

Financial Report

Terrebonne Parish Fire District No. 10
Theriot, Louisiana

December 31, 2019

Financial Report

Terrebonne Parish Fire District No. 10
Theriot, Louisiana

December 31, 2019

TABLE OF CONTENTS

Terrebonne Parish Fire District No. 10

December 31, 2019

	<u>Exhibits</u>	<u>Page Numbers</u>
Introductory Section		
Title Page		i
Table of Contents		ii - iii
Financial Section		
Independent Auditor's Report		1 - 3
Management's Discussion and Analysis		4 - 10
Financial Statements:		
Government-wide and Fund Financial Statements:		
Statement of Net Position and Governmental Fund Balance Sheet	A	11
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	B	12
Statement of Activities and Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances	C	13 - 14
Reconciliation of the Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	D	15
Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	E	16 - 17
Notes to Financial Statements	F	18 - 41

TABLE OF CONTENTS
(Continued)

	<u>Exhibits</u>	<u>Page Numbers</u>
Required Supplementary Information		
Schedule of the District's Proportionate Share of the Net Pension Liability	G	42
Schedule of the District's Contributions	H	43
		<u>Schedules</u>
Supplementary Information		
Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer	1	44
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 <i>Government Auditing Standards</i>		45 - 46
Schedule of Findings and Responses		47 - 49
Reports by Management		
Schedule of Prior Year Findings and Responses		50
Management's Corrective Action Plan		51
Statewide Agreed-Upon Procedures		
Independent Accountant's Report on Applying Agreed-upon Procedures		52
Schedule of Procedures and Associated Findings of the Statewide Agreed-upon Procedures	2	53 - 68

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Terrebonne Parish Fire District No. 10,
Theriot, Louisiana.

We have audited the accompanying financial statements of the governmental activities and each major fund of Terrebonne Parish Fire District No. 10, State of Louisiana (the "District"), a component unit of Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of Terrebonne Parish Fire District No. 10 as of December 31, 2019, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 42 and the Schedule of the District's Contributions on page 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Terrebonne Parish Fire District No. 10 basic financial statements. The accompanying supplementary information, on page 44, 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 April 30, 2020 on our consideration of Terrebonne Parish Fire District No. 10's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
April 30, 2020.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Terrebonne Parish Fire District No. 10

December 31, 2019

Management's Discussion and Analysis of the Terrebonne Parish Fire District No. 10's (the "District") financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2019. 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 2019 by \$2,075,283 (net position), which represents a 0.07% increase from last fiscal year.

The District's revenue increased \$125,721 (or 10.85%) primarily due to an increase in ad valorem tax and miscellaneous revenues.

The District's expenses decreased \$23,114 (or 1.77%) primarily due to decreases in public safety expenses in 2019.

The District did not have a deficit fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is 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.

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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 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.

The District maintained two individual governmental funds during the year. 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, and Debt Service 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 17 of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**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, 2019, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$2,075,283. A large portion of the District's net position (130.41%) reflects its net investment in capital assets (e.g., land; buildings and improvements; office furniture, fixtures and equipment; trucks, 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>2019</u>	<u>2018</u>	<u>Change</u>
Current and other assets	\$ 1,435,535	\$ 1,375,993	\$ 59,542
Capital assets	3,016,379	3,167,205	(150,826)
Deferred outflows of resources	246,900	207,914	38,986
Total assets and deferred outflows of resources	<u>4,698,814</u>	<u>4,751,112</u>	<u>(52,298)</u>
Current and other liabilities	86,445	93,109	(6,664)
Long-term liabilities	1,312,993	1,350,707	(37,714)
Deferred inflows of resources	1,224,093	1,233,489	(9,396)
Total liabilities and deferred inflows of resources	<u>2,623,531</u>	<u>2,677,305</u>	<u>(53,774)</u>
Net position:			
Net investment in capital assets	2,706,379	2,787,205	(80,826)
Restricted	35,084	48,403	(13,319)
Unrestricted	(666,180)	(761,801)	95,621
Total net position	<u>\$2,075,283</u>	<u>\$2,073,807</u>	<u>\$ 1,476</u>

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**Governmental Activities**

Governmental activities increased the District's net position by \$1,476. Key elements of this increase are as follows:

Condensed Statements of Activities

	For the Year Ended		Dollar Change	Total Percent Change
	December 31, 2019	2018		
Revenues:				
Taxes	\$1,115,861	\$1,053,575	\$ 62,286	5.91%
Intergovernmental:				
Federal grant	2,735	-	2,735	0.00%
State revenue sharing	15,888	16,023	(135)	-0.84%
Fire insurance tax	15,610	15,778	(168)	-1.06%
Supplemental pay	42,000	42,000	-	0.00%
Volunteer Fire Assistance Grant	4,308	-	4,308	0.00%
Miscellaneous	88,180	31,485	56,695	180.07%
Total revenues	<u>1,284,582</u>	<u>1,158,861</u>	<u>125,721</u>	10.85%
Expenses:				
General government	43,911	44,742	(831)	-1.86%
Public safety	1,226,311	1,245,931	(19,620)	-1.57%
Debt service	12,884	15,547	(2,663)	-17.13%
Total expenses	<u>1,283,106</u>	<u>1,306,220</u>	<u>(23,114)</u>	-1.77%
Increase (decrease) in net position	1,476	(147,359)	148,835	-101.00%
Net position beginning of year	<u>2,073,807</u>	<u>2,221,166</u>	<u>(147,359)</u>	-6.63%
Net position, end of year	<u>\$2,075,283</u>	<u>\$2,073,807</u>	<u>\$ 1,476</u>	0.07%

In 2019, the District's tax revenue increased primarily due to collections of prior year's ad valorem taxes. Miscellaneous revenue increased primarily due to increases in proceeds from insurance claims and workers' compensation dividends. Public safety expenses decreased primarily due to decreases in personal services and other services and charges. Debt service expenses decreased due to less interest paid in 2019.

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.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND (Continued)

Governmental Funds

The focus of the District's governmental funds are 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 governmental funds reported combined ending fund balance of \$362,393 which is an increase of \$104,946 in comparison with the prior year. Of the total fund balance, \$60,154 is in a non-spendable form, \$39,062 is restricted for debt service, and \$263,177 is available for spending at the District's discretion.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$263,177 while total fund balance was \$323,331. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The fund balance of the District's General Fund increased by \$118,135 during the current fiscal year. This increase was primarily due to increases in tax revenue, intergovernmental, and miscellaneous revenue.

The Debt Service Fund has a total fund balance of \$39,062. The decrease in fund balance of \$13,189 was due to payment of principal and interest on the bond obligations.

General Fund Budgetary Highlights

The budget was amended once during the year. The primary reason for amending the budget was to align budgeted revenues and expenditures with actual.

