

Financial Report

Terrebonne Parish Fire District No. 4-A
Houma, Louisiana

December 31, 2021

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Terrebonne Parish Fire District No. 4-A,
Houma, Louisiana.

Opinion

We have audited the accompanying financial statements of the governmental activities and General Fund of Terrebonne Parish Fire District No. 4-A (the "District"), a component unit of the Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the District as of December 31, 2021 and the respective changes in net position and 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 Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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 management's discussion and analysis on pages 4 through 10, the Schedule of the District's Proportionate Share of the Net Pension Liability on page 43 and the Schedule of District's Contributions on page 44 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 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 inquires 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 an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information on page 45 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2022 on our consideration of Terrebonne Parish Fire District No. 4-A's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control over financial reporting and compliance.



Certified Public Accountants.

Houma, Louisiana,
June 22, 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Terrebonne Parish Fire District No. 4-A

December 31, 2021

The Management's Discussion and Analysis of the Terrebonne Parish Fire District No. 4-A's (the "District") financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2021. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2021 by \$1,140,713 (net position), which represents a 13.33% increase from last fiscal year.

The District's revenue increased \$113,798 (or 6.98%) primarily due to the increase in miscellaneous revenues, which includes proceeds of Hurricane Ida insurance claims.

The District's expenses decreased \$92,537 (or 5.43%) primarily due to decreases in public safety, including decreases in personal service expenses.

The District did not have a deficit fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's financial statements. The District's annual report consists of three parts: (1) management's discussion and analysis (this section); (2) financial statements; and (3) 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 District:

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business. The Statement of Net Position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The Statement of Activities presents information showing how the District'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 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 activity of the District is public safety which is comprised of various programs that include construction, maintenance, and operation of fire protection facilities and the prevention and extinguishment of fires.

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. All of the funds of the District are governmental funds.

Governmental Funds

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 Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**Governmental Funds (Continued)**

The District maintains an individual governmental fund. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance for the General Fund. The District 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 on pages 11 through 15 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 F of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. As of December 31, 2021, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,140,713. A large portion of the District's net position, \$1,327,549, reflects its net investment in capital assets (e.g., land, buildings, vehicles, office furniture and equipment, machinery, and equipment). Consequently, these assets are not available for future spending.

Condensed Statements of Net Position

	<u>December 31,</u>		<u>Dollar</u>
	<u>2021</u>	<u>2020</u>	<u>Change</u>
Current and other assets	\$ 2,351,994	\$ 2,170,278	\$ 181,716
Capital assets	1,327,549	1,483,192	(155,643)
Deferred outflows of resources	401,839	625,894	(224,055)
Total assets and deferred outflows of resources	<u>4,081,382</u>	<u>4,279,364</u>	<u>(197,982)</u>
Current and other liabilities	93,816	113,939	(20,123)
Long-term liabilities	797,579	1,630,411	(832,832)
Deferred inflows of resources	2,049,274	1,528,496	520,778
Total liabilities and deferred inflows of resources	<u>2,940,669</u>	<u>3,272,846</u>	<u>(332,177)</u>
Net position:			
Net investment in capital assets	1,327,549	1,483,192	(155,643)
Deficit	(186,836)	(476,674)	289,838
Total net position	<u>\$ 1,140,713</u>	<u>\$ 1,006,518</u>	<u>\$ 134,195</u>

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Decreases in capital assets accounts for impaired and destroyed assets as a result of Hurricane Ida. Changes in long-term liabilities, deferred inflows and outflows of resources are the effects of the Firefighters' Retirement System's actuarial valuation on the District.

Governmental Activities

Governmental activities increased the District's net position by \$134,195. Key elements of this increase are as follows:

Condensed Statements of Activities

	<u>December 31,</u>		<u>Dollar</u>	<u>Percent</u>
	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>Change</u>
Revenues				
Taxes	\$ 1,369,807	\$ 1,435,468	\$ (65,661)	-4.57%
Intergovernmental	105,638	83,897	21,741	25.91%
Miscellaneous	269,114	111,396	157,718	141.58%
Total revenues	<u>1,744,559</u>	<u>1,630,761</u>	<u>113,798</u>	6.98%
Expenses				
General government	67,948	59,866	8,082	13.50%
Public safety	1,542,416	1,643,035	(100,619)	-6.12%
Total expenses	<u>1,610,364</u>	<u>1,702,901</u>	<u>(92,537)</u>	-5.43%
Increase in net position	134,195	(72,140)	206,335	-286.02%
Net position, beginning of year	<u>1,006,518</u>	<u>1,078,658</u>	<u>(72,140)</u>	-6.69%
Net position, end of year	<u>\$ 1,140,713</u>	<u>\$ 1,006,518</u>	<u>\$ 134,195</u>	13.33%

In 2021, the District's ad valorem tax revenues decreased \$65,661 primarily due to lower assessed values. Intergovernmental increased \$21,741 due to receipt of \$25,053 in FEMA grants. Miscellaneous revenues increased \$157,718 primarily due to \$235,727 in proceeds of Hurricane Ida insurance claims. Public safety expenses decreased primarily due to decreases in personal services resulting from decreases in salaries and wages and the effects on the District's actuarial valuation of the Firefighters' Retirement System, which amount to a decrease in expenses of \$125,877. Offsetting the decreases in personal services were increases in vehicle repairs and other services and charges.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

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

Governmental Funds

The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the District's General Fund ending fund balance is \$831,188, which was an increase of \$161,887 in comparison with the prior year. As of December 31, 2021, \$460,882 of the District's fund balance was unassigned and available for spending at the District's discretion. The assignment of the 2022 budgeted spending deficit of \$307,306 resulted in assigned fund balance.

General Fund Budgetary Highlights

The budget was amended once during the year. The primary reason for amending the budget was to prevent compliance violations under state law. The major differences between the original General Fund budget and the final amended budget were as follows:

Revenues

- Decrease in the amount of ad valorem taxes by \$74,129 to better reflect the expected amount of taxes that were to be recognized as revenues.
- Increased revenues \$25,053 for the receipt of FEMA grants.
- Increased miscellaneous revenues and other financing sources by \$277,100 for the receipt of insurance proceeds.
- Decreased personal services by \$57,813 to reflect lower employee head count and hours.
- Increased repairs and maintenance by \$65,729 to reflect the building and vehicle repairs resulting from damages from Hurricane Ida.

During the year, actual revenues were greater than budgetary estimates by 3.50% and actual expenditures were greater than budgetary expenditures by 2.54%.

CAPITAL ASSETS AND DEBT ADMINISTRATION**Capital Assets**

The District's net investment in capital assets for its governmental activities as of December 31, 2021, amounts to \$1,327,549 (net of accumulated depreciation). This investment in capital assets includes land, buildings, office furniture and equipment, vehicles and machinery and equipment.

	<u>2021</u>	<u>2020</u>
Land	\$ 169,500	\$ 169,500
Buildings	1,503,514	1,565,906
Vehicles	1,374,125	1,582,598
Machinery and equipment	291,378	381,051
Office furniture and equipment	<u>6,803</u>	<u>8,583</u>
Totals	<u>\$ 3,345,320</u>	<u>\$ 3,707,638</u>

Significant capital asset purchases included:

- Replacement of roof, gutters, and garage doors at fire stations, \$27,870.
- Purchase of ESO fire system and software, \$21,952.
- Removal and impairment of buildings, vehicle accessories, machinery, and equipment with a cost of \$412,140 (net \$58,216) due damage from Hurricane Ida.

