

Lafourche Parish Fire Protection District No. 1

ANNUAL FINANCIAL REPORT

As of and for the Year Ended December 31, 2019

Lafourche Parish Fire Protection District No. 1
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Lafourche Parish Fire Protection District No. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2019

The following narrative is presented to facilitate a better understanding of the year-end financial position and results of operations for the year ended December 31, 2019. When read in conjunction with the notes to the financial statements, this section's financial highlights, overview and analysis should assist the reader to gain a more complete knowledge of the financial performance.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the governmental activities as a whole and present a longer-term view of the finances. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds (Fund Financial Statements) tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the operations in more detail than the government-wide statements by providing information about the most significant funds.

Our auditor has provided assurance in his independent auditor's report, located immediately following this MD&A, that the basic financial statements are fairly stated. The auditor, regarding the Required Supplemental Information and the Other Supplemental Information is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Annual Report.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities report information as a whole. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the net assets and changes in them. You can think of net assets—the difference between assets and liabilities—as one way to measure the financial health, or financial position. Over time, increases or decreases in net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, to assess the overall health of the District.

Lafourche Parish Fire Protection District No. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2019

FINANCIAL HIGHLIGHTS

Our financial statements provide these insights into the results of this year's operations:

- As a result of this year's operations assets exceeded liabilities by \$3,236,778 (net position).
- Total net position is comprised of the following:
 - (1) Net investment in capital assets of \$2,568,900 including the cost of trucks and equipment less accumulated depreciation.
 - (2) Unrestricted of \$667,878 representing the portion available to maintain the continuing obligations to citizens and creditors.
- Total spending for all public safety activities was \$547,399 for the year, which was \$458,313 more than the program revenues for these activities. The general revenues used to offset the shortfall for program expenditures totaled \$647,576 for the year.
- The governmental funds reported total ending fund balance of \$667,878, of which \$581,484 was unassigned and \$86,394 was non-spendable for prepaid insurance. This compares to the prior year ending fund balance – of \$539,781, showing a increase of \$128,097 during the current year.
- Total revenue reported for all governmental funds was \$736,662, an increase of approximately 9% from the prior year. Total expenditures were \$608,565, including \$309,416 of capital expenditures. This resulted in a net change in fund balance for the year of \$128,097.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (Government-Wide Financial Statements) provide information about the governmental activities as a whole and present a longer-term view of the finances. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds (Fund Financial Statements) tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the operations in more detail than the government-wide statements by providing information about the most significant funds.

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Lafourche Parish Fire Protection District No. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2019

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as an indicator of whether the financial position is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues, governmental activities, from other functions that are intended to recover all or a significant portion of their costs through user fees and charges, business-type activities.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not as a whole. Some funds are required to be established by State laws. The District utilizes the governmental type of fund with the following accounting approach. Most of the basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation at the bottom of the fund financial statements.

Lafourche Parish Fire Protection District No. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2019

FINANCIAL ANALYSIS AS A WHOLE (GWFS)

The Statement of Net Position and the Statement of Activities reports governmental activities. Our analysis below focuses on the net position of the governmental-type activities:

Condensed Statement of Net Position

	2018	2019	Increase (Decrease)
Current and Other Assets	\$ 1,198,997	\$ 1,285,764	\$ 86,767
Capital Assets	2,507,734	2,568,900	61,166
Total Assets	3,706,731	3,854,664	147,933
Current Liabilities	11,613	-	(11,613)
Deferred Inflows	647,603	617,886	(29,717)
Net Invested in Capital Assets	2,507,734	2,568,900	61,166
Unrestricted	539,781	667,878	128,097
Total Net Position	\$ 3,047,515	\$ 3,236,778	\$ 189,263

Net position increased by \$189,263 – approximately 6%, as a result of this year's operations, which indicates that the overall financial position improved during the year. Net Investment in Capital Assets increased by \$61,166 due to the truck and equipment purchases and improvements to stations. The balance in net assets represents the accumulated results of all past years' operations.

Total revenues generated by governmental activities for the year were \$676,588 (\$70,829 in program revenues and \$605,759 in general revenues). The total cost of all public safety services provided was \$502,068.

