptions: There were no exceptions noted.

- ii. Bank reconciliations include evidence that a member of management who does not manage cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Performance: Inspected the Department's documentation for the December bank reconciliation for the 4 bank accounts selected.

Exceptions: There was an exception noted due to one bank reconciliation lacking documentation that review was performed by the appropriate member of management.

3) Procedures Performed on the Department's Bank Reconciliations: (Continued)

- iii. Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement's closing date, if applicable.

Performance: Inspected documents for items outstanding for more than 12 months from the related statement closing date. Only one bank account had outstanding items for more than 12 months from the statement's closing date; the Department had documentation reflecting research for each item.

Exceptions: There were no exceptions noted.

4) Procedures Performed on the Department's Collections (Excluding Electronic Funds Transfers):

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/check/money order (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).

Performance: Obtained the listing of deposit sites from management and received management's representation in a separate letter. The Department only has one deposit site.

Exceptions: There were no exceptions noted.

- B. 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 (e.g., 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:

Performance: Obtained the listing of collection locations from management and received management's representation in a separate letter. The Department has one collection location.

Exceptions: There were no exceptions noted.

- i. Employees that are responsible for cash collections do not share cash drawers/registers.
Performance: Inspected policy manuals, inquired of client as to all of the requirements.

Exceptions: There were no exceptions noted.

- ii. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless other employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

Performance: Inspected policy manuals, inquired of client as to all of the requirements.

Exceptions: There were no exceptions noted.

4) Procedures Performed on the Department's Collections (Excluding Electronic Funds Transfers): (Continued)

iii. 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.

Performance: Inspected policy manuals, inquired of client as to all of the requirements.

Exceptions: There were no exceptions noted.

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

Performance: Inspected policy manuals, inquired of client as to all of the requirements.

Exceptions: There were no exceptions noted.

C. 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.

Performance: Obtained and inspected a copy of the insurance policy for theft and a listing of all employees covered by the policy. The policy was in force during the fiscal period.

Exceptions: There were no exceptions noted.

D. Randomly select 2 deposit dates for each of the Department's 4 bank accounts selected for procedures #3 under "Procedures Performed on the Department's Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates selected and randomly select a deposit if multiple deposits were made on the same day). Obtain supporting documentation for each of the deposits selected and:

i. Observe that receipts are sequentially pre-numbered.

Performance: Obtained supporting documentation for the selected deposits and observed that receipts were sequentially pre-numbered.

Exceptions: There were no exceptions noted.

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

Performance: Traced supporting documentation to the deposit slip.

Exceptions: There were no exceptions noted.

iii. Trace the deposit slip total to the actual deposit per the bank statement.

Performance: Traced deposit slip total to actual deposit per bank statement.

Exceptions: There were no exceptions noted.

4) Procedures Performed on the Department's Collections (Excluding Electronic Funds Transfers): (Continued)

- iv. 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 ten miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

Performance: Observed that the deposits tested were made within one business day of receipt.

Exceptions: There were no exceptions noted.

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

Performance: Traced the actual deposit per the bank statement to the general ledger.

Exceptions: There were no exceptions noted.

5) Procedures Performed on the Department's Non-Payroll Disbursements (Excluding Card Purchases/Payments, Travel Reimbursements, and Petty Cash Purchases):

- A. 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).

Performance: Obtained a listing of locations that process payments and received management's representation in a separate letter. The Department only has one location that processes payments.

Exceptions: There were no exceptions noted.

- B. For each location selected under procedure #5A 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 Department has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

Performance: Obtained a listing of those employees involved in non-payroll purchasing and payment functions and reviewed written policies and procedures related to employee job duties. Observed if the job duties were properly segregated.

Exceptions: There were no exceptions noted.

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

Performance: Obtained a listing of employees involved in initiating a purchase request, approving a purchasing, and placing an order/making a purchase.

Observed at least two employees are involved.

Exceptions: There were no exceptions noted.