Additional information on the District's capital assets can be found in Note 5, Exhibit F of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Board of Commissioners considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- The ad valorem tax revenue budgeted \$1,408,444 and represents the estimated amount of the November 2021 assessment, which the District will receive, for the most part, in January and February 2022.
- Personal services were decreased to \$1,055,600 as emergency pay is not anticipated.
- The proposed 2022 budget provides for the restoration of fire stations with \$500,000 in capital expenditures.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Board of Commissioners of the Terrebonne Parish Fire District No. 4-A, 6129 Grand Caillou Rd., Houma, LA 70363.

STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET**Terrebonne Parish Fire District No. 4-A**

December 31, 2021

	<u>General Fund</u>	<u>Adjustments (Exhibit B)</u>	<u>Statement of Net Position</u>
Assets			
Cash and cash equivalents	\$ 903,487	\$ -	\$ 903,487
Receivables - taxes	1,347,072	-	1,347,072
Due from other governmental units	30,421	-	30,421
Prepaid insurance	-	49,497	49,497
Deposits	21,517	-	21,517
Capital assets:			
Non-depreciable	-	169,500	169,500
Depreciable, net of accumulated depreciation	-	1,158,049	1,158,049
Total assets	<u>2,302,497</u>	<u>1,377,046</u>	<u>3,679,543</u>
Deferred Outflows of Resources			
Pension	-	401,839	401,839
Total assets and deferred outflows of resources	<u>\$ 2,302,497</u>	<u>1,778,885</u>	<u>4,081,382</u>
Liabilities			
Accounts payables and accrued expenditures	\$ 55,633	-	55,633
Due to other governmental units	38,183	-	38,183
Long-term liabilities:			
Due after one year	-	797,579	797,579
Total liabilities	<u>93,816</u>	<u>797,579</u>	<u>891,395</u>
Deferred Inflows of Resources			
Unavailable revenue - property taxes	1,377,493	-	1,377,493
Pension	-	671,781	671,781
Total deferred inflows of resources	<u>1,377,493</u>	<u>671,781</u>	<u>2,049,274</u>
Total liabilities and deferred inflows of resources	<u>1,471,309</u>	<u>1,469,360</u>	<u>2,940,669</u>
Fund Balance/Net Position			
Fund balance:			
Assigned - subsequent year's expenditures	370,306	(370,306)	-
Unassigned	460,882	(460,882)	-
Total fund balance	<u>831,188</u>	<u>(831,188)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 2,302,497</u>		
Net position (deficit):			
Net investment in capital assets		1,327,549	1,327,549
Deficit		(186,836)	(186,836)
Total net position		<u>\$ 1,140,713</u>	<u>\$ 1,140,713</u>

See notes to financial statements.

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

Terrebonne Parish Fire District No. 4-A

December 31, 2021

Fund Balances - Governmental Fund		\$ 831,188
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.</p>		
Governmental capital assets	\$ 3,345,320	
Less accumulated depreciation	<u>(2,017,771)</u>	1,327,549
<p>Deferred outflows of resources used in governmental activities are not financial resources and are not reported in governmental funds.</p>		
Pension		401,839
<p>Other assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>		
Prepaid insurance		49,497
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>		
Net pension liability		(797,579)
<p>Deferred inflows of resources are not due and payable in the current period and are not reported in governmental funds.</p>		
		<u>(671,781)</u>
Net Position of Governmental Activities		<u><u>\$ 1,140,713</u></u>

See notes to financial statements.

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

Terrebonne Parish Fire District No. 4-A

For the year ended December 31, 2021

	General Fund	Adjustments (Exhibit D)	Statement of Activities
Revenues			
Taxes	\$ 1,369,807	\$ -	\$ 1,369,807
Intergovernmental			
Federal:			
FEMA	25,053	-	25,053
State of Louisiana:			
State revenue sharing	16,245	-	16,245
Fire insurance tax	25,801	-	25,801
Supplemental pay	38,539	-	38,539
Miscellaneous:			
Interest	2,734	-	2,734
Impairment gain	-	177,511	177,511
Other income	88,869	-	88,869
Total revenues	1,567,048	177,511	1,744,559
Expenditures/Expenses			
Current:			
General government:			
Ad valorem tax adjustment	21,793	-	21,793
Ad valorem tax deductions	46,155	-	46,155
Total general government	67,948	-	67,948
Public safety:			
Personal services	1,139,621	(125,877)	1,013,744
Supplies and materials	61,188	-	61,188
Other services and charges	181,911	(2,074)	179,837
Repairs and maintenance	140,398	-	140,398
Depreciation and amortization	-	147,249	147,249
Total public safety	1,523,118	19,298	1,542,416
Capital outlay	49,822	(49,822)	-
Total expenditures/expenses	1,640,888	(30,524)	1,610,364
Excess (Deficit) of Revenues Over Expenditures Before Other Financial Sources	(73,840)	73,840	-
Other Financial Sources			
Insurance proceeds	235,727	(235,727)	-
Excess (Deficit) of Revenues Over Expenditures	161,887	(161,887)	-
Change in Net Position	-	134,195	134,195
Fund Balance/Net Position			
Beginning of year	669,301	337,217	1,006,518
End of year	\$ 831,188	\$ 309,525	\$ 1,140,713

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 Fire District No. 4-A

For the year ended December 31, 2021

Net Change in Fund Balance - Governmental Fund	\$ 161,887
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 cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	\$ 49,822
Depreciation expense	<u>(147,249)</u>
	(97,427)
The net effect of various miscellaneous transactions involving capital assets, such as disposition, trade-ins and donations, is to increase (decrease) capital assets.	
Impairment of capital assets	(58,216)
Some expenditures reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Increase in prepaid insurance	2,074
Pension expense	<u>125,877</u>
	<u>127,951</u>
Change in Net Position of Governmental Activities	<u><u>\$ 134,195</u></u>

See notes to financial statements.

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

Terrebonne Parish Fire District No. 4-A

For the year ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 1,437,472	\$ 1,363,343	\$ 1,369,807	\$ 6,464
Intergovernmental:				
Federal				
FEMA	-	25,053	25,053	-
State of Louisiana:				
State revenue sharing	5,000	5,750	16,245	10,495
Fire insurance tax	30,000	25,801	25,801	-
Supplemental pay	42,000	39,000	38,539	(461)
Miscellaneous:				
Interest	5,000	408	2,734	2,326
Other	5,000	54,641	88,869	34,228
Total revenues	<u>1,524,472</u>	<u>1,513,996</u>	<u>1,567,048</u>	<u>53,052</u>
Expenditures				
General government:				
Ad valorem tax adjustment	21,793	21,793	21,793	-
Ad valorem tax deductions	46,155	46,155	46,155	-
Total general government	<u>67,948</u>	<u>67,948</u>	<u>67,948</u>	<u>-</u>
Public safety:				
Personal services	1,169,400	1,111,587	1,139,621	(28,034)
Supplies and materials	55,000	48,517	61,188	(12,671)
Other services and charges	174,400	181,597	181,911	(314)
Repairs and maintenance	75,500	141,229	140,398	831
Total public safety	<u>1,474,300</u>	<u>1,482,930</u>	<u>1,523,118</u>	<u>(40,188)</u>
Capital outlay	35,000	49,370	49,822	(452)
Total expenditures	<u>1,577,248</u>	<u>1,600,248</u>	<u>1,640,888</u>	<u>(40,640)</u>
Excess (Deficit) of Revenues Over Expenditures Before Other Financing Sources	(52,776)	(86,252)	(73,840)	12,412
Other Financing Sources				
Insurance proceeds	-	277,100	235,727	(41,373)
Excess (Deficit) of Revenues Over Expenditures	(52,776)	190,848	161,887	(28,961)
Fund Balance				
Beginning of year	669,301	669,301	669,301	-
End of year	<u>\$ 616,525</u>	<u>\$ 860,149</u>	<u>\$ 831,188</u>	<u>\$ (28,961)</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Terrebonne Parish Fire District No. 4-A**

December 31, 2021

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Terrebonne Parish Fire District No. 4-A (the "District") conform to accounting principles generally accepted in the United States of America (GAAP) 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:

a) Reporting Entity

The District 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, 2021.

