TERREBONNE PARISH FIRE DISTRICT NO. 7

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2019

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As of and for the Year Ended December 31, 2019

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TERREBONNE PARISH FIRE DISTRICT NO. 7

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2019

This discussion and analysis of the Fire District No. 7's financial performance provides a narrative overview of the financial activities as of and for the fiscal year ended December 31, 2019. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

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

- As a result of this year's operations liabilities exceeded assets by $1,711,853 (net position).
- Total net assets are comprised of the following:
  - (1) Net invested in capital assets of $2,172,336 including the cost of land, buildings & improvements, trucks and equipment, less accumulated depreciation and the debt associated with the assets.
  - (2) Restricted of $696,389.
  - (3) Unrestricted of $(1,156,872) due to the other post-employment benefits and pension liabilities to be funded in the future.
- During the year, expenses for fire protection services were $1,389,959 and $138,601 was recorded as program income. General revenues of $1,207,707 were recognized to end the year with expenses exceeding revenue by $(43,651). This compares to last year when revenues exceeded expenses by $879,231.
- Governmental funds ended the year with total fund balance of $1,305,668 of which; $21,347 is restricted for the Tri-District Training Center; and $675,042 is restricted for debt services; and the remainder of $609,279 is unassigned.

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.

Our auditor has provided assurance in his independent auditor's report 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
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.

The statement of net position presents information on all of the assets and liabilities, with the difference between the two reported as net position. 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.

FINANCIAL ANALYSIS AS A WHOLE (GWFS)

Our analysis below focuses on the net position and changes in net position of the governmental-type activities.

	2018	2019	Dollar Change
Current and Other Assets	$ 2,668,845	$ 2,551,654	$ (117,191)
Capital Assets	3,176,565	2,947,336	(229,229)
Total Assets	**5,845,410**	**5,498,990**	**(346,420)**
Deferred Outflows	**298,035**	**515,211**	**217,176**
Current Liabilities	50,509	113,858	63,349
Non-current Liabilities	2,918,759	3,115,385	196,626
Total Liabilities	**2,969,268**	**3,229,243**	**259,975**
Deferred Inflows	**1,418,673**	**1,073,105**	**(345,568)**
Net Invested in Capital Assets	2,296,565	2,172,336	(124,229)
Restricted	593,870	696,389	102,519
Unrestricted	(1,134,931)	(1,156,872)	(21,941)
Total Net Position	**$ 1,755,504**	**$ 1,711,853**	**$ (43,651)**

Net position decreased by $43,651 or 2.5% as a result of this year's operations, which indicates that the overall financial position declined slightly during the year. The balance in net position represents the accumulated results of all past years' operations.

Condensed Statement of Activities	2018	2019	Increase (Decrease)
Total program expenses	$ (442,892)	$(1,389,959)	$ 947,067
Total program revenues	125,062	138,601	13,539
Net program income	**(317,830)**	**(1,251,358)**	**933,528**
General revenues	1,197,061	1,207,707	10,646
Change in Net Position	**879,231**	**(43,651)**	**(922,882)**
Net Position:			
Beginning of the year	876,273	1,755,504	879,231
End of the year	**$ 1,755,504**	**$ 1,711,853**	**$ (43,651)**

Total revenues generated by governmental activities for the year were $1,346,308 - most in ad valorem taxes-general revenues. The total cost of all public safety services provided was $1,389,959 and included the pension expense and other post-employment benefit costs.

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. A summary of the major funds follows:

The General Fund reported an ending fund balance of $609,279. Total revenues for the general fund were $1,115,419, a slight increase of 3% from the prior year. Current expenditures for fire protection activities were $1,235,506, basically the same as the prior.

The Tri-District Training Center Fund (a special revenue fund) reported an ending fund balance of $21,347 – all restricted for expenditures to operate the training center for the three parishes.

The Debt Service Fund reported an ending fund balance of $675,042 – all restricted for expenditures to pay the debt service for the bonds outstanding. Ad valorem taxes collected were $212,141 a decrease of 3% and were used to pay off the principal ($105,000) and interest ($34,234) on the outstanding bonds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget for the General Fund was not amended during the year. The total revenue and expenditure variances were favorable and in compliance with the State Budget Law.