The major differences between the original General Fund budget and the final amended budget were as follows:

Revenues

- Ad valorem taxes were increased \$41,223, after considering \$41,223 of adjustments and deductions, to appropriately reflect actual revenue.
- Miscellaneous was increased by \$58,300 to account for workers' compensation dividends and other increases in miscellaneous income.

Expenditures

- Personal services increased by \$37,034 to reflect workers' compensation premiums and other personal services expenses.

During the year, revenues and expenditures were greater than budgetary estimates. See Exhibit E for a comparison of budgeted and actual revenue and expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION**Capital Assets**

The District's investment in capital assets for its governmental activities as of December 31, 2019, amounts to \$3,016,379 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, office furniture, fixtures and equipment, trucks, machinery and equipment, and construction in progress are as follows:

	<u>2019</u>	<u>2018</u>
Construction in progress	\$ -	\$ 262,834
Land	59,500	59,500
Buildings and improvements	2,885,786	2,885,786
Office furniture, fixtures, and equipment	17,907	18,505
Trucks, machinery and equipment	<u>1,883,850</u>	<u>1,797,339</u>
Totals	<u>\$4,847,043</u>	<u>\$5,023,964</u>

Major capital asset events during the current fiscal year included completion of the fire truck, placing it in service, and purchase of 20 VHF radios.

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

Long-term Obligations

As of December 31, 2019, the District had \$310,000 in general obligation bonds payable, that were paid down from prior year's balance of \$380,000 by a total of \$70,000 in principal payments. See further explanation of these obligations in Note 8, Exhibit F of this report. The net pension liability was increased by \$37,325 during 2019 to a balance of \$1,052,233 as of December 31, 2019. More detailed information about the District's net pension liability is presented in Note 9, Exhibit F of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Board of Directors 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 represents the estimated amount of the November 2019 assessment, which the District will receive, for the most part, in January 2020. The 2019 assessment of 23 mills for maintenance remained the same as 2018; however, the 2019 assessment of 2.0 mills for bonds increased from the 2018 assessment of 1.5 mills.
- Salaries and wages to increase due to a 2% state mandated increase for all firemen with three or more years of service.
- Replacing cabinets and repairing the engine room floors at Station #2 have been included in the capital outlay portion of the budget.
- Retirement expense will change due to Chief Quint Liner entering the state retirement DROP program and the Firefighter's Retirement System projected contribution rates rising from 27.75% to 32.25% for the fiscal year beginning July 1, 2020.
- Group insurance expenses are estimated to increase by 1% over 2019.

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 Directors of the Terrebonne Parish Fire District No. 10, 1767 Bayou Dularge Road, Theriot, Louisiana 70397.

STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET**Terrebonne Parish Fire District No. 10**

December 31, 2019

	General Fund	Debt Service Fund	Total	Adjustments (Exhibit B)	Statement of Net Position
Assets					
Cash	\$ 274,624	\$ 92,787	\$ 367,411	\$ -	\$ 367,411
Receivables					
Taxes	367,111	31,924	399,035	-	399,035
Due from other governmental units	561,493	47,442	608,935	-	608,935
Due from other funds	49,510	-	49,510	(49,510)	-
Prepaid insurance	60,154	-	60,154	-	60,154
Capital assets:					
Non-depreciable	-	-	-	59,500	59,500
Depreciable, net of accumulated depreciation	-	-	-	2,956,879	2,956,879
Total current assets	1,312,892	172,153	1,485,045	2,966,869	4,451,914
Deferred Outflows of Resources - Pensions	-	-	-	246,900	246,900
Total assets and deferred outflows of resources	<u>\$ 1,312,892</u>	<u>\$ 172,153</u>	<u>\$ 1,485,045</u>	<u>3,213,769</u>	<u>4,698,814</u>
Liabilities					
Accounts payables and accrued expenditures	\$ 12,467	\$ -	\$ 12,467	3,978	16,445
Due to other funds	-	49,510	49,510	(49,510)	-
Long-term liabilities -					
Due within one year	-	-	-	70,000	70,000
Due after one year	-	-	-	1,312,993	1,312,993
Total liabilities	12,467	49,510	61,977	1,337,461	1,399,438
Deferred inflows of resources					
Unavailable revenue - property taxes	977,094	83,581	1,060,675	-	1,060,675
Pensions	-	-	-	163,418	163,418
Total deferred inflows of resources	977,094	83,581	1,060,675	163,418	1,224,093
Total liabilities and deferred inflows of resources	<u>989,561</u>	<u>133,091</u>	<u>1,122,652</u>	<u>1,500,879</u>	<u>2,623,531</u>
Fund Balances/Net Assets					
Fund balances:					
Non-spendable:					
Prepaid insurance	60,154	-	60,154	(60,154)	-
Restricted:					
Debt service	-	39,062	39,062	(39,062)	-
Unassigned	263,177	-	263,177	(263,177)	-
Total fund balances	323,331	39,062	362,393	(362,393)	-
Total liabilities and fund balances	<u>\$ 1,312,892</u>	<u>\$ 172,153</u>	<u>\$ 1,485,045</u>		
Net position:					
Net investment in capital assets				2,706,379	2,706,379
Restricted:					
Debt service				35,084	35,084
Unrestricted				(666,180)	(666,180)
Total net position				<u>\$ 2,075,283</u>	<u>\$ 2,075,283</u>

See notes to financial statements.

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

Terrebonne Parish Fire District No. 10

December 31, 2019

Fund Balances - Governmental Fund		\$ 362,393
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.		
Governmental capital assets	\$ 4,847,043	
Less accumulated depreciation	<u>(1,830,664)</u>	3,016,379
Deferred outflows of resources used in governmental activities are not financial resources and are not reported in governmental funds		
		246,900
Other assets and liabilities used in governmental activities are not financial resources and are not reported in the governmental funds.		
Accrued interest payable		(3,978)
Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Governmental bonds payable	(310,000)	
Compensated absences	(20,760)	
Net pension liability	<u>(1,052,233)</u>	(1,382,993)
Deferred inflows of resources are not due and payable in the current period and are not reported in governmental funds.		
		<u>(163,418)</u>
Net Position of Governmental Activities		<u><u>\$ 2,075,283</u></u>

See notes to financial statements.