GASB Statement No. 14, *"The Financial Reporting Entity"*, and GASB Statement No. 39, *"Determining Whether Certain Organizations Are Component Units-an amendment of GASB Statement No. 14"* and GASB Statement No. 61, *"The Financial Reporting Entity: Omnibus an Amendment of GASB Statement No. 14 and 34"* established the criterion for determining which component units should be considered part of the District 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 District and the potential component unit.
4. Imposition of will by the District on the potential component unit.
5. Financial benefit/burden relationship between the District and the potential component unit.

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of Presentation

The District's financial statements consist of the government-wide statements on all activities of the District and the governmental fund financial statements.

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 District. The government-wide presentation focuses primarily on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

Fund Financial Statements

The daily accounts and operations of the District are organized on the basis of a fund and account groups, each of which is considered a separate accounting entity. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows of resources, equity, revenues, and expenditures. Government 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 following is the governmental fund of the District:

General Fund - The General Fund is the general operating fund of the District. 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.

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.

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 related cash flows. Property taxes are recognized in the year for which they are levied.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting (Continued)

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 position. 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 year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Ad valorem taxes and the related state revenue sharing (intergovernmental revenue) are recognized as revenue in the period for which levied, thus the 2021 property taxes which are being levied to finance the 2021 budget will be recognized as revenue in 2021. The 2021 tax levy is recorded as deferred inflows of resources in the District's 2021 financial statements. Charges for services are recorded when earned since they are measurable and available. Miscellaneous revenues are recorded as revenues when received in cash by the District 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 principle and interest on general long-term debt which is recognized when due. Allocations of cost such as depreciation are not recognized in the governmental funds.

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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Operating Budgetary Data

As required by the Louisiana Revised Statutes 39:1303, the Board of Commissioners (the "Board") adopted a budget for the District's General Fund. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget, and a public hearing on the budget prior to adoption. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board. In order to remain in compliance with State budget laws, the District amended its budget twice during the year. All budgeted amounts that are not expended, or obligated through contracts, lapse at year-end.

The General Fund budget 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 for the District contain no allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes and other 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 operations of the funds.

g) Investments

Investments during the year consisted of investments in Louisiana Asset Management Pool (LAMP). LAMP is an external pool which is operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net position to compute share prices if certain conditions are met.

h) Prepaid Insurance

The District has recorded prepaid insurance in its government-wide financial statements. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. In the fund financial statements insurance premiums are recognized as other services and charges expenditures when paid.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Deposits

Deposits represent amounts paid to vendors towards future purchases of equipment.

j) Capital Assets

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

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 and a useful life greater than one year 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 range of estimated useful lives by type of asset as follows:

	<u>Years</u>
Buildings	10 - 40
Vehicles	5 - 15
Machinery and equipment	5 - 25
Office furniture and equipment	5 - 20

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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Long-Term Obligations

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

Government-Wide Financial Statements

All long-term debt to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term debt consists of general obligation bonds and net pension liability.

Fund Financial Statements

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principal and interest reported as debt service expenditures.

l) Vacation and Sick Leave

Accumulated vacation and sick leave are recorded as an expenditure of the period in which paid in the governmental funds.

Full time employees are entitled to 18 days of vacation after one year of service. Each year the employee must take their vacation time before their anniversary date (day they first began working). If not taken by their anniversary date, the vacation time is forfeited. The vacation period shall be increased one day for each year of service over ten years, up to a maximum vacation period of 30 days. There was no material accumulated vacation as of December 31, 2021.

Every firefighter in the employment of a fire protection district shall be entitled to full pay during sickness or incapacity not brought about by his own negligence or culpable indiscretion for a period of no less than 52 weeks. A firefighter employed by any fire protection district who draws full pay during sickness or incapacity shall have such pay decreased by the amount of workers' compensation benefits actually received by the employee. A firefighter is entitled to sick leave benefits even though the injury or illness may have occurred while off duty. Firefighters are not prohibited from engaging in part-time employment while receiving sick leave. A probationary firefighter who is not a regular or permanent firefighter is not entitled to sick leave benefits provided by the District. Sick leave does not vest or accumulate from prior years; accordingly, there is no accumulated sick leave for the District as of December 31, 2021.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Deferred Outflows/Inflows of Resources

In addition to liabilities, the Statement of Net Position 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, and it will not be recognized as an inflow of resources until that time. The governmental fund reports unavailable revenues from property taxes as deferred inflows. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The District reports unavailable revenue when resources associated with imposed non-exchange revenue transactions are received or reported as a receivable before (a) the period for which property taxes are levied or (b) the period when resources are required to be used or when use is first permitted for all other imposed non-exchange revenues in which the enabling legislation includes time requirements. In addition to deferred inflows related to non-exchange revenue, the District also reports deferred outflows and inflows of resources related to pensions in its government-wide financial statements.

n) Pensions

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Firefighters' 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 reported at fair value.

o) Equity

Government-Wide Statements

Equity is classified as net position and 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, if any.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) Equity (Continued)

Government-Wide Statements (Continued)

- b. Restricted - Consists of assets and deferred outflow of resources less liabilities and deferred inflow of resources (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 - 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 District's policy to use restricted resources first, then unrestricted resources as they are needed. As of December 31, 2021, the District had no restricted resources.

Fund Financial Statements

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

- a. Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to maintain intact.
- b. Restricted - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed - amounts that can be used only for specific purposes determined by a formal action of the District's Board of Commissioners. Commitments may be established, modified, or rescinded only through resolutions approved by the District's Board of Commissioners.
- d. Assigned - amounts that do not meet the criteria to be classified as either restricted or committed but are intended to be used for specific purposes. Assigned amounts may be established, modified, or rescinded by the chairman of the District's Board of Commissioners or his representative.
- e. Unassigned - all other spendable amounts.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) Equity (Continued)

For the classification of government fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available. The District's fund balance was classified as assigned and unassigned as of December 31, 2021.

p) New GASB Statements

During the year ended December 31, 2021, the District implemented the following GASB Statements:

Statement No. 89, "*Accounting for Interest Cost Incurred before the End of a Construction Period*" establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, "*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements*", which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement did not affect the financial statements.

Statement No. 90, "*Majority Equity Interest*" the primary objectives of this Statement are to improve the consistency and comparability of reporting government's majority equity interest in legally separate organization and to improve the relevance of financial statement information for certain component units. It specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as component unit. This Statement did not affect the financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) New GASB Statements (Continued)

Statement No. 98, "*The Annual Comprehensive Financial Report*" establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym sounds like a profoundly objectionable racial slur. This Statement did not affect the District's financial statements.

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

Statement No. 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 requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 91, "*Conduit Debt Obligations*" provides a single method of reporting conduit debt obligations by issuers and eliminate 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. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Management has not yet determined the effect of this Statement on the financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) New GASB Statements (Continued)

Statement No. 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. The requirements of this Statement apply to all financial statements of all state and local governments at dates varying from upon issuance to fiscal periods beginning after June 15, 2021. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 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 rates. This Statement will preserve the consistency and comparability of reporting hedging derivative instruments and leases after governments amend or replace agreements to replace an IBOR. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 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 the 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. 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. The requirements of this Statement are effective for the years beginning after June 15, 2021. Management has yet to determine the effect of this Statement on the financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) 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 June 22, 2022, which is the date the financial statements were available to be issued.