5) Procedures Performed on the Department's Non-Payroll Disbursements (Excluding Card Purchases/Payments, Travel Reimbursements, and Petty Cash Purchases): (Continued)

ii. At least two employees are involved in processing and approving payments to vendors.
Performance: Obtained a listing of employees involved in processing and approving payments to vendors. Observed at least two employees are involved.
Exceptions: There were no exceptions noted.

iii. The employees responsible for processing payments are prohibited from adding/modifying vendor files unless another employee is responsible for periodically reviewing changes to vendor files.
Performance: Obtained a listing of employees involved in processing payments to vendors and observed if any employees are involved in adding/modifying vendor files.
Exceptions: There were no exceptions noted.

iv. 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.
Performance: Obtained a listing of employees involved with signing and mailing checks and noted the employee is not responsible for processing payments.
Exceptions: There were no exceptions noted.

v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other means.
Performance: Obtained a listing of employees authorized to sign checks and approve electronic disbursements and noted they were authorized.
Exceptions: There were no exceptions noted.

C. For each location selected under procedure #5A above, obtain the Department'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:
Performance: Obtained the Department's non-payroll disbursement transaction population and management's representation that the population is complete.
Exceptions: There were no exceptions noted.

i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the Department.
Performance: Observed the 5 disbursements matched the related original invoice/billing statements.
Exceptions: There were no exceptions noted.

5) Procedures Performed on the Department's Non-Payroll Disbursements (Excluding Card Purchases/Payments, Travel Reimbursements, and Petty Cash Purchases): (Continued)

- ii. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #5B, as applicable.

Performance: Observed the 5 disbursements included evidence of segregation of duties.

Exceptions: There were no exceptions noted.

- D. Using the Department's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the Department's policy, and (b) approved by the required number of authorized signers per the Department's policy.

Performance: Observed that selected disbursements were approved by authorized persons and required number of authorized signers.

Exceptions: There were no exceptions noted.

6) Procedures Performed on the Department's Credit Cards, Debit Cards, Fuel Cards, P-Cards:

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

Performance: Inquired of management regarding all active credit cards, bank debit cards, fuel cards, and P-cards and management's representation that the listing is complete. The Department does not have any credit cards or purchase accounts; therefore, testing is not applicable.

Exceptions: There were no exceptions noted.

- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period, rotating cards each year. Select one monthly statement or combined statement for each card (for a debit card, select one monthly bank statement), obtain supporting documentation, and:

Performance: The Department does not have any credit cards or purchase accounts; therefore, testing is not applicable.

Exceptions: There were no exceptions noted.

- i. Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.

Performance: The Department does not have any credit cards or purchase accounts; therefore, testing is not applicable.

Exceptions: There were no exceptions noted.

6) Procedures Performed on the Department's Credit Cards, Debit Cards, Fuel Cards, P-Cards: (Continued)

- ii. Observe that finance charges and/or late fees were not assessed on the selected statements.

Performance: The Department does not have any credit cards or purchase accounts; therefore, testing is not applicable.

Exceptions: There were no exceptions noted.

- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, 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, report whether the transaction is supported by:

- i. An original itemized receipt that identifies precisely what was purchased.

Performance: The Department does not have any credit cards or purchase accounts; therefore, testing is not applicable.

Exceptions: There were no exceptions noted.

- ii. Written documentation of the business/public purpose.

Performance: The Department does not have any credit cards or purchase accounts; therefore, testing is not applicable.

Exceptions: There were no exceptions noted.

- iii. Documentation of the individuals participating in meals (for meal charges only).

Performance: The Department does not have any credit cards or purchase accounts; therefore, testing is not applicable.

Exceptions: There were no exceptions noted.

7) Procedures Performed on the Department's Travel and Travel-Related Expense Reimbursements (Excluding Card Transactions):

- A. 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:

Performance: Obtained a list of all travel and travel-related expense reimbursements and management's representation that the listing is complete.

Exceptions: There were no exceptions noted.

7) Procedures Performed on the Department's Travel and Travel-Related Expense Reimbursements (Excluding Card Transactions): (Continued)

- i. If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Performance: Inspected travel and expense reimbursements and observed per diem rates used were GSA rates.

Exceptions: There were no exceptions noted.