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

Terrebonne Parish Fire District No. 10

For the year ended December 31, 2019

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Totals</u>	<u>Adjustments (Exhibit D)</u>	<u>Statement of Activities</u>
Revenues					
Taxes	\$ 1,047,554	\$ 68,307	\$ 1,115,861	\$ -	\$ 1,115,861
Intergovernmental:					
State of Louisiana:					
Federal grant	2,735	-	2,735	-	2,735
State revenue sharing	15,888	-	15,888	-	15,888
Fire insurance tax	15,610	-	15,610	-	15,610
Supplemental pay	42,000	-	42,000	-	42,000
Volunteer Fire Assistance Grant	4,308	-	4,308	-	4,308
Miscellaneous:					
Interest	2,093	1,959	4,052	(1,029)	3,023
Insurance proceeds	-	-	-	19,493	19,493
Other	62,648	3,016	65,664	-	65,664
Total revenues	<u>1,192,836</u>	<u>73,282</u>	<u>1,266,118</u>	<u>18,464</u>	<u>1,284,582</u>
Expenditures/Expenses					
Current					
General Government:					
Ad valorem tax adjustment	6,259	408	6,667	-	6,667
Ad valorem tax deductions	34,964	2,280	37,244	-	37,244
Total general government	<u>41,223</u>	<u>2,688</u>	<u>43,911</u>	<u>-</u>	<u>43,911</u>
Public Safety:					
Personal services	812,943	-	812,943	22,514	835,457
Supplies and materials	36,323	-	36,323	-	36,323
Other services and charges	120,876	-	120,876	65	120,941
Repairs and maintenance	57,087	-	57,087	-	57,087
Depreciation	-	-	-	176,503	176,503
Total public safety	<u>1,027,229</u>	<u>-</u>	<u>1,027,229</u>	<u>199,082</u>	<u>1,226,311</u>
Debt Service					
Principal retirement	-	70,000	70,000	(70,000)	-
Interest and fiscal charges	-	13,783	13,783	(899)	12,884
Total debt service	<u>-</u>	<u>83,783</u>	<u>83,783</u>	<u>(70,899)</u>	<u>12,884</u>

**Exhibit C
(Continued)**

	General Fund	Debt Service Fund	Totals	Adjustments (Exhibit D)	Statement of Activities
Expenditures/Expenses (Continued)					
Capital outlay	25,742	-	25,742	(25,742)	-
Total expenditures/expenses	1,094,194	86,471	1,180,665	102,441	1,283,106
Excess (deficiency) of revenues over expenditures	98,642	(13,189)	85,453	(83,977)	1,476
Other Financing Sources					
Proceeds from insurance claim	19,493	-	19,493	(19,493)	-
Net Change in Fund Balance	118,135	(13,189)	104,946	(104,946)	-
Change in Net Position	-	-	-	1,476	1,476
Fund Balances/Net Position					
Beginning of year	205,196	52,251	257,447	1,816,360	2,073,807
End of year	<u>\$ 323,331</u>	<u>\$ 39,062</u>	<u>\$ 362,393</u>	<u>\$ 1,712,890</u>	<u>\$ 2,075,283</u>

See notes to financial statements.

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

Terrebonne Parish Fire District No. 10

For the year ended December 31, 2019

Net Change in Fund Balances - Governmental Funds		\$ 104,946
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	\$ 25,742	
Depreciation expense	<u>(176,503)</u>	(150,761)
The net effect of miscellaneous transactions involving capital assets, such as sales, disposals and donations, is to reduce capital assets		
Disposal of capital assets		(65)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Principal payments		70,000
Some revenues and expenses reported in the Statement of Activities do not provide or require the use of current financial resources and, therefore, are not reported as revenues or expenditures governmental funds		
Decrease in accrued interest payable	899	
Decrease in accrued interest receivable	<u>(1,029)</u>	(130)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental fund.		
Decrease in compensated absences	39	
Pension expense	<u>(22,553)</u>	<u>(22,514)</u>
Change in Net Position of Governmental Activities		<u>\$ 1,476</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. 10

For the year ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$1,000,000	\$1,041,223	\$1,047,554	\$ 6,331
Intergovernmental:				
State of Louisiana:				
Federal grant	-	-	2,735	2,735
State revenue sharing	16,000	15,800	15,888	88
Fire insurance tax	16,000	16,000	15,610	(390)
Supplemental pay	-	-	42,000	42,000
Volunteer Fire Assistance Grant	-	-	4,308	4,308
Miscellaneous:				
Interest	2,000	3,200	2,093	(1,107)
Other	-	58,300	62,648	4,348
	<u>1,034,000</u>	<u>1,134,523</u>	<u>1,192,836</u>	<u>58,313</u>
Expenditures				
Current				
General Government:				
Ad valorem tax adjustment	-	6,259	6,259	-
Ad valorem tax deductions	-	34,964	34,964	-
	<u>-</u>	<u>41,223</u>	<u>41,223</u>	<u>-</u>
Public Safety:				
Personal services	864,428	901,462	812,943	88,519
Supplies and materials	13,722	13,722	36,323	(22,601)
Other services and charges	38,650	40,800	120,876	(80,076)
Repairs and maintenance	57,000	57,000	57,087	(87)
	<u>973,800</u>	<u>1,012,984</u>	<u>1,027,229</u>	<u>(14,245)</u>

**Exhibit E
(Continued)**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Expenditures (Continued)				
Capital outlay	12,000	12,000	25,742	(13,742)
Total expenditures	985,800	1,066,207	1,094,194	(27,987)
Excess of revenues over expenditures	48,200	68,316	98,642	30,326
Other Financing Sources				
Proceeds from insurance claim	-	18,000	19,493	1,493
Net Change in Fund Balances	48,200	86,316	118,135	31,819
Fund Balance				
Beginning of year	450,053	205,196	205,196	-
End of year	<u>\$ 498,253</u>	<u>\$ 291,512</u>	<u>\$ 323,331</u>	<u>\$ 31,819</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Terrebonne Parish Fire District No. 10**

December 31, 2019

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Terrebonne Parish Fire District No. 10 (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, 2019.

GASB Statement 14, *The Financial Reporting Entity*, GASB Statement 39, *Determining Whether Certain Organizations Are Component Units-an amendment of GASB Statement 14*, and GASB Statement 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Reporting Entity (Continued)

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

b) Basis of Presentation

The District's financial statements consist of the government-wide statements on all activities of the District and the governmental fund financial statements (individual major funds).

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 their assets, deferred outflows of resources, liabilities, deferred inflows of resources, equity, revenues and expenditures. Governmental resources are allocated to and accounted for in the funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following are the governmental funds 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 not accounted for and reported in another fund. The General Fund is always a major fund.

Debt Service Fund - The Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for debt principal, interest and related costs. The Debt Service Fund is reported as a major fund.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 recognized when earned and expenses are recognized 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.