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 investment, 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 of domestic corporations.

Bank Deposits

State law requires that deposits (cash) of all political subdivisions to 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:

	<u>Bank Balances</u>	<u>Reported Amounts</u>
Cash	<u>\$281,480</u>	<u>\$278,328</u>

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a written policy for custodial credit risk but does comply with state law in custodial activities. As of December 31, 2021, \$31,480 of the District's bank balance was exposed to custodial credit risk. These deposits were uninsured and with collateralized with securities held by the pledging financial trust institution's trust department or agent and are deemed to be held in the District's name by state statute.

Note 2 - DEPOSITS (Continued)

Investments

State statutes authorize the District to invest in obligations of the U.S. Treasury, agencies and instrumentalities; guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations; repurchase agreements; and the Louisiana Asset Management Pool (LAMP).

As a means of limiting its exposure to fair value losses arising from interest rates, the District's investment policy emphasizes maintaining liquidity to match specific cash flows.

State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The District has no written investment policy that would further limit its investment choices.

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investment policy requires the application of the prudent-person rule. This policy states, investments should be made with the judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. Primary emphasis shall be placed on the safety of the principal, secondly to maintain liquidity to meet operating requirements and finally to obtain the most favorable rate of return. The District's investment policy limits investments to those discussed earlier in this note. LAMP has a Standard & Poor's Rating of AAAM.

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. Investments in external investment pools are not exposed to custodial credit risk because of their natural diversification and the diversification required by the Securities and Exchange Commission.

Note 2 - DEPOSITS (Continued)

Investments (Continued)

LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed or backed by the U.S. Treasury, the U.S. Government or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by the securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued at amortized cost. The fair value of participant's position is the same as the value of the pool shares. LAMP is designed to be highly liquid to give its participants immediate access to their account balance. Investment in LAMP as of December 31, 2021 amounted to \$625,159 and is reported in cash as of December 2021.

LAMP is designed to be highly liquid to give its participants immediate access to their account balance. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

As of December 31, 2021 the balance reported as cash included the following:

Deposits in bank	\$278,328
Investment in LAMP	<u>625,159</u>
 Total cash and cash equivalents	 <u><u>\$903,487</u></u>

Note 3 - PROPERTY TAXES

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the District. Assessed values are established by the Terrebonne Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A statewide reevaluation of all property is required to be completed no less than every four years. The last statewide reevaluation was completed for the list of January 1, 2020. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2021 was \$17.87 per \$1,000 of assessed valuation on property within Terrebonne Parish Fire District No. 4-A for the purpose of constructing, maintaining, and operating fire protection facilities within the District and paying the cost of obtaining water for fire protection purposes, including charges for fire hydrant rentals and services. As indicated in Note 1c, taxes levied November 1, 2021 are for budgeted expenditures in 2022 and were recognized as revenues in 2022.

Note 4 - DUE FROM OTHER GOVERNMENTS

Amounts due from and to other governmental units as of December 31, 2021 consisted of the following:

	Due From	Due To
State of Louisiana:		
State revenue sharing	\$10,176	\$ -
Firefighters' retirement system contributions	-	29,510
Terrebonne Parish Consolidated Government		
insurance premiums	-	8,673
Terrebonne Parish Tax Collector - December 2021		
collections remitted to the District in January 2022:		
Ad valorem taxes	15,157	-
State revenue sharing	5,088	-
Totals	\$30,421	\$38,183

Note 5 - CHANGES IN CAPITAL ASSETS

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

	<u>Balance January 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2021</u>
Capital assets not being depreciated:				
Land	\$ 169,500	\$ -	\$ -	\$ 169,500
Capital assets being depreciated:				
Buildings	1,565,906	27,870	(90,262)	1,503,514
Vehicles	1,582,598	-	(208,473)	1,374,125
Machinery and equipment	381,051	21,952	(111,625)	291,378
Office furniture and equipment	8,583	-	(1,780)	6,803
Total capital assets being depreciated	<u>3,538,138</u>	<u>49,822</u>	<u>(412,140)</u>	<u>3,175,820</u>
Less accumulated depreciation:				
Buildings	(718,851)	(40,677)	64,737	(694,791)
Vehicles	(1,253,872)	(82,654)	208,473	(1,128,053)
Machinery and equipment	(246,696)	(22,969)	78,934	(190,731)
Office furniture and equipment	(5,027)	(949)	1,780	(4,196)
Total accumulated depreciation	<u>(2,224,446)</u>	<u>(147,249)</u>	<u>353,924</u>	<u>(2,017,771)</u>
Total capital assets being depreciated, net	<u>1,313,692</u>	<u>(97,427)</u>	<u>(58,216)</u>	<u>1,158,049</u>
Total capital assets, net	<u>\$ 1,483,192</u>	<u>\$ (97,427)</u>	<u>\$ (58,216)</u>	<u>\$ 1,327,549</u>

Impairments and Insurance Proceeds

On August 29, 2021, Hurricane Ida severely impacted the District and the financial impact has yet to be determined. Numerous capital assets were damaged and are still being repaired or replaced. In accordance with GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries", the District has reviewed the various capital assets (a) to determine potential impairments from Hurricane Ida through inspection of physical damage and (b) to test for impairment to determine if the magnitude of the decline in service utility of the capital asset is significant and whether the decline in service utility is not part of the normal life cycle of

Note 5 - CHANGES IN CAPITAL ASSETS (Continued)

Impairments and Insurance Proceeds (Continued)

the capital asset. For those properties that are impaired and will continue to be used by the District a portion of historical cost of the asset and associated accumulated depreciation, will be written off using the Restoration Cost Approach which states that the amount of impairment is derived from the estimated costs to restore the utility of the capital asset.

Impaired capital assets that will no longer be used by the District will be reported at the lower of carrying value or fair value. The District incurred significant roof, exterior, and interior damage to its Bobtown, Central and Ashland North Fire Stations, accordingly, these fire stations have been impaired, while the fire stations at Dulac and Shrimper's Row have no carrying value and were not impaired. In addition, the contents of the fire stations such as, furniture, machinery and equipment were heavily damaged or destroyed. The District's vehicles and attached equipment, including ladder, pumper, rescue, and pick-up trucks, sustained exterior damages which required repairs without a loss of service utility and were not impaired. The District received insurance recoveries for its impaired and unimpaired buildings, vehicles, machinery, and equipment and office furniture.

In 2021, the District recognized realized insurance recoveries which are reported net of impairments. The following table identifies insurance proceeds related to damaged capital assets and other activities as well as resulting impairment gains (losses), which are reported in the Public Safety function.

<u>Public Safety</u>	<u>Insurance Proceeds</u>	<u>Costs of Assets</u>	<u>Accumulated Depreciation Assets</u>	<u>Book Value Assets</u>	<u>Impairment Gains (Losses)</u>
Buildings	\$182,853	\$ 90,262	\$ (64,737)	\$25,525	\$157,328
Vehicles	44,435	208,473	(208,473)	-	44,435
Machinery and equipment	1,321	111,625	(78,934)	32,691	(31,370)
Office furniture	3,193	1,780	(1,780)	-	3,193
Debris removal	3,925	-	-	-	3,925
Totals	<u>\$235,727</u>	<u>\$412,140</u>	<u>\$ (353,924)</u>	<u>\$58,216</u>	<u>\$177,511</u>

Note 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenditures as of December 31, 2021 consisted of the following:

Governmental funds:	
Vendors	\$42,863
Payroll, withholdings and payroll taxes	<u>12,770</u>
Total accounts payable and accrued expenditures	<u>\$55,633</u>

Note 7 - LONG-TERM OBLIGATIONS

Through December 31, 2021, the District recognized obligations in the amount of \$797,579 for the defined benefit pension plan as further described in Note 8.