Our analysis below focuses on the operations of the governmental-type activities:

Condensed Statement of Activities

	2018	2019	Increase (Decrease)
Charges for Services	\$ 7,079	\$ 25,365	18,286
Operating Grants and Contributions	63,750	63,721	(29)
Program Expenses:			
Current	263,621	299,150	35,529
Depreciation - unallocated	238,447	248,249	9,802
Total program expenses	502,068	547,399	(45,331)
Net program income	(431,239)	(458,313)	(27,074)
General revenues	605,759	647,576	41,817
Change in Net Position	174,520	189,263	(14,743)

Lafourche Parish Fire Protection District No. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2019

Net Position:

Beginning of the year	2,872,995	3,047,515	174,520
End of the year	<u>\$ 3,047,515</u>	<u>\$ 3,236,778</u>	<u>\$ 189,263</u>

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS (FFS)

The District uses funds to help it control and manage money for particular purposes. Looking at individual funds helps you consider whether the District is being accountable for the resources provided to it but may also give you more insight into the overall financial health. Following is an analysis of the major funds:

The General Fund reported an ending fund balance of \$667,878, of which \$86,394 is non-spendable for prepaid insurance, the remainder of \$581,484 is considered unassigned and available to spend. This amount represents 79% of general fund revenues. The General Fund revenues totaled \$736,662 and were primarily ad valorem taxes levied for maintenance and operations for fire protection in the District of \$634,401. These revenues were reduced by current expenditures for fire protection of \$299,149 and capital outlay for land, station equipment or improvement, truck inventory, and other necessary equipment of \$309,416.

GENERAL FUND BUDGETARY HIGHLIGHTS

There were no amendments necessary to the original budget for the General Fund during the year. Total revenue and expenditure variances were favorable on the budget comparison schedules presented and are considered in compliance with the State Budget Law. More information on the current year budget can be found in the General Fund Budgetary Comparison Schedule.

CAPITAL ASSETS

A summary of capital assets for the current and prior year follows:

	2019	2018
Land	\$ 405,051	\$ 292,500
Stations & Equipment	1,318,693	1,231,858
Trucks & Equipment	2,944,604	2,919,604
Other Equipment	608,954	523,925
Total Cost	<u>5,277,302</u>	<u>4,967,887</u>
Accumulated Depreciation	2,708,402	2,460,153

Lafourche Parish Fire Protection District No. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2019

Net Capital Assets	\$ 2,568,900	\$ 2,507,734	
Depreciation Expense	\$ 248,249	\$ 238,447	

More detailed information about the capital assets is presented in Note 6 to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Highlights of the 2020 adopted revised January 8, 2020 budget for the General Fund include:

Beginning Fund Balance	\$	463,960
Projected Revenue		662,992
Projected Expenditures		(1,154,500)
Ending Fund Balance	\$	(27,548)

The District expects to collect 95% of the projected 10 mill levy of ad valorem tax revenues of \$586,992.

The District will allocate \$266,500 of the property taxes along with the remaining budgeted funds not used in 2019 to Capital Improvements-Fire Truck and Facilities. The District maintains 8 Fire Stations throughout the District. Our goal is to purchase a new Fire Truck every other year or to restore or replace facilities when and as needed.

All other expenditures are budgeted to remain relatively the same as our 2019 budget.

The commissioners do not receive per diem and all the firefighters are volunteers.

CONTACTING FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Lafourche Parish Fire Protection District No. 1 finances and to show accountability for the money it received. If you have questions about this report or need additional financial information, contact:

Mr. Lester Griffin, Chairman
P.O. Box 156
Raceland, LA 70394
985-537-7517

FINANCIAL SECTION



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Independent Auditor's Report

To the Board of Commissioners,
Of the Lafourche Parish Fire Protection District No. 1
Lafourche Parish, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Lafourche Parish Fire Protection District No. 1, a component unit of the Lafourche Parish Council, as of and for the year ended December 31, 2019, and the notes to the financial statements, which collectively comprise the 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 an opinion on these basic 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 Statements*, 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 basic financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence supporting 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.

To the Board of Commissioners,
Of the Lafourche Parish Fire Protection District No. 1,
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In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluation 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 as of December 31, 2019 and the respective changes in financial position for the year then ended in conformity 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 the Management's Discussion and Analysis and the Required Supplementary Information 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.