CAPITAL ASSETS

A summary of capital assets follows:

	Beginning Balance	Ending Balance
NON-DEPRECIABLE ASSETS		
Land	$ 218,120	$ 218,120
DEPRECIABLE ASSETS:		
Buildings & Improvements	3,270,089	3,276,045
Office Furniture & Equipment	2,605,516	2,623,093
Vehicles, Machinery & Equipment	74,289	75,796
Total Cost of depreciable assets	5,949,894	5,974,934
Total Cost of assets	6,168,014	6,193,054

ACCUMULATED DEPRECIATION		
Total accumulated depreciation	2,991,449	3,245,718
Net depreciable assets	$ 2,958,445	$ 2,729,216
Net capital assets	**$ 3,176,565**	**$ 2,947,336**

This year there was $25,040 of additions to building improvements, office furniture, and equipment. Depreciation of $254,269 was recorded on capital assets in the governmental activities. More detailed information about the capital assets is presented in Note 7 to the financial statements.

LONG-TERM DEBT

The District had outstanding general obligation bonds outstanding (Series 2005) totaling $775,000 bearing interest ranging from 3.85% to 5.13% which are repayable through March 1, 2025 primarily through ad valorem tax revenues.

During the current year $105,000 was paid for principal and $34,234 for interest and fees. More detailed information about the long term debt is presented in Note 8 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Highlights of next year's General Fund budget include:

Condensed Summary of Budgeted Finances

	2020
Anticipated revenues	$1,067,000
Expenditures:	
Current	1,117,500
Capital outlay	17,700
Anticipated expenditures	1,135,200
Excess of expenditures	(68,200)
Fund Balance:	
Beginning of the year	699,707
End of the year	$ 631,507

CONTACTING FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Fire District No. 7's finances and to show accountability for the money it received. If you have questions about this report or need additional financial information, contact:

Mr. Jude Landry, Chairman
5016 Highway 56
Chauvin, LA 70344
985-594-7775

FINANCIAL SECTION

STAGNI & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Commissioners of
Terrebonne Parish Fire District No. 7
Chauvin, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Terrebonne Parish Fire District No. 7 (the District), a component unit of Terrebonne Parish Consolidated Government, 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.

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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.

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.

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 June 2, 2019 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 14, 2020

TERRENEBONNE PARISH FIRE DISTRICT NO. 7

Statement of Net Position
December 31, 2019

ASSETS	
Cash	$ 721,517
Investments	735,891
Ad Valorem taxes receivable	452,371
Due from other governments - ad valorem taxes	597,630
Prepaid Insurance	42,967
Deposits	1,278
Capital Assets, net of accumulated depreciation	2,947,336
TOTAL ASSETS	5,498,990
DEFERRED OUTFLOWS OF RESOURCES	$ 515,211
LIABILITIES, DEFERRED INFLOWS AND NET POSITION	
Liabilities:	
Accounts payable	104,969
Accrued interest payable	8,889
Noncurrent liabilities:	
Due within one year	110,000
Due in more than one year	3,005,385
Total liabilities	3,229,243
DEFERRED INFLOWS OF RESOURCES	1,073,105
Net Position:	
Net Investment in capital assets	2,172,336
Restricted for Tri-District Training Center	21,347
Restricted for debt service	675,042
Unrestricted	(1,156,872)
Total net position	$ 1,711,853

See notes to financial statements.

TERRENBONNE PARISH FIRE DISTRICT NO. 7

Statement of Activities - Governmental Activities
For the Year Ended December 31, 2019

	Expenses	Charges for services	Operating Grants	Net (Expense) Revenue
FUNCTIONS/PROGRAMS				
Public Safety				
Fire Protection	$ 1,389,959	$ -	$ 138,601	$ (1,251,358)
Total governmental activities	$ 1,389,959	$ -	$ 138,601	(1,251,358)
GENERAL REVENUES				
Ad valorem taxes				1,181,943
Miscellaneous				16,849
Interest earned				8,915
Total General Revenues				1,207,707
Change in Net Position				(43,651)
NET POSITION:				
Beginning of year				1,755,504
End of year				$ 1,711,853

See notes to the financial statements.