The following is a summary of changes in long-term debt for the year ended December 31, 2021:

	Payable January 1, 2021	Issuance	Obligations Retired	Payable December 31, 2021
Net pension liability	\$ 1,603,411	\$ -	\$ 805,832	\$ 797,579

Note 8 - DEFINED BENEFIT PENSION PLAN

Plan Description - The District contributes to the Firefighters' Retirement System of Louisiana (the "System"), a cost-sharing multiple-employer defined benefit public retirement system, which is controlled and administered by a separate Board of Trustees. The System is governed by Louisiana Revised Statutes 11:2251 through 11:2272, specifically, and other general laws of the State of Louisiana.

Eligibility - Membership in the System is a condition of employment for any full-time firefighter employed by any municipality, parish, or fire protection district in the state in addition to System employees. Any person who has retired from service under any retirement system or pension fund maintained basically for public officers and employees of the state, its agencies, or political subdivisions, and who is receiving retirement benefits there from may become a member of this System, provided the person meets all other requirements for membership. Service credit from the retirement system or pension plan from which the member is retired shall not be used for reciprocal recognition of service with this System, or for any other purpose in order to attain eligibility or increase the amount of service credit in this System.

Note 8 - DEFINED BENEFIT PENSION PLAN (Continued)

Benefits Provided - The System provides retirement, deferred and disability benefits, survivor's benefits, and cost of living adjustments to plan members and beneficiaries. Benefit provisions are authorized within Act 434 of 1979 and amended by Louisiana Revised Statutes 11:2251 through 11:2272. Annual benefits to which retired members are entitled are equal to 3.33% of their final average compensation based on the 36 consecutive months of highest pay multiplied by years of service, not to exceed 100%. The State Legislature authorized the System to establish a deferred retirement option plan (DROP). After completing 20 years of creditable service and age 50 or 25 years at any age, a member may elect to participate in DROP for up to 36 months. When a member enters DROP their status changes from active to retired even though they continue to work and draw their salary. Upon commencement of participation in the deferred retirement option plan, employer, and employee contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the deferred retirement option plan account. Upon termination of employment, a participant in the program shall receive, at his option, a lump-sum payment from the account or an annuity based on the deferred retirement option plan account balance in addition to his regular monthly benefit. If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to the System. No payments may be made from the deferred retirement option plan account until the participant retires.

Contributions - Employer contributions are actuarially determined each year. The employer contribution rate for employees above the poverty line/below the poverty line for the period January 1, 2021 through June 30, 2021 was 32.25%/34.25% and 33.75%/35.75% for the period July 1, 2021 through December 31, 2021. Plan members above the poverty line are required to contribute 10.00% of their annual covered payroll, and 8.00% for those below the poverty line.

The District's contributions to the System for the year ending December 31, 2021, were \$209,070.

Pension Liabilities - As of December 31, 2021, the District reported a net pension liability of \$797,579 for its proportionate share of the System's net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of the contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of June 30, 2021, the District's proportion was 0.225060% which was a decrease of 0.010156% from its proportion measured as of June 30, 2020.

Note 8 - DEFINED BENEFIT PENSION PLAN (Continued)

Pension Expense - For the year ended December 31, 2021, the District recognized pension expense of \$209,524.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - As of December 31, 2021, the District 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	\$ 11,382	\$ (71,624)
Changes in assumptions	172,830	-
Changes in proportion	105,544	(116,139)
Net difference between projected and actual earnings on pension plan investments	-	(484,018)
Contributions subsequent to the measurement date:		
Current year	<u>112,083</u>	<u>-</u>
	<u>\$401,839</u>	<u>\$(671,781)</u>

The District reported \$112,083 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as presented below:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ (33,696)
2023	(78,073)
2024	(111,797)
2025	(161,174)
2026	(65)
2027	<u>2,780</u>
Total	<u>\$ (382,025)</u>

Note 8 - DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions - The actuarial assumptions used in the June 30, 2021 valuation were based on the assumptions used in the June 30, 2021 actuarial funding valuation. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021 are as follows:

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry age normal
Estimated Remaining Service Life	7 years, closed period
Investment Rate of Return	6.90% per annum (net of investment expenses, including inflation).
Inflation Rate	2.50% per annum
Salary Increases	14.10% in the first two years of service and 5.20% with three or more years of service; includes inflation and merit increases.
Cost of Living Adjustments	Only those previously granted.

The mortality rate assumptions were updated in fiscal year 2020 to reflect changes from the recent experience study and rates set in the Pub-2010 Public Retirement Plans Mortality tables, as compared to the RP-2000 Combined Healthy and Disabled Lives tables that were used for the previous valuation. For the June 30, 2021 valuation, assumptions for mortality rates were based on the following:

- For active members, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees.
- For annuitants and beneficiaries, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees.
- For disabled retirees, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees.
- In all cases the base table was multiplied by 105% for males and 115% for females, each with full generational projection using the appropriate MP2019 scale.

Note 8 - DEFINED BENEFIT PENSION PLAN (Continued)

The estimated long-term expected rate of return on pension plan investments was determined by the System's actuary using the System's target asset allocation and the G.S. Curran & Company Consultant Average study for 2020. The consultant's average study included projected nominal rates of return, standard deviations of returns, and correlations of returns for a list of common asset classes collected from a number of investment consultants and investment management firms. Each consultant's response included nominal expected long term rates of return. In order to arrive at long-term expected arithmetic real rates of return, the actuary normalized the data received from the consultant's responses in the following ways. Where nominal returns were geometric, the actuary converted the return to arithmetic by adjusting for the long-term standard deviation and then reduced the assumption by the long-term inflation assumption. Using the target asset allocation for the System and average values for expected real rates of return, standard deviation of returns, and correlation of returns, an arithmetic expected nominal rate of return and standard deviation for the portfolio was determined. The System's long-term assumed rate of inflation of 2.50% was used in this process for the fiscal year ended June 30, 2021.

The long-term expected real rate of return is an important input into the actuary's determination of the reasonable range for the discount rate which is used in determining the total pension liability. Prior year's financial reports presented the long-term expected real rate of return provided by the System's investment consultant, whereas this year's report presents this information for both fiscal years 2021 and 2020 from the System's actuary. The actuary's method incorporates information from multiple consultants and investment firms regarding future expected rates of return, variances, and correlation coefficients for each asset class. The actuary's method integrates data from multiple sources to produce average values thereby reducing reliance on a single data source.

Note 8 - DEFINED BENEFIT PENSION PLAN (Continued)

Best estimates of real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2021 are summarized below:

Asset Class	Long-Term Target Asset Allocation	Long-Term Expected Real Rate of Return
Equity:		
U.S. Equity	27.50%	5.86%
Non-U.S. Equity	11.50%	6.44%
Global Equity	10.00%	6.40%
Emerging Market Equity	7.00%	8.64%
Fixed Income:		
U.S. Core Fixed Income	18.00%	0.97%
U.S. TIPS	3.00%	0.40%
Emerging Market Debt	5.00%	2.75%
Alternatives:		
Private Equity	9.00%	9.53%
Real Estate	6.00%	5.31%
Real Estate	3.00%	***
Multi-Asset Strategies:		
Global Tactical Asset Allocation	0.00%	4.22%
Risk Parity	0.00%	4.22%
	<u>100.00%</u>	

*** Subsequent to the actuary's calculation of the long-term expected real rate of return in January 2021, the Board voted to amend the target asset allocation (which included a target weight in private real assets).