To the Board of Commissioners,
Of the Lafourche Parish Fire Protection District No. 1,
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Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The Schedule of Compensation, Benefits and Other Payments to Agency Head are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 Schedule of Compensation, Benefits and Other Payments to Agency Head are 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 a report dated May 21, 2020, on our consideration of the internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 internal control over financial reporting and compliance.

Stagni & Company

Thibodaux, Louisiana
May 21, 2020



LAFOURCHE PARISH FIRE PROTECTION DISTRICT NO. 1

Statement of Net Position

December 31, 2019

ASSETS

Cash	\$ 563,944
Ad valorem taxes receivable	47,047
Due from other governmental units-ad valorem taxes	527,616
Prepaid Insurance	86,394
Deposits	60,763
Capital Assets, net of accumulated depreciation	<u>2,568,900</u>
TOTAL ASSETS	<u>3,854,664</u>

LIABILITIES

Accounts Payable	-
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DEFERRED INFLOWS OF RESOURCES

Subsequent year - property taxes	617,886
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NET POSITION

Net investment in capital assets	2,568,900
Unrestricted	<u>667,878</u>
TOTAL NET POSITION	<u>\$ 3,236,778</u>

See notes to financial statements.

LAFOURCHE PARISH FIRE PROTECTION DISTRICT NO. 1
LAFOURCHE PARISH, LOUISIANA
Statement of Activities - Governmental Activities
For the Year Ended December 31, 2019

FUNCTIONS/PROGRAMS	<u>Expenses</u>	<u>Charges for services</u>	<u>Operating Grants</u>	<u>Net Revenue (Expense)</u>
Public safety activities	\$ 547,399	\$ 25,365	\$ 63,721	\$ (458,313)
Total governmental activities	<u>547,399</u>	<u>25,365</u>	<u>63,721</u>	<u>(458,313)</u>
GENERAL REVENUES				
				634,401
				13,175
				<u>647,576</u>
CHANGE IN NET POSITION				189,263
NET ASSETS:				
				3,047,515
				<u>\$ 3,236,778</u>

See notes to financial statements.

LAFOURCHE PARISH FIRE PROTECTION DISTRICT NO. 1

Balance Sheet - Governmental Funds

December 31, 2019

	General Fund
ASSETS	
Cash	\$ 563,944
Ad valorem taxes recievable	47,047
Due from other governmental units	527,616
Prepaid Insurance	86,394
Deposits	60,763
Total assets	<u>\$ 1,285,764</u>
 LIABILITIES	
Accounts Payable	\$ -
 DEFERRED INFLOWS OF RESOURCES	
Subsequent year - property taxes	\$ 617,886
 FUND BALANCES	
Non-spendable - Prepaid Insurance	86,394
Unassigned	581,484
Total liabilities and fund balances	<u>667,878</u> <u>\$ 1,285,764</u>

RECONCILIATION OF FUND BALANCES TO THE STATEMENT OF NET ASSETS:

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Add - Capital Assets, Nondepreciable	405,051	
Add - Capital Assets, Depreciable	4,872,251	
Deduct - Accumulated Depreciation	<u>(2,708,402)</u>	<u>2,568,900</u>
Net assets of governmental activities		<u>\$ 3,236,778</u>

See notes to financial statements.

LAFOURCHE PARISH FIRE PROTECTION DISTRICT NO. 1

Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Funds
For the Year Ended December 31, 2019

	<u>General Fund</u>
REVENUES	
Taxes-ad valorem	\$ 634,401
Intergovernmental - State of Louisiana:	
State Revenue Sharing	13,175
Insurance Rebate	63,721
Interest/Miscellaneous	25,365
TOTAL REVENUES	<u>736,662</u>
EXPENDITURES	
Current - General government	
Ad valorem tax deductions	20,587
Current - Public safety	
Insurance	82,817
Operating Exp-Trucks	7,315
Maintenance-Trucks	50,487
Communications	2,531
Maintenance -Buildings	34,299
Utilities	18,686
Telephone	8,273
Publications	1,520
Professional Services	18,409
Leases	510
Training	5,180
Fire fighting equipment	43,329
Miscellaneous	5,206
Total current	<u>299,149</u>
Capital outlay	<u>309,416</u>
TOTAL EXPENDITURES	<u>608,565</u>
NET CHANGE IN FUND BALANCE	128,097
FUND BALANCES	
Beginning of year	539,781
End of year	<u><u>\$ 667,878</u></u>

See notes to financial statements.