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 2019 property taxes which are being levied to finance the 2020 budget will be recognized as revenue in 2020. The 2019 tax levy is recorded as deferred inflows of resources in the District's 2019 financial statements. 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 principal 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

e) Operating Budgetary Data

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. The District amended its budget once 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) Prepaid Insurance

The District has chosen to record prepaid insurance in its governmental fund.

h) 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Capital Assets (Continued)

Government-wide Financial Statements:

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets purchased or acquired with an original cost of \$500 or more are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	5 - 40 years
Trucks	5 - 15 years
Machinery and equipment	5 - 25 years
Office furniture, fixtures, and equipment	3 - 12 years

Fund Financial Statements:

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

i) Deferred Outflows of Resources

In addition to assets, the Statement of Net Position and Governmental Fund Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. The District has deferred outflows of resources related to pensions.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Long-term Obligations

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

Government-wide Financial Statements:

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

Fund Financial Statements:

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

k) Vacation and Sick Leave

Accumulated vacation and sick leave is recorded as an expenditure of the period in which paid in the governmental funds. Obligations for compensated absences are reported in the government-wide statements.

Employees of the District receive 24 vacation days after the first year of service with the District. Accumulated vacation leave is due to the employee at the time of termination or death. No more than 30 days of vacation may be carried over from one year to the next.

Every firefighter in the employ 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 fifty-two 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 through the injury or illness may have occurred while he was 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 fireman is not entitled to sick leave benefits provided by the District. Sick leave does not accumulate for District employees. Accordingly, there is no accumulated sick leave for the District as of December 31, 2019.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) Deferred Inflows of Resources

The District reports deferred inflows of resources in the financial statements 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. The District reports deferred inflows of resources related to property taxes and pensions.

m) 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 a fair value.

n) 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.
- b. Restricted - Consists of assets and deferred outflows 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 other enabling legislation.
- c. Unrestricted - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Equity (Continued)

Government-wide Statements (Continued)

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.

Fund Financial Statements

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

- a. Non-spendable - amounts that cannot be spent either because they are in 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 through a majority vote by the District's Board of Commissioners.
- e. Unassigned - all other spendable amounts.

For the classification of governmental fund balances, the District considers an expenditure to be made from the most restrictive classification first when more than one classification is available. The District's fund balance was classified as non-spendable, restricted and unassigned as of December 31, 2019.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) New GASB Statements

During the year ending December 31, 2019, the District implemented the following GASB Statements:

Statement 83, "*Certain Asset Retirement Obligations*" addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources. This Statement did not affect the District's financial statements.

Statement 84, "*Fiduciary Activities*" improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. This Statement did not affect the District's financial statements.

Statement 88, "*Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*" improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The Statement clarifies which liabilities governments should include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in the notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For the notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. This Statement did not affect the District's financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) New GASB Statements (Continued)

Statement 90, "*Majority Equity Interest*" improves 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 defines a majority equity interest and 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 a component unit. 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 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, 2020. Earlier application is encouraged. Management has not yet determined the effect of this Statement on the financial statements.

Statement 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 through 22 of Statement 62, "*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA*" 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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) New GASB Statements (Continued)

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. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management has not yet determined the effect of this Statement on the financial statements.

Statement 91, "*Conduit Debt Obligation*" 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, 2020. Management has not yet determined the effect of this Statement on the financial statements.

Statement 92, "*Omnibus 2020*" establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance related activities of public entity risk pools, fair value measurements, and derivative instruments. 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, 2020.

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) New GASB Statements (Continued)

Statement 53, "*Accounting and Financial Reporting for Derivative Instruments*", as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. In addition, in accordance with Statement 87, "*Leases*", as amended, replacement of the rate on which variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable.

The exceptions to the existing provisions for hedge accounting termination and lease modifications in this Statement will reduce the cost of the accounting and financial reporting ramifications of replacing IBORs with other reference rates. The reliability and relevance of reported information will be maintained by requiring that agreements that effectively maintain an existing hedging arrangement continue to be accounted for in the same manner as before the replacement of a reference rate. As a result, 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 will apply to reporting periods beginning after June 15, 2020, except for removal of LIBOR as an appropriate benchmark interest rate which is effective for reporting periods ending after December 31, 2021. Management has yet to determine the effect of this Statement.

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

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.

State law requires deposits (cash and certificates of deposit) 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:

	Bank Balances	Reported Amounts
Cash	\$388,644	\$367,411

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 has a written policy for custodial credit risk. As of December 31, 2019, \$138,644 of the District's bank balance of \$388,644 was exposed to custodial credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, and are deemed to be held in the District's name by state statutes.

As of December 31, 2019, cash in excess of the FDIC insurance collateralized by securities held by an unaffiliated bank for the account of the District. The GASB, considers these securities subject to custodial credit risk. Even though the deposits are considered subject to custodial credit risk under the provisions of GASB Statement No. 40, Louisiana Revised Statute 39: 1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

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 Parish. 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, 2016. A special reassessment was completed for the list of January, 2019. 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, 2019 was \$23.00 per \$1,000 of assessed valuation on property within Terrebonne Parish Fire District No. 10 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, and \$2.00 per \$1,000 of assessed valuation for the payment of debt and interest. As indicated in Note 1c, taxes levied November 1, 2019 are for budgeted expenditures in 2020 and will be recognized as revenues in 2020.

Note 4 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units as of December 31, 2019 consisted of the following:

	General Fund	Debt Service Fund	Totals
State of Louisiana:			
State revenue sharing	\$ 10,605	\$ -	\$ 10,605
Terrebonne Parish Tax Collector - December 2019 collections remitted to the District in January, 2020:			
Ad valorem taxes	545,586	47,442	593,028
State revenue sharing	5,302	-	5,302
Totals	\$561,493	\$47,442	\$608,935

Note 5 - CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 was as follows:

	Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019
Capital assets not being depreciated:				
Construction in progress	\$ 262,834	\$ 17,902	\$(280,736)	\$ -
Land	59,500	-	-	59,500
	322,334	17,902	(280,736)	59,500
Total capital assets not being depreciated				
Capital assets being depreciated:				
Buildings and improvements	2,885,786	-	-	2,885,786
Trucks	1,423,091	280,736	(187,990)	1,515,837
Machinery and equipment	374,248	7,840	(14,075)	368,013
Office furniture, fixtures, and equipment	18,505	-	(598)	17,907
	4,701,630	288,576	(202,663)	4,787,543
Total capital assets being depreciated				
Less accumulated depreciation for:				
Buildings and improvements	(589,099)	(75,578)	-	(664,677)
Trucks	(956,593)	(86,250)	187,990	(854,853)
Machinery and equipment	(295,469)	(13,795)	14,010	(295,254)
Office furniture, fixtures, and equipment	(15,598)	(880)	598	(15,880)
	(1,856,759)	(176,503)	202,598	(1,830,664)
Total accumulated depreciation				
Total capital assets being depreciated, net	2,844,871	112,073	(65)	2,956,879
Total capital assets, net	\$3,167,205	\$129,975	\$(280,801)	\$3,016,379

Depreciation amounting to \$176,503 was recorded as public safety expenses for the year ended December 31, 2019.