TERREBONNE PARISH FIRE DISTRICT NO. 7

Balance Sheet - Governmental Funds
December 31, 2019

	General Fund	Training Center Fund	Debt Service Fund	Total
ASSETS				
Cash	$ 7,894	$ 20,369	$ 693,254	$ 721,517
Investments	735,891	-	-	735,891
Ad Valorem taxes receivable	361,708	-	90,663	452,371
Due from other governments	478,189	-	119,441	597,630
Prepaid Insurance	42,967	-	-	42,967
Deposits/other assets	300	978	-	1,278
TOTAL ASSETS	$ 1,626,949	$ 21,347	$ 903,358	$ 2,551,654
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE				
Liabilities -				
Accounts payable and accrued benefits	$ 104,969	$ -	$ -	$ 104,969
Deferred Inflows of Resources -				
Property taxes - subsequent period	912,701	-	228,316	1,141,017
Fund balances:				
Restricted for:				
Tri-District Training Center	-	21,347	-	21,347
Debt Service	-	-	675,042	675,042
Unassigned	609,279	-	-	609,279
Total fund balance	609,279	21,347	675,042	1,305,668

RECONCILIATION TO STATEMENT OF NET POSITION:

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.		
Add - Capital Assets-Non Depreciable	218,120	
Add - Capital Assets-Depreciable	5,974,934	
Deduct - Accumulated Depreciation	(3,245,718)	2,947,336
Deferred outflows of resources related to net pension liability are not available resources and, therefore, are not reported in the funds		
Related to net pension liability	274,351	
Related to net OPEB liability	240,860	
		515,211
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Deduct - other postemployment benefit obligation	(1,361,792)	
Deduct—bonds payable due within one year	(110,000)	
Deduct—bonds payable due in more than one year	(665,000)	
Deduct—accrued interest on bonds payable	(8,889)	
Deduct-net pension liability	(978,593)	(3,124,274)
Deferred inflows of resources are not payable from current expendable resources and, therefore, are not reported in the funds		
Related to net pension liability	(84,509)	
Related to net OPEB liability	152,421	
		67,912
Net assets of governmental activities		$ 1,711,853

See notes to financial statements.

TERREBONNE PARISH FIRE DISTRICT NO. 7

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

	General Fund	Training Center Fund	Debt Service Fund	Total
REVENUES				
Ad Valorem Taxes	$ 969,802	$ -	$ 212,141	$ 1,181,943
Intergovernmental-State				
State Revenue Sharing	37,262	-	-	37,262
State Supplemental Pay	48,000	-	-	48,000
Fire Insurance Rebate	35,339	-	-	35,339
Intergovernmental-Local	-	18,000	-	18,000
Interest	16,499	4	346	16,849
Miscellaneous	8,517	135	263	8,915
TOTAL REVENUES	1,115,419	18,139	212,750	1,346,308
EXPENDITURES				
Current - Public Safety:				
Personal services	807,682	-	-	807,682
Supplies & Materials	56,180	11,000	-	67,180
Other services & charges	345,282	5,192	45	350,519
Repairs & Maintenance	26,362	280	-	26,642
Total current	1,235,506	16,472	45	1,252,023
Capital Outlay	25,040	-	-	25,040
Debt Service:				
Principal payments	-	-	105,000	105,000
Interest and fees	-	-	34,234	34,234
Total debt service	-	-	139,234	139,234
TOTAL EXPENDITURES	1,260,546	16,472	139,279	1,416,297
Excess (deficiency) of Revenues over Expenditures	(145,127)	1,667	73,471	(69,989)
Transfers to (from) other funds	(27,381)	(978)	28,359	-
Net change in fund balances	(172,508)	689	101,830	(69,989)
FUND BALANCES:				
Beginning of year	781,787	20,658	573,212	1,375,657
End of year	$ 609,279	$ 21,347	$ 675,042	$ 1,305,668

See notes to financial statements.