LAFOURCHE PARISH FIRE PROTECTION DISTRICT NO. 1
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances - Governmental Funds
 To the Statement of Activities
 For the Year Ended December 31, 2019

Net change in fund balances - total governmental funds \$ 128,097

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.

Add - Capital Outlay	\$ 309,416	
Deduct - Depreciation Expense	(248,249)	
Miscellaneous adjustment	(1)	61,166
Change in net assets of governmental activities		\$ 189,263

See notes to financial statements.

LAFOURCHE PARISH FIRE PROTECTION DISTRICT No. 1

Notes to the Financial Statements
For the Year Ended December 31, 2019

The Lafourche Parish Council adopted a resolution creating Fire Protection District No. 1 of the Parish of Lafourche, Louisiana and defining and describing the boundaries thereof on May 13, 1953. The District comprises that territory within the present boundaries of Police Jury Wards three and seven of Lafourche Parish. The District has all the rights and powers and privileges granted by and conferred by the Constitution and Statutes of the State of Louisiana, including the right to incur debt, issue bonds, and levy taxes.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. 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 certain significant accounting policies:

A. Reporting Entity

Under Governmental Accounting and Financial Standards Section 2100, the financial reporting entity consists of the primary government and its component units. As the governing authority of the parish, the Lafourche Parish Council is considered to be the primary government for financial reporting purposes for the Parish of Lafourche.

Component units are defined as legally separate organizations for which the elected officials of the primary government are financially accountable. The criteria used in determining whether financial accountability exists include:

- Appointing a voting majority of an organization's governing body, and
 - a. The ability of the council to impose its will on that organization and/or;
 - b. The potential for the organization to provide specific financial benefits to or imposes specific financial burdens on the council. Organizations for which the council does not appoint a voting majority but are fiscally dependent on the council.
- Organizations for which the council does not appoint a voting majority but are fiscally dependent on the council.
- Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

LAFOURCHE PARISH FIRE PROTECTION DISTRICT No. 1

Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

A. Reporting Entity (continued)

The District is considered a component unit of the Lafourche Parish Council, if applying the criteria above and as such, these financial statements will be included in the comprehensive annual financial report (CAFR). This decision is based on the fact that the Parish Council appoints the voting majority of the Board of Commissioners of the District.

B. Basic Financial Statements – Basis of Presentation

Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as governmental type activities. All of the services are classified as governmental activities.

In the government-wide Statement of Net Position, the governmental activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The net position is reported in three parts—net investment in capital assets, restricted net assets; and unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of the functions and activities. These functions are also supported by general government revenues (interest earned). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (ad valorem taxes, state revenue sharing, interest earned, etc). This government-wide focus is more on the sustainability as an entity and the change in the net assets resulting from the current year's activities.

LAFOURCHE PARISH FIRE PROTECTION DISTRICT No. 1

Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Fund Accounting

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Governmental Funds

Governmental funds account for all or most of the general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period programs or operations. The following are the governmental funds:

General Fund - The General Fund is used to account for all financial resources and expenditures except those that are required to be accounted for in another fund.

C. *Measurement Focus / Basis of Accounting*

Fund Financial Statements (FFS)

The amounts reflected in fund financial statements, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of operations.

LAFOURCHE PARISH FIRE PROTECTION DISTRICT No. 1

Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

C. Measurement Focus / Basis of Accounting (continued)

Fund Financial Statements (FFS) (continued)

The amounts reflected in the fund financial statements, use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues are considered available if they are collected within 60 days after the fiscal year end.

Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues – Ad valorem taxes and the related state revenue sharing are recorded as revenue in the period for which levied, thus the 2018 property taxes which were levied to finance the 2019 budget are recognized as revenue in 2019. Miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable or available until actually received.

Expenditures – The major expenditures current public safety supplies, insurance and repair and maintenance of equipment and facilities are recorded when payable or when the fees are incurred.