Note 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenditures as of December 31, 2019 are presented below:

	General Fund	Debt Service Fund	Total
Governmental fund:			
Salaries and benefits	\$12,467	\$ -	\$12,467
Governmental activities:			
Accrued interest on long-term debt	-	3,978	3,978
Totals	\$12,467	\$3,978	\$16,445

Note 7 - DUE TO/FROM OTHER FUNDS

Due to/from other funds are listed by fund for the year ended December 31, 2019:

	Receivable Fund	Payable Fund
General Fund	\$49,510	\$ -
Debt Service Fund	\$ -	\$49,510

The balances above result from interest payment and principal on bonds paid through the operating account.

Note 8 - LONG-TERM OBLIGATIONS

As of December 31, 2019, the District had outstanding general obligation bonds (series 2008) totaling \$310,000 bearing interest at 3.85% payable through March 1, 2023. This bond series is payable from the pledge of unlimited ad valorem tax of which the District recognized \$1,115,861 as revenues during the year ended December 31, 2019.

Through December 31, 2019, the District has recognized obligations in the amount of \$20,760 for compensated absences as further described in Note 1k.

Note 8 - LONG-TERM OBLIGATIONS (Continued)

Through December 31, 2019, the District has recognized obligations in the amount of \$1,052,233 for the defined benefit pension plan as further described in Note 9.

The following is a summary of the long-term debt transactions of the District for the year ended December 31, 2019:

	<u>Payable January 1, 2019</u>	<u>Issuances</u>	<u>Obligations Retired</u>	<u>Payable December 31, 2019</u>
Compensated absences	\$ 20,799	\$ -	\$ 39	\$ 20,760
General obligation bonds Series 2008	380,000	-	70,000	310,000
Defined benefit pension plan	<u>1,014,908</u>	<u>37,325</u>	<u>-</u>	<u>1,052,233</u>
 Total long-term obligations	 <u>\$1,415,707</u>	 <u>\$37,325</u>	 <u>\$70,039</u>	 <u>\$1,382,993</u>

The annual requirements to amortize all long-term debt outstanding as of December 31, 2019 are as follows:

<u>Year Ending December 31,</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 70,000	\$10,588
2021	75,000	7,796
2022	80,000	4,812
2023	<u>85,000</u>	<u>1,636</u>
Totals	<u>\$310,000</u>	<u>\$24,832</u>

Note 9 - DEFINED BENEFIT 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.

Note 9 - DEFINED BENEFIT PLAN (Continued)

Eligibility Requirements - Any person who becomes an employee as defined in RS. 11:2252 on and after January 1, 1980, shall become a member as a condition of employment. Members in the System consist of fulltime firefighters, eligible employees of the retirement system, or any person in a position as defined in the municipal fire and police civil service system that earns at least \$375 per month, excluding state supplemental pay, and is employed by a fire department of any municipality, parish, or fire district of the state of Louisiana, except for Orleans Parish and the City of Baton Rouge.

No person who has attained age 50 or over shall become a member of the System unless the person becomes a member by reason of a merger or unless the System received an application for membership before the applicant attained the age of 50. No person who has not attained the age of 18 years shall become a member of the System. 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 therefrom 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.

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 the 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 thirty-six 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.

Note 9 - DEFINED BENEFIT PLAN (Continued)

Contributions - Employer contributions are actuarially determined each year. For the year ended June 30, 2019, the employer contribution rate for the period January 1, 2019 through June 30, 2019 was 26.50% and 27.75% for the period July 1, 2019 through December 31, 2019. 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 Systems for the year ending December 31, 2019, were \$115,488, equal to the required contributions for the year.

Pension Liabilities - As of December 31, 2019, the District reported a liability of \$1,052,233 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 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. At June 30, 2019, the District's proportion was 0.1680% which was a decrease of 0.0084% from its proportion measured as of June 30, 2018.

Pension Expense - For the year ended December 31, 2019, the District recognized pension expense of \$137,786.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - As of December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (72,598)
Changes in assumptions	95,728	-
Change in proportion	20,568	(90,820)
Net difference between projected and actual earnings on pension plan investments	70,760	-
Contributions subsequent to the measurement date:		
Current year	59,844	-
	\$246,900	\$(163,418)

Note 9 - DEFINED BENEFIT PLAN (Continued)

The District reported \$59,844 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2020	\$ 17,380
2021	(15,408)
2022	7,443
2023	20,419
2024	(3,284)
2025	<u>(2,912)</u>
Totals	<u>\$23,638</u>

Actuarial Assumptions - The actuarial assumptions used in the June 30, 2019 valuation were based on the assumptions used in the June 30, 2019 actuarial funding valuation. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2019 are as follows:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Estimated Remaining Service Life	7 years, closed period
Investment Rate of Return	7.15% per annum (net of fees)
Inflation Rate	2.50% per annum
Salary Increases	Vary from 14.75% in the first two years of service to 4.50% after 25 years.
Cost of Living Adjustments	Only those previously granted.

Note 9 - DEFINED BENEFIT PLAN (Continued)

The mortality rate assumption used was set based upon an experience study performed on plan data for the period July 1, 2009, through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. The RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables, projected to 2031 using Scale AA, were selected for employee, annuitant, and beneficiary mortality. The RP-2000 Disabled Lives Mortality Table set back five years for males and set back three years for females was selected for disabled annuitants. Setbacks in these tables were used to approximate mortality improvement.

The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The resulting long-term expected arithmetic nominal rate of return was 7.94% as of June 30, 2019.

Best estimates of real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2019 are summarized in the following table presented as follows:

<u>Asset Class</u>	<u>Long-Term Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity:		
U.S. Equity	21.50%	5.98%
Non-U.S. Equity	17.50%	7.53%
Global Equity	10.00%	6.59%
Fixed Income	31.00%	2.17%
Alternatives:		
Real Estate	6.00%	4.14%
Private Equity	4.00%	10.52%
Multi-Asset Strategies:		
Global Tactical Asset Allocation	5.00%	4.37%
Risk Parity	<u>5.00%</u>	4.67%
	<u>100.00%</u>	

Note 9 - DEFINED BENEFIT PLAN (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined 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.

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 7.15%, 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 (6.15%) or one percentage-point higher (8.15%) than the current rate as of June 30, 2019.

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net pension liability	\$ 1,523,704	\$ 1,052,233	\$ 656,515

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 10 - SUPPLEMENTAL PAY

In addition to the compensation paid by Terrebonne Parish Fire District No. 10, employees who are firemen may be eligible to receive supplemental pay. The amount of compensation is determined by State Law and is revised periodically.

As per Louisiana Revised Statute 33:2003, 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 district 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 a fire 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.

As of December 31, 2019, the District has recognized revenue and expenditures of \$42,000 in salary supplements that the State of Louisiana has paid directly to the District's employees.

Note 11 - 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 and group health benefits for which the District carries commercial insurance and participates in the Parish's risk management program for group insurance. No settlements were made during the year that exceeded the District's insurance coverage. The District's premiums for group health insurance are based on a fixed rate per employee.