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

Performance: Inspected travel and travel-related expense reimbursements to observe that expenses using actual costs were supported by an itemized receipt that documented what was purchased.

Exceptions: There were no exceptions noted.

- iii. 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 (procedures #1A(vii)).

Performance: Inspected travel and expense reimbursements to observe that expenses included the business purpose and noted meal documentation included names of individuals participating.

Exceptions: There were no exceptions noted.

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

Performance: Inspected travel and expense reimbursements to observe that expenses included approval by someone other than the person receiving reimbursement.

Exceptions: There were no exceptions noted.

8) Procedures Performed on the Department's Contracts:

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

Performance: Obtained 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 and received management's representation that the listing is complete.

Exceptions: There were no exceptions noted.

8) Procedures Performed on the Department's Contracts: (Continued)

- i. 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.
Performance: Observed the contracts selected and noted none of the contracts were subject to Louisiana Public Bid Law.
Exceptions: There were no exceptions noted.
- ii. Observe that the contract was approved by the governing body/District Council, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
Performance: Inspected board meeting minutes and confirmed the board approved the contract.
Exceptions: There were no exceptions noted.
- iii. 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 (i.e., if approval is required for any amendment, the documented approval).
Performance: Observed the contract selected and noted one amendment in compliance with contract terms.
Exceptions: There were no exceptions noted.
- iv. 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.
Performance: Inspected payment for the contract, obtained supporting invoice, agreed invoice to the contract terms, and observed invoice related to the payment agreed to terms and conditions of the contract.
Exceptions: There were no exceptions noted.

9) Procedures Performed on the Department's Payroll and Personnel:

- A. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Select 5 employees/officials, paid salaries, and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
Performance: Obtained the listing of employees with their related salaries from management and received management's representation that the listing is complete.
Exceptions: There were no exceptions noted.
- B. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and:

9) Procedures Performed on the Department's Payroll and Personnel: (Continued)

- i. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

Performance: Selected one pay period to test leave taken during that period. Inspected all daily attendance and leave records for proper documentation.

Exceptions: There were no exceptions noted.

- ii. Observe that supervisors approved the attendance and leave of the selected employees/officials.

Performance: Inspected the approval of attendance and leave by the supervisors for the selected employee/officials.

Exceptions: There were no exceptions noted.

- iii. Observe that any leave accrued or taken during the pay period is reflected in the Department's cumulative leave records.

Performance: Inspected any leave accrued or taken during the pay period was reflected in the cumulative leave records.

Exceptions: There were no exceptions noted.

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

Performance: Inspected and agreed the rate paid to employees to the pay rate in the personnel files and noted the pay rate was authorized.

Exceptions: There were no exceptions noted.

- C. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select 2 employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the Department's policy on termination payments. Agree the hours to the employees'/officials' cumulative leave records, agree the pay rates to the employees'/officials' authorized pay rates in the employees'/officials' personnel files, and agree the termination payment to the Department's policy.

Performance: Inquired of management of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. Agreed the hours to the employees' cumulative leave records, agreed the pay rates to the employees' authorized rates in the employees' personnel file and agreed the termination payment to the Department's policy.

Exceptions: There were no exceptions noted.

- D. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Performance: Inspected payroll reporting forms to confirm that all forms were filed, and all payments were submitted to the applicable agencies by the required deadlines.

Exceptions: There were no exceptions noted.

10) Procedures Performed on the Department's Ethics:

- A. Using the 5 selected employees/officials from procedure #9 under "Procedures Performed on the Department's Payroll and Personnel", obtain ethics compliance documentation from management and:
- i. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period as required by R.S. 42:1170.
Performance: Inspected personnel files and ethics course completion certificates for the 5 employees tested.
Exceptions: There were no exceptions noted.
 - ii. Observe whether the Department maintains documentation which demonstrates each employee and official were notified of any changes to the Department's ethics policy during the fiscal period, as applicable.
Performance: Observed whether employees were notified of all updates to the ethics policy during the fiscal period.
Exceptions: There were no exceptions noted.
- B. Inquire and/or observe whether the Department has appointed an ethics designee as required by R.S. 42:1170.
Performance: We inquired as to whether the Department appointed an ethics designee.
Exceptions: There were no exceptions noted.