Government-Wide Financial Statements (GWFS)

The government-wide financial statements display information as a whole. These statements include all the financial activities. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed).

LAFOURCHE PARISH FIRE PROTECTION DISTRICT No. 1

Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

D. Measurement Focus / Basis of Accounting (continued)

Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from non-exchange transactions are recognized in accordance with the requirements of Section N50.

Program Revenues - Program revenues included in the column labeled Statement of Activities are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the general revenues.

E. 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.

F. Operating Budgets

As required by Louisiana Revised Statutes, The Board of Commissioners adopted a budget for the District. The Board, as allowed by state law, does not obtain public participation in the budget process. The Board must approve any amendment involving the transfer of monies from one function to another, or increases in expenditures. 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. There were no adjustments to the originally adopted budget.

G. Cash

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the court may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

LAFOURCHE PARISH FIRE PROTECTION DISTRICT No. 1

Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

H. Receivables

The financial statements contain no allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes 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.

I. Capital Assets

Capital assets are recorded at historical cost of \$1,500 or estimated if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Capital assets are recorded in the GWFS. All capital assets, other than land, are depreciated using the straight-line method over the following estimated useful lives:

<u>CATEGORY</u>	<u>LIFE</u>
BUILDINGS	25 YEARS
TRUCKS	15 YEARS
EQUIPMENT	5 YEARS

J. Restricted Net Assets

For government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either:

1. externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; and
2. imposed by law through constitutional provisions or enabling legislation.

K. Fund Equity

For government-wide financial statements net assets are classified and displayed in three components:

1. 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.

LAFOURCHE PARISH FIRE PROTECTION DISTRICT No. 1

Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

K. Fund Equity (Continued)

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

When both restricted and unrestricted resources are available for use, it is the policy to use restricted resources first, then unrestricted resources as they are needed.

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as *non-spendable*, *restricted*, *committed*, *assigned*, or *unassigned*.

- *Non-spendable* fund balance cannot be spent because of its form.
- *Restricted* fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions.
- *Committed* fund balance is a limitation imposed by the Board through approval in minutes.
- *Assigned* fund balances is a limitation imposed by a designee of the Board.
- *Unassigned* fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

Note 2 DEPOSITS

Demand (deposits, interest bearing demand deposits and certificates of deposit) are recorded at cost, which approximates fair value. At year end, the reported amount of deposits was \$563,944 and the bank balance was \$566,094. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit.

Custodial credit risk is the risk that in an event of a bank failure, the deposits may not be returned to it. Of the total bank balance, \$316,094 is considered exposed to custodial credit risk.

LAFOURCHE PARISH FIRE PROTECTION DISTRICT No. 1

Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 DEPOSITS (Continued)

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposits insurance or the pledge of securities owned by the fiscal agent bank. The market values of the pledged securities plus the federal deposit insurance (FDIC) must equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The District has securities pledged of \$900,000.

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the entity that the fiscal agent has failed to pay deposited funds upon demand.

Note 3 AD VALOREM TAXES

Property taxes are levied each December 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 Lafourche Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law.

A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2016. 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 current tax rate was \$10.0 per \$1,000 of assessed valuation on property within Lafourche Parish Fire Protection District No. 1 for the purpose of maintaining and operating fire protection facilities and programs. The current millage was for 10 years and expires in 2021. The Board adopted a Resolution on January 8, 2020 to call for a special election to authorize the renewal of the 10 mills tax for a period of 10 years, beginning with the year 2022 and ending with the year 2031.

Note 4 COMPENSATION OF BOARD MEMBERS

No compensation was paid to Board Members during the year.

LAFOURCHE PARISH FIRE PROTECTION DISTRICT No. 1

Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 5 DUE FROM OTHER GOVERNMENTAL UNITS

The amounts due from other governmental units consisted of ad valorem tax collections due from the Lafourche Parish Tax Collector to be remitted to the District in January 2020.