Note 11 - RISK MANAGEMENT (Continued)

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 2018 was \$19,217,170. 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, \$1,781,926 as of December 31, 2018, then secondly by the District. As of December 31, 2019, 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, 2019 totaled \$114,971.

Note 12 - COMPENSATION OF BOARD MEMBERS

The following amounts were paid to Board Members for the year ended December 31, 2019:

Board Members	Number of Meetings Attended	Per Diem
Holly Liner	12	\$ 360
Robert Champagne, Jr.	3	90
Regina Pierron	12	360
Davon Charles	9	270
Sam Small, Jr.	12	360
Total		\$1,440

Note 13 - STATE OF LOUISIANA TAX ABATEMENTS

The District's ad valorem tax revenues were reduced by \$62,105 (\$57,137 General Fund and \$4,968 Debt Service Fund) under agreements entered into by the State of Louisiana.

Note 14 - 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 April 30, 2020, which is the date the financial statements were available to be issued.

The recent global outbreak of the Coronavirus (COVID-19) has raised concerns regarding business and the financial markets have recently experienced significant volatility. While the District has been immediately impacted by the adverse conditions in the financial markets, the long term impact on the District's operations is uncertain at this time.

REQUIRED SUPPLEMENTARY INFORMATION

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

Terrebonne Parish Fire District No. 10

December 31, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	<u>0.1680%</u>	<u>0.1764%</u>	<u>0.1775%</u>	<u>0.1712%</u>	<u>19.3600%</u>
District's proportionate share of the net pension liability	<u>\$1,052,233</u>	<u>\$1,014,908</u>	<u>\$1,017,162</u>	<u>\$1,120,077</u>	<u>\$1,044,994</u>
District's covered-employee payroll	<u>\$406,122</u>	<u>\$420,079</u>	<u>\$414,340</u>	<u>\$386,115</u>	<u>\$419,122</u>
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<u>259.09%</u>	<u>241.60%</u>	<u>245.49%</u>	<u>290.09%</u>	<u>249.33%</u>
Plan fiduciary net position as a percentage of the total pension liability	<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 THE DISTRICT'S CONTRIBUTIONS**Terrebonne Parish Fire District No. 10**

December 31, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 115,488	\$ 104,580	\$ 111,854	\$ 105,873	\$ 122,593
Contributions in relation to the contractually required contribution	<u>115,488</u>	<u>104,580</u>	<u>111,854</u>	<u>105,873</u>	<u>122,593</u>
Contribution deficiency (excess)	<u>\$ -</u>				
District's covered-employee payroll	<u>\$425,632</u>	<u>\$394,643</u>	<u>\$432,015</u>	<u>\$403,492</u>	<u>\$431,960</u>
Contributions as a percentage of covered-employee payroll	<u>27.13%</u>	<u>26.50%</u>	<u>25.89%</u>	<u>26.24%</u>	<u>28.38%</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. 10

December 31, 2019

Agency Head Name: Quint Liner, Fire Chief

Purpose

Salary	\$ 92,704
Benefits - insurance	12,579
Benefits - retirement	23,772
Benefits - other	-
Car allowance	-
Vehicle provided by government	957
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	449
Continuing professional education fees	248
Housing	-
Unvouchered expenses	-
Meals	258
	<hr/>
	\$ 130,967
	<hr/> <hr/>

Note:

The Fire Chief of the District functions as 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. 10,
Theriot, 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. 10 (the "District") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise District's financial statements and have issued our report thereon dated April 30, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weakness or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2019-001 and 2019-002 that we consider to be material weaknesses.

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. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2019-001 and 2019-002.

Response to Findings

The District's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
April 30, 2020.

Section II - Financial Statement Findings (Continued)

Internal Control (Continued)

2019-001 Local Government Budget Act (Continued)

2. To the extent that proposed expenditures were greater than \$500,000, the budget should be made available for public inspection and advertised its availability in the official journal. The advertisement included the date, time, and place of the public hearing on the budget.
3. Publish a statement that all action necessary to adopt and finalize the budget was completed prior to the date required by state law (R.S. 39:1309).
4. The governing authority must adopt a budget amendment if there is a 5% or greater shortage in revenue.

Condition - The 2019 amended/final and proposed 2020 budgets adopted by the Board were not made available for public inspection and not advertised in the official journal. Notice was not published for the 2019 amended/final budget certifying that all actions required by the Local Government Budget Act have been completed.

Effect - Budgets were not made available for public inspection and comment.

Cause - A failure to monitor the budgetary process for compliance with state law.

Content - Systematic.

Auditor's Recommendation - We recommend the District ensure that budget policies and procedures are adequate and are being followed. We recommend the District adopt and publish original, amended and final budgets for 2020 and 2021. These policies and procedures should be approved by management and/or the Board of Commissioners and should be in place for the full year.

Views of Responsible Officials - Budgets for 2020 and 2021 will be published in The Courier.

Section II - Financial Statement Findings (Continued)

Internal Control (Continued)

2019-002 Public Notices

Criteria - Minutes, ordinances, resolutions, budgets and other official proceedings of the municipalities are published in the official journal (R.S. 43:141-146 and A.G. 86-528).

Condition - Board minutes were not published in the official journal (The Courier) for November 2019.

Effect - Board minutes were not available to the public.

Cause - Minutes of meetings of the Board of Commissioners were not published.

Content - Systematic.

Auditor's Recommendation - We recommend the Board publish minutes for November 2019 in the official journal (The Courier) and continue to publish minutes immediately after adoption by the Board of Commissioners.

Views of Responsible Officials - Minutes for November 2019 and all subsequent minutes will be published in The Courier.

Compliance

Findings 2019-001 and 2019-002 are also compliance findings.

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. 10

For the year ended December 31, 2019

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

Internal Control and Compliance

2018-001 Local Government Budget Act

Recommendation - We recommend the District ensure that budget policies and procedures are adequate and are being followed. We recommend the District adopt and publish original, amended and final budgets for 2018. We recommend the District publish the proposed budget for 2019. These policies and procedures should be approved by management and/or the Board of Commissioners and should be in place for the full year.

Management's Response - Budgets will be published in The Courier. Unresolved, see finding 2019-001.

2018-002 Public Notices

Recommendation - We recommend the Board of Commissioners publish minutes for April 2018 in the official journal (The Courier) and continue to publish minutes immediately after adoption by the Board of Commissioners.

Management's Response - Minutes for April 2018 will be published in The Courier. Unresolved, see finding 2019-002.