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. 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 will be made at the actuarially determined rates taking into consideration the recommendation of the System's actuary. 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 District's Proportionate Share of the Collective Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the participating employers calculated using the discount rate of 6.90%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.90%) or one percentage-point higher (7.90%) than the current rate as of June 30, 2021.

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
District's proportionate share of the net pension liability	<u>\$1,530,097</u>	<u>\$797,579</u>	<u>\$186,667</u>

Pension Plan Fiduciary Net Position - The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Firefighters' Retirement System, 3100 Brentwood Drive, Baton Rouge, Louisiana 70809 or on the System's website, www.ffret.com.

Note 9 - SUPPLEMENTAL PAY

In addition to the compensation paid to the District's employees, firefighters may be eligible to receive supplemental pay. The amount of the compensation is determined by State Law and is revised periodically.

As per Louisiana Revised Statute 33:2004, any full-time, regular employee of the parish fire protection district who is hired after March 31, 1986, who has passed a certified firemen's training program equal to the National Fire Protection Association Standard 1001 and who is paid three hundred dollars per month from public funds is eligible for supplemental pay. These full-time employees are carried on the payroll paid from funds of the Parish obtained through lawfully adopted bond issues or lawfully assessed taxes, either directly or through a board or commission set up by law or ordinance. Employees employed by the District are not eligible for supplemental pay if they are presently drawing a retirement or disability pension, clerical employees and mechanics and for those employees who have not passed a certified firemen's training program but are hired after March 31, 1986. State supplemental pay for firefighters must be taken into account in calculating firefighters' longevity pay, holiday pay and overtime pay. The period of service for computing additional compensation includes prior service of employees who have returned or who hereafter return to such service provided that service in any parish or fire protection district fire department shall be used in computing such prior service which includes full-time employees of a volunteer fire department.

Note 9 - SUPPLEMENTAL PAY (Continued)

As of December 31, 2021, the District has recognized revenue and expenditures of \$38,539 in salary supplements that the State of Louisiana has paid directly to the District's employees.

Note 10 - RISK MANAGEMENT

The District is exposed to various risks of loss related to workers' compensation; torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance and also participates in the Parish's risk management program for workers' compensation and group health insurance. No settlements were made during the year that exceeded the District's insurance coverage. The District pays monthly premiums to the Parish for workers' compensation based on a fixed percentage of payroll. The District's premiums for group health insurance are based on a fixed rate per employee. The Parish manages all claims filed against the District related to workers' compensation.

The Parish is self-insured for the first \$175,000 of each claim relating to group health insurance. The aggregate deductible of all group claims relating to group insurance for 2020 was \$16,149,813. Insurance contracts cover excess liability on individual claims. Coverage for group health claim liabilities are to be funded first by the assets of the Parish's group health internal services fund, \$4,089,382 as of December 31, 2020, then secondly by the District. As of December 31, 2021, the District had no claims in excess of the above coverage limits.

Coverage for workers' compensation claims excess of the statutory limits is funded by an insurance contract for claims up to aggregate limits. Workers' compensation claims in excess of the aggregate limits are funded first by the assets of the Parish's Workers' Compensation Internal Service Fund then secondly by the District. As of December 31, 2021, the District had no claims in excess of the above coverage limits. Expenditures for premiums to the Parish for insurance coverage during the year ended December 31, 2021 totaled \$104,355.

Note 11 - COMPENSATION OF BOARD MEMBERS

The following amounts were paid to Board Members for the year ended December 31, 2021:

<u>Board Members</u>	<u>Number of Meetings Attended</u>	<u>Per Diem</u>
Roland Aucoin	6	\$ 180
Pamela Carlos	6	180
Louis Pitre	*	-
Marty Theriot	6	180
Kirby Verret	7	<u>210</u>
Total		<u>\$750</u>

* Louis Pitre waived his right to receive a per diem.

Note 12 - STATE OF LOUISIANA TAX ABATEMENTS

The District's ad valorem tax revenue was reduced by \$37,560 under agreements entered into with the State of Louisiana.

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY**

Terrebonne Parish Fire District No. 4-A

For the seven years ended December 31, 2021 through 2015

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	<u>0.225060%</u>	<u>0.235216%</u>	<u>0.243447%</u>	<u>0.253389%</u>	<u>0.231931%</u>	<u>0.220924%</u>	<u>0.164431%</u>
District's proportionate share of the net pension liability	<u>\$ 797,579</u>	<u>\$ 1,630,411</u>	<u>\$ 1,524,443</u>	<u>\$ 1,457,513</u>	<u>\$ 1,329,393</u>	<u>\$ 1,445,043</u>	<u>\$ 887,453</u>
District's covered payroll	<u>\$ 596,034</u>	<u>\$ 586,387</u>	<u>\$ 587,773</u>	<u>\$ 601,896</u>	<u>\$ 529,451</u>	<u>\$ 498,066</u>	<u>\$ 377,072</u>
District's proportionate share of the net pension liability as a percentage of its covered payroll	<u>133.81%</u>	<u>278.04%</u>	<u>259.36%</u>	<u>242.15%</u>	<u>251.09%</u>	<u>290.13%</u>	<u>235.35%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>86.78%</u>	<u>72.61%</u>	<u>73.96%</u>	<u>74.76%</u>	<u>73.55%</u>	<u>68.16%</u>	<u>72.45%</u>

The schedule is provided beginning with the District'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 DISTRICT CONTRIBUTIONS

Terrebonne Parish Fire District No. 4-A

For the seven years ended December 31, 2021 through 2015

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 209,070	\$ 200,344	\$ 155,896	\$ 155,267	\$ 145,759	\$ 135,723	\$ 110,293
Contributions in relation to the contractually required contribution	<u>209,070</u>	<u>200,344</u>	<u>155,896</u>	<u>155,267</u>	<u>145,759</u>	<u>135,723</u>	<u>110,293</u>
Contribution deficiency (excess)	<u>\$ -</u>						
District's covered payroll	<u>\$ 632,833</u>	<u>\$ 662,427</u>	<u>\$ 574,555</u>	<u>\$ 585,914</u>	<u>\$ 562,185</u>	<u>\$ 498,066</u>	<u>\$ 377,072</u>
Contributions as a percentage of covered payroll	<u>33.04%</u>	<u>30.24%</u>	<u>27.13%</u>	<u>26.50%</u>	<u>25.93%</u>	<u>27.25%</u>	<u>29.25%</u>

The schedule is provided beginning with the District'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

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

Terrebonne Parish Fire District No. 4-A

For the year ended December 31, 2021

Agency Head Name: Shawn Bumm, Fire Chief

Purpose

Salary	\$ 81,811
Benefits - insurance	6,374
Benefits - retirement	22,131
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	410
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Meals	-
	<hr/>
	<u>\$ 110,726</u>

Note:

Shawn Bumm is the Fire Chief of the District and functions as the Chief Executive Officer.

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 Board of Commissioners,
Terrebonne Parish Fire District No. 4-A,
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 Fire District No. 4-A (the "District") as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's financial statements and have issued our report thereon dated **June 22, 2022**.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

Purpose of this Report

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

A handwritten signature in black ink that reads "Bourgeois Bennett, L.L.C." in a cursive script.

Certified Public Accountants.

Houma, Louisiana,
June 22, 2022.