TERREBONNE PARISH FIRE DISTRICT NO. 7

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

Net change in fund balances - total governmental funds		$ (69,989)
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	25,040	
Miscellaneous adjustments	-	
Deduct—depreciation expense	(254,269)	(229,229)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds.		
Add -payment on long term debt		105,000
Accrued interest expense on debt and the amortization of bond issuance costs, discounts, premiums and deferred losses are not recorded by governmental funds, but are reported under interest and fiscal changes for purposes of net assets.		
Add - decrease in accrual for accrued interest payable		1,924
Some expenses reported in the government-wide statement of activities do not require the use of current financial resources, and, therefore, are not reported as expenditures in the governmental funds.		
(Increase) decrease in other postemployment benefits liability	(316,014)	
(Increase) decrease in Net Pension Liability	14,388	
Change in Deferred Outflows and Inflows-Pensions	217,176	
Change in Deferred Outflows and Inflows-OPEB	233,093	
		148,643
Change in net assets - governmental activities		$ (43,651)

See notes to financial statements.

Terrebonne Parish Fire District No. 7 (the District) is governed by a Board of Commissioners appointed by the Terrebonne Parish Consolidated Government organized under La. Revised Statute 40:1492 and Terrebonne Parish Ordinance #5175 adopted January 12, 1994. The District provides for the acquisition, construction, maintenance, and operations of fire protection and emergency medical service facilities, for the purchase of fire trucks and other firefighting or emergency medical service equipment and paying the cost of obtaining water for fire protection purposes within the District.

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.

A. Reporting Entity

As the governing authority, the Terrebonne Parish Consolidated Government is the financial reporting entity for Terrebonne Parish. Most ad valorem tax revenue is received from Terrebonne Parish. Because the Terrebonne Parish Consolidated Government could in statute be financially burdened by the Fire District No. 7, the District was determined to be a component unit of the Terrebonne Parish Consolidated Government. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Terrebonne Parish Consolidated Government, the general government services provided by that governmental unit, or the other governmental reporting entity. The accompanying financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish.

B. Basis of Presentation

The accounting system is organized and operated on a fund basis whereby a separate self-balancing set of accounts is maintained for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds in the financial statements in this report are as follows:

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

B. Basis of Presentation (continued)

Governmental Fund Type
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 per 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 - Accounts for all financial resources and expenditures except those required to be accounted for in other funds.

Debt Service Fund –Accounts for the accumulation of resources for and the payment of principal and interest on long-term general obligation debt of governmental funds.

Special Revenue Fund – (Training Project Fund) Accounts for and reports the revenues and expenditures for the Tri-District Training Center.

C. Measurement Focus / 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.

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.

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).

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

C. Measurement Focus / Basis of Accounting (continued)

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. 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. The court considers all revenues 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. The 2019 tax levy is recorded as deferred revenue in the current financial statements. Charges for services are recorded when earned since they are measurable and available. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable or available until actually received.

Expenditures – The major expenditures 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).

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

C. 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.

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 Budgets

As required by Louisiana Revised Statutes, The Board of Commissioners adopted a budget for the General and Special Revenue Funds. 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 for the year ended December 31, 2019 for the General Fund. All budgeted amounts that are not expended or obligated through contracts lapse at year-end. The General Fund and Special Revenue Fund budgets are adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

F. Cash and Investments

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 District 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.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

F. Cash and Investments (Continued)

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or any other federally insured investments, certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations. Investments are stated at fair value as established by open market, except for the Louisiana Asset Management Pool (LAMP).

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

G. Receivables

The financial statements for the District 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.

H. Deferred Outflows and Inflows of Resources

The District reports decreases (increases) in net position that relate to future periods as deferred outflows (inflows) of resources in separate sections of its Statement of Net Position. The District reports deferred outflows of resources and deferred inflows of resources related to its net pension liability. These amounts are being amortized over a period of four years.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

I. Capital Assets

In the government-wide financial statements, additions, improvements and other capital outlays that significantly extend the useful life of an asset are recorded and depreciated (capitalized). Capital assets purchased or acquired with an original cost of $500 or more are valued at historical cost 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. 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. All capital assets, other than land, are depreciated using the straight-line method over the following estimated useful lives:

CATEGORY	LIFE
BUILDINGS AND IMPROVEMENTS	10-40 YEARS
OFFICE FURNITURE & EQUIPMENT	5-15 YEARS
VEHICLES & EQUIPMENT	5-40 YEARS

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

J. Long-Term Obligations

The accounting treatment of long-term obligations depends on whether they are reported in the GWFS or FFS.

In the GWFS all long-term obligations to be repaid from governmental resources are reported as liabilities in the GWFS. The long-term obligations consist of general obligation bonds and other postemployment benefit obligations.