Section II - Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Fire District No. 10 did not expend federal awards in excess of \$750,000 during the year ended December 31, 2018, 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, 2018.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Terrebonne Parish Fire District No. 10

For the year ended December 31, 2019

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

Internal Control

2019-001 Local Budget Government Act

Auditor's Recommendation - We recommend the District ensure that budget policies and procedures are adequate and are being followed. We recommend the District adopt and publish original, amended and final budgets for 2020 and 2021. These policies and procedures should be approved by management and/or the Board of Commissioners and should be in place for the full year.

Management's Response - Budgets for 2020 and 2021 will be published in The Courier.

2019-002 Public Notices

Auditor's Recommendation - We recommend the Board publish minutes for November 2019 in the official journal (The Courier) and continue to publish minutes immediately after adoption by the Board of Commissioners.

Management's Response - November minutes for 2019 will be published in The Courier and the District will continue to publish minutes immediately after adoption by the Board of Commissioners.

Section II - Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Fire District No. 10 did not expend federal awards in excess of \$750,000 during the year ended December 31, 2019, 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, 2019.

STATEWIDE AGREED-UPON PROCEDURES

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners,
Terrebonne Parish Fire District No. 10,
Theriot, Louisiana.

We have performed the procedures described in Schedule 2, which were agreed to by Terrebonne Parish Fire District No. 10, State of Louisiana (the "District") and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the year ended December 31, 2019. The District's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and *Governmental Auditing Standards* issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures referred to above, either for the purpose for which this report has been requested, or for any other purpose.

The procedures and associated findings are described in Schedule 2.

We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on 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.

The purpose of this report is 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 23:513, this report is distributed by the LLA as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants

Houma, Louisiana,
April 30, 2020.

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

Terrebonne Parish Fire District No. 10

For the year ended December 31, 2019

The required procedures and our findings are as follows:

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

1. Obtain the District's written policies and procedures and report whether those written policies and procedures address each of the following categories and subcategories:
 - a) Budgeting, including preparing, adopting, monitoring, and amending the budget.

Performance: Obtained and read the written policy for budgeting, and found it to contain all requirements 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, and found it to contain all requirements listed above, except as noted below.
Exceptions: Management's policy on purchasing does not include a provision discussing documentation required to be maintained for all bids and price quotes.
 - c) Disbursements, including processing, reviewing, and approving.

Performance: Obtained and read the written policy for disbursements, and found it to contain all requirements listed above.
Exceptions: There were no exceptions noted.

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

- 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.

Performance: Obtained and read the written policy for receipts/collections, and found it to contain all requirements listed above.

Exceptions: There were no exceptions noted.

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

Performance: Obtained and read the written policy for payroll/personnel, and found it to contain all requirements 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 written policy for contracting, and found it to contain all requirements listed above, except as noted below.

Exceptions: Management's policy on contracting does not include a provision discussing standard terms and conditions for contracts, legal review or monitoring process.

- g) Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled; (2) allowable business uses; (3) documentation requirements; (4) required approvers 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 contain all requirements listed above, except as noted below.

Exceptions: Management's policy on credit cards does not include a provision discussing allowable business uses and required approvers.

- 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 contain all requirements listed above.

Exceptions: There were no exceptions noted.

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

- 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, and found it to contain none of the requirements listed above.

Exceptions: Management's policy on ethics does not address the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, actions to be taken if an ethics violation takes place, system to monitor possible ethics violations or requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

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

Performance: Obtained and read the written policy for debt service, and found it to contain all requirements listed above.

Exceptions: There were no exceptions noted.

- k) 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 about the existence of a policy for disaster recovery/business continuity.

Exceptions: The District does not have a disaster recovery/business continuity 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:

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

- 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 board meetings.

Exceptions: There were no exceptions noted.

- b) Observe that 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: Obtained and read the written minutes of the board meetings. Inspected meeting minutes and inquired of management of monthly budget-to-actual comparisons for the General Fund.

Exceptions: There were no exceptions noted.

- c) Obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted 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 District did not report a negative ending unrestricted fund balance in the general fund.

Exceptions: There were no exceptions noted.

Procedures Performed on the District's Bank Reconciliations:

3. Obtain a listing of the District's bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the District's main operating account. Select the District's main operating account and select four additional accounts (or all accounts if less than five). 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.

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

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

Performance: Selected the District's main operating account. Inspected management's documentation for accuracy of bank reconciliation.

Exceptions: The District's bank reconciliation lacked evidence of the date that it was prepared.

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

Performance: Selected the District's main operating account. Inspected management's documentation for evidence that the bank reconciliation was reviewed.

Exceptions: The District's bank reconciliation lacked evidence of the date that a Commissioner reviewed the bank reconciliation.

- 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.

Performance: Inspected documents for items outstanding for more than 12 months from the statement closing date.

Exceptions: There were no exceptions noted.

Procedures Performed on the District's Collections:

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 five deposit sites (or all deposit sites if less than five).

Performance: Obtained the listing of cash/check/money order (cash) deposit sites from management, and received management's representation in a separate letter. The District only has one location that prepares deposits.

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 (i.e., collection locations for five 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.

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

- a) Employees that are responsible for cash collections do not share cash drawers/registers.
Performance: Inspected policy manuals and inquired of management and observed employees do not share cash drawers/registers.
Exceptions: There were no exceptions noted.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless other employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
Performance: Inspected policy manuals and inquired of management and observed employees collecting cash are not responsible for making deposits.
Exceptions: There were no exceptions noted.
 - 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 and 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 and inquired of management and observed employees collecting cash do not make general ledger postings.
Exceptions: There were no exceptions noted.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
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. Randomly select two deposit dates for each of the five bank accounts selected for procedure #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 ten deposits and:

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

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

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

Exceptions: There were no exceptions noted.

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

Performance: Traced supporting documentation to the deposit slip.

Exceptions: There were no exceptions noted.

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

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

Exceptions: There were no exceptions noted.

- 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 ten miles from the collection location or the deposit is less than \$100).

Performance: Observed that the deposit was made within one business day of receipt.

Exceptions: There were two instances where supporting documentation was not available to determine the number of days from receipt to deposit.

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

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

Exceptions: There were no exceptions noted.

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. Randomly select five locations (or all locations if less than five).

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

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)

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 those employees involved with non-payroll purchasing and payments functions, and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

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

Performance: Inspected policy manuals and inquired of management and employees as to requirement listed above. The Fire Chief performs all functions including initiating a purchase request, approving a purchase and placing an order/making the purchase. It was noted that checks require dual signature, one signature from the secretary/treasurer and one signature from the board chair. The Board of Commissioners approves all payments made during the month at the following monthly board meeting.

Exceptions: There were no exceptions noted.

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

Performance: Inspected policy manuals and inquired of management and employees as to requirement listed above.

Exceptions: There were no exceptions noted.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Performance: Inspected policy manuals and inquired of management and employees as to requirement listed above.

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: Inspected policy manuals and inquired of management and employees as to requirement listed above.