SCHEDULE OF FINDINGS AND RESPONSES

Terrebonne Parish Fire District No. 4-A

For the year ended December 31, 2021

Section I - Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are
not considered to be a material weakness? Yes None reported

Noncompliance material to financial statements noted? Yes No

b) Federal Awards

Terrebonne Parish Fire District No. 4-A did not expend federal awards in excess of \$750,000 during the year ended December 31, 2021 and therefore is exempt from the audit requirements under the *Uniform Guidance*.

Section II - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Financial Statements

No financial statement findings were noted during the audit for the year ended December 31, 2021.

Section III - Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Terrebonne Parish Fire District No. 4-A

For the year ended December 31, 2021

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Financial Statements

Internal Control Over Financial Reporting

No material weaknesses were reported during the audit for the year ended December 31, 2020.

No significant deficiencies were reported during the audit for the year ended December 31, 2020.

Compliance and Other Matters

No compliance findings material to the financial statements were reported during the audit for the year ended December 31, 2020.

Section II - Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Fire District No. 4-A did not expend federal awards in excess of \$750,000 during the year ended December 31, 2020 and therefore is exempt from the audit requirements under the *Uniform Guidance*.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2020.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Terrebonne Parish Fire District No. 4-A

For the year ended December 31, 2021

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Financial Statements

No financial statement findings were noted during the audit for the year ended December 31, 2021.

Section II - Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Fire District No. 4-A did not expend federal awards in excess of \$750,000 during the year ended December 31, 2021 and therefore is exempt from the audit requirements under the *Uniform Guidance*.

Section III - Management Letter

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

STATEWIDE AGREED-UPON PROCEDURES

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners,
Terrebonne Parish Fire District No. 4-A,
Houma, Louisiana.

We have performed the procedures described in Schedule 4 on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. Terrebonne Parish Fire District No. 4-A (the "District") management is responsible for those C/C areas identified in the SAUPs.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its 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 4.

We were engaged by the District 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 District and to meet out 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.

Bougeois Bennett, L.L.C.

Certified Public Accountants

Houma, Louisiana,
June 22, 2022.

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

Terrebonne Parish Fire District No. 4-A

For the year ended December 31, 2021

The required procedures and our findings are as follows:

Procedures Performed on the District's Written Policies and Procedures:

1. Obtain and inspect the District's written policies and procedures and observe that they address each of the following categories and subcategories if applicable to public funds and the District's operations:
 - a) 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.
 - b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
Performance: Obtained and read the written policy for purchasing.
Exceptions: The purchasing policy lacked addressing purchase requisitions or purchase orders.
 - c) 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.
 - d) 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 agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
Performance: Obtained and read the written policy for receipts and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.

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

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

- f) Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
Performance: Obtained and read the purchasing handbook for contracting and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.

- g) Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
Performance: Obtained and read the written policy for credit cards and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.

- h) 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.

- i) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the District's ethics policy.
Performance: Obtained and read the written policy for ethics.
Exceptions: There were no exceptions noted.

- j) 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 District's debt service policy.
Exceptions: Management confirmed the District does not have a debt service policy.

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

- k) Information Technology Disaster Recovery/Business Continuity, including (1) identification of critical data and frequency of data backups; (2) storage of backups in a separate physical location isolated from 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 District's information technology disaster recovery/business continuity policy.

Exceptions: Management confirmed the District does not have an information technology disaster recovery/business continuity policy.

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

Performance: Inquired of management regarding the District's sexual harassment policy.

Exceptions: Management confirmed the District does not have a sexual harassment policy.

Procedures Performed on the District's Board:

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

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

Performance: Obtained and read the written minutes of the Board meetings. The meetings that were held every other month during the fiscal year had a quorum, except the September 2021 meeting was cancelled due to Hurricane Ida. This is not considered an exception.

Exceptions: There were no exceptions noted.

- b) 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 and the included budget-to-actual comparisons for the General Fund presented to the District's board.

Exceptions: The April 21, 2021, meeting did not include budget-to-actual comparisons for the General Fund.

Procedures Performed on the District's Board: (Continued)

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

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

Exceptions: There were no exceptions noted.

Procedures Performed on the District's Bank Reconciliations:

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

- a) 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 4 additional accounts selected. Inspected management's documentation for timely preparation of the bank reconciliations.

Exceptions: Reconciliations were not prepared within 2 months of the related statement closing date.

- b) 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 District's documentation for the December bank reconciliation for the 5 bank accounts selected.

Exceptions: The bank reconciliations contained no evidence of being reviewed. Angela Hidalgo, Accountant, post ledgers and reviews/prepares each bank reconciliation.

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

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.
 - Performance: Inspected documents for items outstanding for more than 12 months. We noted 8 checks and 5 deposits outstanding for longer than 12 months as of the end of the fiscal period.
 - Exceptions: There are reconciling items that have been outstanding for more than 12 months from the statement closing date.

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

- 4. 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. 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.
 - Exceptions: There were no exceptions noted.
- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. 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.
 - Exceptions: There were no exceptions noted.
- a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - Performance: Inspected policy manuals, inquired of management and observed receipts and general ledger transactions
 - Exceptions: There were no exceptions noted.
- b) Each employee responsible for collection 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 management and observed employees do not share cash drawers.
 - Exceptions: There were no exceptions noted.

**Procedures Performed on the District's Collections (Excluding Electronic Funds Transfers):
(Continued)**

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

Performance: Inspected policy manuals, inquired of management and observed employees collecting cash do not make general ledger postings.

Exceptions: There were no exceptions noted.

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

Performance: Inspected policy manuals, inquired of management and observed employees collecting cash do not make general ledger postings.

Exceptions: There were no exceptions noted.

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

Performance: Obtained a listing of all employees who have access to cash and inquired of management if these employees are covered by a bond or insurance policy for theft.

Exceptions: There were no exceptions noted.

7. Select 2 deposit dates for each of the District's 5 bank accounts selected for procedures #3 under "Procedures Performed on the District's Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates selected and select a deposit if multiple deposits were made on the same day). Obtain supporting documentation for each of the 10 deposits selected and:

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

Performance: Management confirmed the District did not have deposits other than electronic funds transfers during the year. Therefore, this step is not required.

Exceptions: There were no exceptions noted.

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

Performance: Management confirmed the District did not have deposits other than electronic funds transfers during the year. Therefore, this step is not required.

Exceptions: There were no exceptions noted.

**Procedures Performed on the District's Collections (Excluding Electronic Funds Transfers):
(Continued)**

- c) Trace the deposit slip total to the actual deposit per the bank statement.
Performance: Management confirmed the District did not have deposits other than electronic funds transfers during the year. Therefore, this step is not required.
Exceptions: There were no exceptions noted.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
Performance: Management confirmed the District did not have deposits other than electronic funds transfers during the year. Therefore, this step is not required.
Exceptions: There were no exceptions noted.

- e) Trace the actual deposit per the bank statement to the general ledger.
Performance: Management confirmed the District did not have deposits other than electronic funds transfers during the year. Therefore, this step is not required.
Exceptions: There was no exception noted.

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

- 8. Obtain a listing of locations that process payments for the fiscal period, and management's representation that the listing is complete. Select 5 locations (or all locations if less than 5).
Performance: Obtained a listing of locations that process payments for the fiscal period from management.
Exceptions: There were no exceptions noted.

- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the District 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 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.

- a) At least 2 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 2 employees are involved.
Exceptions: There were no exceptions noted.