Note 6 CAPITAL ASSETS

A schedule of changes in capital assets follows:

Governmental activities	Balance 12/31/18	Additions/ Donations	Deletions/Ad justments	Balance 12/31/19
Land	\$ 292,500	\$ 112,551	-	\$ 405,051
Stations & Equipment	1,231,858	86,835	-	1,318,693
Trucks & Equipment	2,919,604	25,000	-	2,944,604
Other Equipment	523,925	85,030	-1	608,954
Total Depreciable assets	\$4,675,387	196,865	-	\$4,872,251
Total Cost of Assets	\$4,967,887	\$309,416	\$ -1	\$5,277,302

Less accumulated depreciation:

Stations & Equipment	\$789,428	\$41,379	\$ -	\$830,807
Trucks & Equipment	1,319,947	174,985	-	1,494,932
Other Equipment	350,778	31,885	-	382,663
Total Accumulated Depreciation	2,460,153	248,249	-	2,708,402
Net Capital Assets	\$2,507,734			\$2,568,900

Depreciation expense for the year was \$248,249 recorded in governmental activities. This adjustment is reflected on the Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities accordingly.

Note 7 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. To protect against these risks, the District has purchased commercial or other insurance for the losses to which it is exposed.

***REQUIRED SUPPLEMENTAL
INFORMATION***

LAFOURCHE PARISH FIRE PROTECTION DISTRICT NO. 1

Budgetary Comparison Schedule - General Fund
For the Year Ended December 31, 2019

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final (no amendments)		
REVENUES				
Taxes	\$ 608,961	\$ 608,961	\$ 634,401	\$ 25,440
State of Louisiana:				
State Revenue Sharing	10,000	10,000	13,175	3,175
Insurance Rebate	64,000	64,000	63,721	(279)
Miscellaneous	1,000	1,000	-	(1,000)
Interest	1,500	1,500	25,365	23,865
TOTAL REVENUES	685,461	685,461	736,662	51,201
EXPENDITURES				
Current - General government				
Ad valorem tax deductions	19,000	19,000	20,587	(1,587)
Current - Public safety				
Insurance	85,000	85,000	82,817	2,183
Operating Exp-Trucks	10,000	10,000	7,315	2,685
Maintenance-Trucks	50,000	50,000	50,487	(487)
SCBA	25,000	25,000	-	25,000
Hoses	8,000	8,000	-	8,000
Maintenance -Buildings	30,000	30,000	34,299	(4,299)
Utilities	20,000	20,000	18,686	1,314
Fire Fighting Equipment	40,000	40,000	43,329	(3,329)
Telephone	8,000	8,000	8,273	(273)
Communications	50,000	50,000	2,531	47,469
Publications	2,000	2,000	1,520	480
Professional Services	20,000	20,000	18,409	1,591
Leases	500	500	510	(10)
Training	10,000	10,000	5,180	4,820
Permits/Fees	1,000	1,000	-	1,000
Miscellaneous	17,000	17,000	5,206	11,794
Total current	395,500	395,500	299,149	96,351
Capital outlay	753,000	753,000	309,416	443,584
TOTAL EXPENDITURES	1,148,500	1,148,500	608,565	539,935
NET CHANGE IN FUND BALANCE	(463,039)	(463,039)	128,097	591,136
FUND BALANCES				
Beginning of year	463,960	463,960	539,781	75,821
End of year	\$ 921	\$ 921	\$ 667,878	\$ 666,957

OTHER INFORMATION

LAFOURCHE PARISH FIRE PROTECTION DISTRICT NO. 1
 Schedule of Compensation, Benefits and Other Payments to Agency Head
 For the Year Ended December 31, 2019

Agency Head Name: Mr. Lester Griffin, Board President

Purpose	Amount
Salary	\$0
Benefits-insurance	\$0
Benefits-retirement	\$0
Deferred compensation (contributions made by the agency)	\$0
Benefits-other (describe)	\$0
Car allowance	\$0
Vehicle provided by government (enter amount reported on W-2 adjusted for various fiscal years)	\$0
Cell phone	\$0
Dues	\$0
Vehicle rental	\$0
Per diem	\$0
Reimbursements for Office Supplies	\$ 532
Travel	\$0
Registration fees	\$0
Conference travel	\$0
Housing	\$0
Unvouchered expenses (example: travel advances, etc.)	\$0
Special meals	\$0
Other (including payments made by other parties on behalf of the agency head)	\$0

This form is used to satisfy the supplemental reporting requirement of R.S. 24:513(A)(3)