In the FFS long-term obligations for governmental funds are not reported as liabilities in the FFS. The debt proceeds are reported as other financing sources and payments of principle and interest reported as expenditures. The District funds other postemployment benefit obligations on a pay as you go basis. Accordingly, payments for postemployment benefits are recognized as expenditures when the current liability is incurred.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

K. Vacation and Sick Leave

Full time employees are entitled to 18 days of vacation after one year of service. Each year the employee must take the vacation time before the anniversary date (the first day of employment). The vacation period shall be increased by one day for each year of service over ten years, up to a maximum vacation period of thirty days. There is no accumulated vacation as of the end of the year.

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 not 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 though the injury or illness may have occurred while he was off duty. Firemen are not prohibited from engaging in part-time employment while receiving sick leave. A probationary firefighter who is not a regular or permanent firefighter is not entitled to sick leave benefits provided by the District. Sick leave does not accumulate for employees; accordingly there is no accrued sick leave as of year-end.

L. Fund Equity

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

- Invested 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.
- 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.
- 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 District's policy to use restricted resources first, then unrestricted resources as they are needed.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

L. Fund Equity (continued)

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 AND INVESTMENTS

Deposits:

A summary of deposits and investments are listed as follows:

	Reported Amount	Bank Balance
Cash	$721,517	$730,965
LAMP	735,891	735,891
Total	$1,457,408	$1,466,856

Note 2 DEPOSITS AND INVESTMENTS (continued)

State law requires that deposits (cash and certificates of deposit) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the 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. Under the provision of GASB, pledged securities, which are not in the name of the governmental unit, are considered uncollateralized.

Custodial credit risk is the risk that in the event of a bank failure, deposits may not be returned to it. The District has a written policy for custodial credit risk. At year-end $480,965 was exposed to custodial credit risk. These deposits were secured by the market value of collateralized deposits.

Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Investments:

Investment balances and maturities at year end are as follows:

Investment Type	As Reported	Fair Value	Ave Days Maturity
Louisiana Asset Management Pool	$735,891	$735,891	Less than 1 year

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

Note 2 DEPOSITS AND INVESTMENTS (continued)

LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2-a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments.

The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or back by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with maturity in excess of 397 days. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued at amortized cost, which approximates fair value. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

Note 3 AD VALOREM 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 valued are established by the 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 tax rate for the year ended December 31, 2018 that the 2019 revenue was calculated was 16.15 mills of assessed valuation on property within Terrebonne Parish Fire District No. 7 for the purpose providing fire protection within the District and 4.04 mills for repayment of debt service.

Note 4 DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consisted of $597,6230 due from the Terrebonne Parish Tax Collector for ad valorem taxes collected but not yet remitted.

Note 5 SUPPLEMENTAL PAY

In addition to the compensation paid to employees, firefighters may be eligible to receive supplemental pay. The amount of the compensation is determined by State Law and is revised periodically. During the current year the District has recognized revenue and expenditures of $48,000 in salary supplements received from the State.

Note 6 RISK MANAGEMENT

The District is exposed to various risks of loss related to workmen's 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 also participates in the Parish's risk management program for general liability and workers' compensation and group health. The premiums for auto liability are paid to the Parish for reimbursement of commercial carrier premiums. No settlements were made during the year that exceeded the District's insurance coverage.

Note 7 CAPITAL ASSETS

Information about capital assets and depreciation for the year are summarized as follows:

	Beginning Balance	Additions	Deletions/ Adjustments	Ending Balance
NON-DEPRECIABLE ASSETS				
Land	$ 218,120	$ -	$ -	$ 218,120
DEPRECIABLE ASSETS:				
Buildings & Improvements	3,270,089	5,956	-	3,276,045
Office Furniture & Equipment	2,605,516	17,577	-	2,623,093
Vehicles, Machinery & Equipment	74,289	1,507	-	75,796
Total Cost of depreciable assets	5,949,894	**25,040**	-	**5,974,934**
Total Cost of assets	6,168,014	**25,040**	-	6,193,054

Note 7 CAPITAL ASSETS (continued)

ACCUMULATED DEPRECIATION				
Buildings & Improvements	1,295,782	92,345	-	1,388,127
Office Furniture & Equipment	1,644,852	155,174	-	1,800,026
Vehicles, Machinery & Equipment	50,815	6,750	-	57,565
Total accumulated depreciation	2,991,449	**254,269**	-	**3,245,718**
Net depreciable assets	$2,958,445			$2,729,216
Net capital assets	$3,176,565			**$2,947,336**

Depreciation Expense of $254,269 was recorded in the governmental activities.