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

- b) At least 2 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 2 employees are involved.
Exceptions: There were no exceptions noted.
 - c) 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. Observed if any employees involved are adding/modifying vendor files.
Exceptions: There were no exceptions noted.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
Performance: Obtained a listing of employees involved with signing and mailing checks.
Exceptions: There were no exceptions noted.
10. For each location selected under #8 above, obtain the District's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Select 5 disbursements for each location, obtain supporting documentation for each transaction and:
- Performance: Obtained the District's non-payroll disbursement transaction population and management's representation that the population is complete.
Exceptions: There were no exceptions noted.
- a) Observe that the disbursement matched the related original invoice/billing statement.
Performance: Observed the 5 disbursements matched the related original invoice/ billing statements.
Exceptions: There were no exceptions noted.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
Performance: Observed the 5 disbursements included evidence of segregation of duties.
Exceptions: There were no exceptions noted.

Procedures Performed on the District's Credit Cards, Debit Cards, Fuel Cards, P-Cards:

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

Performance: Inquired of management for a listing of all active credit cards, bank debit cards, fuel cards, and P-cards. Also, received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

12. Using the listing prepared by management, 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:

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

Performance: Observed evidence that the statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

Exceptions: There were exceptions noted due to cardholders approving their own transactions.

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

Performance: Observed finance charges and/or late fees assessed on the selected statements.

Exceptions: There were exceptions noted due to finance charges on 2 of the selected credit card statements.

13. Using the monthly statements or combined statements selected under #12 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).

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

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

Performance: Observed 30 transactions from the monthly statements for original itemized receipts that identifies precisely what was purchased.

Exceptions: There was one exception noted due to the lack of original itemized receipt.

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

- 2) Written documentation of the business/public purpose.
Performance: Observed 30 transactions from the monthly statements for support with written documentation of the business/public purpose.
Exceptions: There were 3 exceptions noted due to lack of documentation.

- 3) Documentation of the individuals participating in meals (for meal charges only).
Performance: Examined one meal transaction from the monthly statements for evidence of participants the meal.
Exceptions: There was an exception noted due to the lack of documentation regarding the individuals participating in meals.

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

14. Obtain from management a listing of all travel and related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. 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 general ledger for travel and related expense reimbursements. All travel and expense paid by credit card, no other travel or travel related expense reimbursements were noted.
Exceptions: There were no exceptions noted.
 - a) 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: No travel related expense reimbursements were noted.
Exceptions: There were no exceptions noted.
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
Performance: No travel related expense reimbursements were noted.
Exceptions: There were no exceptions noted.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedures #1h).
Performance: No travel related expense reimbursements were noted.
Exceptions: There were no exceptions noted.

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

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving the reimbursement.
Performance: No travel related expense reimbursements were noted.
Exceptions: There were no exceptions noted.

Procedures Performed on the District's Contracts:

- 15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract and:
Performance: Inquired for 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.
Exceptions: The District did not have any contracts during the fiscal year, therefore there are no exceptions noted.
 - a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
Performance: The District did not have any contracts during the fiscal year.
Exceptions: There were no exceptions noted.
 - b) 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: The District did not have any contracts during the fiscal year.
Exceptions: There were no exceptions noted.
 - c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment.
Performance: The District did not have any contracts during the fiscal year.
Exceptions: There were no exceptions noted.
 - d) 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: The District did not have any contracts during the fiscal year.
Exceptions: There were no exceptions noted.

Procedures Performed on the District's Payroll and Personnel:

16. 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.

Exceptions: There were no exceptions noted.

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

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

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

Exceptions: There were no exceptions noted.

- b) 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.

- c) Observe that any leave accrued or taken during the pay period is reflected in the District'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.

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

Performance: Inspected the rate paid to the employees agree to the authorized pay rate within the personnel file.

Exceptions: There were no exceptions noted.

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

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

Exceptions: There were no exceptions noted.

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

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

Exceptions: There were no exceptions noted.

Procedure Performed on the District's Ethics:

20. Using the 5 selected employees/officials from procedure #16 under "Procedures Performed on the District's Payroll and Personnel", obtain ethics compliance documentation from management and:

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Performance: Inspected personnel files and ethics course completion certificates for the 5 employees tested.

Exceptions: There were no exceptions noted.

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

Performance: Examined personnel files for signature verification of the employees and officials notified of any changes to the policy.

Exceptions: There were no exceptions noted due to the District not having changes to the policy.

Procedures Performed on the District's Debt Service:

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that the State Bond Commission approval was obtain for each bond/note issued.
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.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. 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.

Procedures Performed on the District's Fraud Notice:

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
Performance: Inquired of management of any misappropriations of public funds and assets during the fiscal period, none were noted.
Exceptions: There were no exceptions noted.
24. Observe the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.
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.

Procedures Performed on the District's Information Technology Disaster Recovery/Business Continuity:

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

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

Performance: Obtained and inspected the entity's most recent documentation on the backups of its critical data. Observed that the backups have occurred during the week and if the backups are encrypted before being transported.

Exceptions: There were no exceptions noted.

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

Performance: Obtained and inspected the entity's most recent documentation that its backups can be restored. Observed evidence that the test/verification was successfully performed within the past three months.

Exceptions: There were no exceptions noted.

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

Performance: Observed the computers currently in use and their related locations. Inspected the current and active antivirus software and if the vendor supports the operating/accounting systems.

Exceptions: There were no exceptions noted.

Procedures Performed on the District's Sexual Harassment:

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

Performance: Inquired of sexual harassment training documentation from management.

Exceptions: Documentation of each employee/official completing at least one hour of sexual harassment training during the calendar year was not available from the District.

Procedures Performed on the District's Sexual Harassment: (Continued)

27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
Performance: Inquired of management regarding the sexual harassment policy and complaint procedure on its website.
Exceptions: There were exceptions noted. The District does not have a sexual harassment policy and complaint procedure on its website or on the premises.
28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
- a) Number and percentage of public servants in the agency who have completed the training requirements;
Performance: Inquired of management regarding the entity's annual sexual harassment report for the fiscal period.
Exceptions: There were exceptions noted. There were no reports filed during the fiscal period.
 - b) 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: There were no sexual harassment complaints noted, however, there were no reports filed during the fiscal period.
 - c) 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: There were no sexual harassment complaints noted, however, there were no reports filed during the fiscal period.
 - d) 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: There were no sexual harassment complaints noted, however, there were no reports filed during the fiscal period.
 - e) 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: There were exceptions noted. There were no reports filed during the fiscal period.

Management's Overall Response to Exceptions:

- 1b) Management will add preparation and approval of purchase requisitions or purchase orders.
- 1j) Management will consider drafting a debt service policy.
- 1k) Management will consider drafting an information technology disaster recovery/business continuity policy.
- 1l) Management will be adding a sexual harassment policy.
- 2b) Management will verify minutes of all meetings include monthly budget-to-actual comparisons.
- 3a) Management will prepare all bank reconciliations within 2 months of the related statements closing date.
- 3b) Management will prepare all bank reconciliations include evidence of review by someone who does not manage cash, post ledgers, or issue checks on all bank reconciliations.
- 3c) Management will include documentation of research on reconciling items that have been outstanding for greater than 12 months.
- 12a) Management will consider improving the segregation of duties by someone other than the user that approves the card statements.
- 12b) Management will pay the credit card vendors by the due date.
- 13a) Management will require an original itemized receipt that precisely identifies what was purchased on all credit card purchases.
- 13b) Management will require written documentation of the business/public purpose of all credit card purchases.
- 13c) Management will require documentation of all individuals participating in meals purchased.
- 26) Management will ensure that employees/officials will complete one hour of sexual harassment training.
- 27) Management was not aware of this requirement but will be adding the sexual harassment policy on the website and on the premises.
- 28a-e) Management will prepare and submit the annual sexual harassment report containing the applicable requirements of R.S. 42:344 on or before the February 1 deadline next year.