***REPORTS REQUIRED BY GOVERNMENT
AUDITING STANDARDS***



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

**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,
Of the Lafourche Parish Fire Protection District No. 1
Raceland, LA

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 the Lafourche Parish Fire Protection District No. 1, a component unit of the Lafourche Parish Council, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents and have issued our report thereon dated May 21, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Stagni & Company

May 21, 2020
Thibodaux, Louisiana



***LAFOURCHE PARISH FIRE
PROTECTION DISTRICT NO. 1***

**Statewide Agreed Upon
Procedures Report
With Schedule of Findings
and Management's Responses**

***As of and for the Year Ending
December 31, 2019***



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

AGREED-UPON PROCEDURES REPORT LAFOURCHE PARISH FIRE PROTECTION DISTRICT NO. 1

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period January 1, 2019 – December 31, 2019

Lafourche Parish Fire Protection District No. 1 and
Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Lafourche Parish Fire Protection District No. 1 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 fiscal period January 1, 2019 through December 31, 2019. Management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. 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 described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated results are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
 - 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.
 - c) ***Disbursements***, including processing, reviewing, and approving
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g.

periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- 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
- 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)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- 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 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.
- 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.

Results: *The policy for 1(i) Ethics does not address 1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121 or 2) actions to be taken if an ethics violation takes place or 3) the requirement to attest through signature verification that all employees have read the entity's ethics policy.*

Management's Response: *Ethics Policy - 1(i) - Currently, there are no employees, however board members are required to view a 1-hour ethics training video presented by the Louisiana Board of Ethics. Once the Board has viewed the video, they are required to print a certificate to have on file. This is an annual requirement. In Management's opinion, this video is much more in-depth than the District's ethics policy and is clearer and easier to understand. In the training it stated to report all violations and thought this should cover the reporting of violations. And since we kept a copy of everyone's ethics training this proved they read it and hopefully understand it.*

Board or Finance Committee

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



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- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- c) For governmental entities, 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.

Results: *The District did not have exceptions in this category in Year 2 (December 31, 2018), therefore was excluded from testing in Year 3 (December 31, 2019).*

Bank Reconciliations

- 3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: *The bank reconciliation does not contain evidence that they were prepared within two months of the related statement closing date or that a member of management/board member who does not handle cash, post ledgers or issue checks has reviewed each bank reconciliation.*

Management's Response: *The Board has obtained the services of an independent accountant to reconcile the bank statements monthly and presents the reconciled statements at the monthly Board meetings. Resolution #522018800 May 2, 2018 changed the policy to state "Commissioner at-Large is responsible for checking over the bank reconciliation each month and to report to the board on at least a quarterly basis and to be recorded in the district minutes that he did so".*



Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - 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.
 - 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.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Results: *The District did not have exceptions in this category in Year 2 (December 31, 2018), therefore was excluded from testing in Year 3 (December 31, 2019).*



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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - 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.
 - 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.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results: *The District did not have exceptions in this category in Year 2 (December 31, 2018), therefore was excluded from testing in Year 3 (December 31, 2019).*

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.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may



constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]

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

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Results: *The District did not have exceptions in this category in Year 2 (December 31, 2018), therefore was excluded from testing in Year 3 (December 31, 2019).*

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: *The District did not have exceptions in this category in Year 2 (December 31, 2018), therefore was excluded from testing in Year 3 (December 31, 2019).*

Contracts

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



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- 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.
- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: *The District did not have exceptions in this category in Year 2 (December 31, 2018), therefore was excluded from testing in Year 3 (December 31, 2019).*

Payroll and Personnel

- 16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- 17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
- 18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select 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' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
- 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.

Results: *The District did not have exceptions in this category in Year 2 (December 31, 2018), therefore was excluded from testing in Year 3 (December 31, 2019).*



Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
- Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Results: *The District did not have exceptions in this category in Year 2 (December 31, 2018), therefore was excluded from testing in Year 3 (December 31, 2019).*

Debt Service

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

Results: *These procedures are not applicable. The District has no debt.*

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: *The District did not have exceptions in this category in Year 2 (December 31, 2018), therefore was excluded from testing in Year 3 (December 31, 2019).*

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 those 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 solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Stagni & Company

Thibodaux, LA
May 15, 2020



STAGNI & COMPANY, LLC