11) Procedures Performed on the Department's Debt Service:

- A. 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 as required by Article VII, Section 8 of the Louisiana Constitution.
Performance: Inquired of management regarding a listing of bonds/notes issued during the fiscal period, none were noted.
Exceptions: There is no debt outstanding; therefore, there were no exceptions noted.
- B. 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.
Performance: Inquired of management regarding a listing of bonds/notes outstanding at the end of the fiscal period, none were noted.
Exceptions: There is no debt outstanding; therefore, there were no exceptions noted.

12) Procedures Performed on the Department's Fraud Notice:

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the Department reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the Department is domiciled as required by R.S. 24:523.

Performance: Inquired of management of any misappropriations of public funds and assets during the fiscal period and it was noted that there were none.

Exceptions: There were no exceptions noted.

- B. Observe the Department 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.

Performance: Inspected the fraud notice posted on the premises and website concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Exceptions: There were no exceptions noted.

**13) Procedures Performed on the Department's Information Technology Disaster Recovery/
Business Continuity:**

- A. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."

- i. Obtain and inspect the Department's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personal responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the Department's local server or network, and (c) was encrypted.

Performance: We performed the procedure and discussed the results with management.

- ii. Obtain and inspect the Department'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.

Performance: We performed the procedure and discussed the results with management.

- iii. Obtain a listing of the Department'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.

Performance: We performed the procedure and discussed the results with management.

**13) Procedures Performed on the Department's Information Technology Disaster Recovery/
Business Continuity: (Continued)**

- B. Randomly Select 5 terminated employees (or all terminated employees if less than 5) using a list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Performance: We performed the procedure and discussed the results with management.

14) Procedures Performed on the Department's Prevention of Sexual Harassment:

- A. Using the 5 randomly selected employees/officials from "Procedures Performed on the Department's Payroll and Personnel" #9A, 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 as required by R.S. 42:343.

Performance: Examined sexual harassment training documentation for the 5 employees tested.

Exceptions: There were no exceptions noted.

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

Performance: Inquired of management regarding the sexual harassment policy and complaint procedure on its website or on the entity's premises. Policy is posted in a conspicuous location.

Exceptions: There were no exceptions noted.

- C. Obtain the Department'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:

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

Performance: Inquired of management regarding the entity's annual sexual harassment report for the fiscal period.

Exceptions: No report was produced during the fiscal period.

- ii. Number of sexual harassment complaints received by the agency.

Performance: Inquired of management regarding the entity's annual sexual harassment report for the fiscal period.

Exceptions: No report was produced during the fiscal period.

**14) Procedures Performed on the Department's Prevention of Sexual Harassment:
(Continued)**

- iii. Number of complaints which resulted in a finding that sexual harassment occurred.
Performance: Inquired of management regarding the entity's annual sexual harassment report for the fiscal period.
Exceptions: No report was produced during the fiscal period.
- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action.
Performance: Inquired of management regarding the entity's annual sexual harassment report for the fiscal period.
Exceptions: No report was produced during the fiscal period.
- v. Amount of time it took to resolve each complaint.
Performance: Inquired of management regarding the entity's annual sexual harassment report for the fiscal period.
Exceptions: No report was produced during the fiscal period.

Management's Overall Response to Exceptions:

- 1)A(vi) Management will develop and adopt a contracting policy.
- 1)A(xi) Management will develop and adopt an information technology disaster recovery/ business continuity policy.
- 1)A(xii) Management will consider adding the required provision to the existing sexual harassment policy.
- 2)A(ii) Management will ensure that each meeting includes/references monthly budget-to-actual comparisons on the General Fund.
- 3)A(ii) Management will ensure that all bank reconciliations are reviewed by a member of management.
- 14)C(i-v) Management will prepare the annual sexual harassment report containing the applicable requirements of R.S. 42;344 on or before the February 1 deadline and maintain the report as a public record.