Exceptions: The secretary/treasurer is responsible for signing checks, processing payments and mailing payments.

Procedures Performed on the District's Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases): (Continued)

10. For each location selected under #8 above, obtain the District's non-payroll disbursement transaction population (excluding credit cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select five disbursements for each location, obtain supporting documentation for each transaction and:

Performance: Obtained the District's general ledger for the fiscal period, and obtained management's representation in a separate letter.

Exceptions: There were no exceptions noted.

- a) Observe that the disbursement matched the related original invoice/billing statement.

Performance: Obtained the disbursement and observed that the disbursement and the related original invoice/billing statement were in agreement.

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: Obtained the disbursement documentation and observed for proper segregation of duties as listed under #9 above.

Exceptions: One transaction did not include approval by the Fire Chief.

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

Exceptions: There were no exceptions noted.

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

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

- 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: Obtained randomly selected statement for the two cards and one store account selected along with supporting documentation and observed for proper approval. Although the Fire Chief is the authorized card holder for all of the credit cards selected and an authorized purchaser for the store account selected, the Chief can approve up to \$2,000. There were no credit card transactions exceeding the \$2,000 approval limit.

Exceptions: There were no exceptions noted.

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

Performance: Obtained monthly credit card statement for each of the four cards selected and monthly store account statements and observed for finance charges and/or late fees.

Exceptions: Finance charges/late fees were assessed on the selected statement for the store account.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select ten transactions (or all transactions if less than ten) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have ten 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: Traced each transaction to an original itemized receipt.

Exceptions: There were no exceptions noted.

- 2) Written documentation of the business/public purpose.

Performance: Observed supporting documentation for evidence of business/public purpose.

Exceptions: There were no exceptions noted.

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

Performance: No meals were selected in the sample.

Exceptions: There were no exceptions noted.

Procedures Performed on the District's Travel and Travel-Related Expense Reimbursements:

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. Randomly select five reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected.

Performance: Obtained a list of all travel and travel related expense reimbursements, and received management's representation in a separate letter.

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: Scanned the general ledger and inquired of travel and travel related expense reimbursements, none 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: Scanned the general ledger and inquired of travel and travel related expense reimbursements, none 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: Scanned the general ledger and inquired of travel and travel related expense reimbursements, none were noted.

Exceptions: There were no exceptions noted.

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

Performance: Scanned the general ledger and inquired of travel and travel related expense reimbursements, none were noted.

Exceptions: There were no exceptions noted.

Procedures Performed on the District's Contracts:

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

Performance: Prior year testing resulted in no exceptions related to the District's contracts. Therefore, testing is not required in the current year.

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: Prior year testing resulted in no exceptions related to the District's contracts. Therefore, testing is not required in the current year.

b) Observe that the contract was approved by the governing body/district, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

Performance: Prior year testing resulted in no exceptions related to the District's contracts. Therefore, testing is not required in the current year.

c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment.

Performance: Prior year testing resulted in no exceptions related to the District's contracts. Therefore, testing is not required in the current year.

d) Randomly select one payment from the fiscal period for each of the five 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: Prior year testing resulted in no exceptions related to the District's contracts. Therefore, testing is not required in the current year.

Procedures Performed on the District's Payroll and Personnel:

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

Performance: Prior year testing resulted in no exceptions related to the District's payroll and personnel. Therefore, testing is not required in the current year.

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

17. Randomly select one pay period during the fiscal period. For the five 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).

Performance: Prior year testing resulted in no exceptions related to the District's payroll and personnel. Therefore, testing is not required in the current year.

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

Performance: Prior year testing resulted in no exceptions related to the District's payroll and personnel. Therefore, testing is not required in the current year.

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

Performance: Prior year testing resulted in no exceptions related to the District's payroll and personnel. Therefore, testing is not required in the current year.

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. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

Performance: Prior year testing resulted in no exceptions related to the District's payroll and personnel. Therefore, testing is not required in the current year.

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: Prior year testing resulted in no exceptions related to the District's payroll and personnel. Therefore, testing is not required in the current year.

Procedure Performed on the District's Ethics:

20. Using the five randomly selected employees/officials, 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: Inquired of ethics course completion certificates for five employees tested.

Exceptions: There were no exceptions noted.

- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the District's ethics policy during the fiscal period.

Performance: Observed documentation that the five employees selected attested through signature verification that he or she has read the ethics policy during the fiscal period.

Exceptions: The five employees selected did not attest through signature verification that he or she has read the ethics policy during the fiscal period.

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. Randomly select all bonds/notes on the listing, obtain supporting documentation, and observe that the State Bond Commission approval was obtained for each bond/note issued.

Performance: Prior year testing resulted in no exceptions related to the District's debt service. Therefore, testing was not required in the current year.

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

Performance: Prior year testing resulted in no exceptions related to the District's debt service. Therefore, testing was not required in the current year.

Other Procedures Performed on the District:

23. Obtain a listing of misappropriations of public funds or 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 District reported the misappropriations to the legislative auditor and the district attorney of the parish in which the District is domiciled.

Performance: Prior year testing resulted in no exceptions related to the District's other procedures. Therefore, testing was not required in the current year.

24. Observe and report whether the District 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: Prior year testing resulted in no exceptions related to the District's other procedures. Therefore, testing was not required in the current year.

Management's Overall Response to Exceptions:

1. As a response to exception reported at 1b), management will consider adding a provision discussing documentation required to be maintained for all bids and price quotes.
2. As a response to exception reported at 1f), management will consider adding a provision discussing the standard terms and conditions for contracts, legal review, and monitoring process.
3. As a response to exception reported at 1g), management will consider adding provisions discussing the allowable business uses and required approvers.
4. As a response to exception reported at 1i), management will consider adding a provision discussing the prohibitions as defined in Louisiana Revised Statute 42: 1111-1121; actions to be taken if an ethics violation takes place; system to monitor possible ethics violations; and requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
5. As a response to exception reported at 1k), management is working on drafting a Disaster Recovery/Business Continuity policy to be approved before the end of fiscal year 2020.
6. As a response to exception reported at 3a), the secretary/treasurer will include evidence of review on the bank reconciliations by initialing and dating all bank reconciliations.

Management's Overall Response to Exceptions: (Continued)

7. As a response to exception reported at 3b), a Commissioner will review each bank reconciliation by initialing and dating all bank reconciliations.
8. As a response to exception reported at 7d), management will stamp or write in date of receipt on the check copy.
9. As a response to exception reported at 9d), management will consider maintaining improved controls over the mailing of checks.
10. As a response to exception reported at 10b), management will consider maintaining improved controls over approving payments to vendors.
11. As a response to exception reported at 12b), management will pay credit card vendors and store accounts by the due date.
12. As a response to exception at 20b), management will monitor employee annual attesting of the District's ethics policy to ensure signature verification.