Note 8 LONG TERM DEBT

The District had outstanding general obligation bonds (Series 2005) originally issued in the amount of $1,400,000 bearing interest ranging from 3.85% to 5.13% which are repayable through March 1, 2025 primarily through ad valorem tax revenues.

Changes in long-term debt. Long-term debt activity for the year was as follows:

	BEGINNING BALANCE	ADDITIONS	PAYMENTS	ENDING BALANCE	DUE WITHIN ONE YEAR
GENERAL OBLIGATION BONDS, SERIES 2005	$ 880,000	$ -	$ 105,000	$ 775,000	$ 110,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

YEAR	PRINCIPAL	INTEREST	TOTAL
2020	$110,000	$31,955	$141,955
2021	115,000	29,625	144,625
2022	125,000	23,625	148,625
2023	130,000	17,250	147,250
2024	135,000	10,625	145,625
2025	160,000	3,625	163,625
	$ 775,000	$116,705	$891,705

Note 9 OTHER POSTEMPLOYMENT BENEFITS

Plan Description. The TPCG administers a single employer defined benefit healthcare plan (the Plan). The Plan provides for the payment of medical, dental and life insurance premiums to eligible employees, retirees and their dependents as approved by the Board of Commissioners. The District funds the entire premium for all benefits on all employees.

District employees retiring with at least ten years of permanent fill-time creditable service with the District shall be eligible to participate in the Plan approved by the Board of Commissioners under the following vesting schedule: 1 to15 years of service, 2.75% per year; 16 to 20 years of service, 41.25 % plus 3.75% per year of service between 16 and 20; 21 years or more f service, 60% plus 5% per year of service over 21, limited to 85% of the premium. A retired employee may provide dependent hospitalization coverage at applicable dependent rates.

Terrebonne Parish Consolidated Government contracts with an actuarial consultant to provide an actuarial valuation of the OPEB liability under GASB Statement 75, which requires at least biennial valuations for plans with membership over 200, unless significant changes since the last valuation. The actuarial valuation date is January 1, 2018.

Benefits Provided. The Parish maintains the following benefits covering eligible active and retire employees and their dependents.

- Self-funded health coverage
  - Standard plan
  - Premium plan
- Self-funded dental coverage
- Fully insured group term life insurance
- Beginning January 1, 2019, a fully insured Medicare Advantage plan for Medicare-eligible retirees

For hire dates prior to January 1, 2013, to be eligible for coverage after retirement, employees were required to have ten years of service with the Parish and be eligible for retirement under one of the state retirement systems.

Effective for all employees hired on or after January 1, 2013, the Parish changed the eligibility requirements. For MPERS and FRS employees, benefits will be available to those eligible with twenty-five years of service and age 55. For all other employees, a retiring employee must have thirty years of service and age 55.

Note 9 OTHER POSTEMPLOYMENT BENEFITS (continued)

For employees who were hired prior to January 1, 2013 and retired prior to 2005, the Parish implemented a contribution structure that varies based on the years of service at retirement. The current Parish subsidy percentages vary between 10 years of service of 27.50% and 25+ years of 80%. For those who retired after 2005, the Parish subsidy is 80%.

Employees covered by benefit terms. At January 1, 2018, the following employees were covered by the benefit terms of the plan:

Inactive employees or beneficiaries currently receiving benefit payments	229
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	963
	1,192

Contribution Rates. Employees do not contribute to their post-employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Total OPEB Liability. The District's total OPEB liability of $1,361,792 measured as of December 31, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs.

The total OPEB liability was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	December 31, 2019
Actuarial Valuation Date	January 1, 2018
Inflation	2.5%
Salary increases	3.0%, including inflation
Discount rate	2.75%,
Prior year discount rate	3.71%

Note 9 OTHER POSTEMPLOYMENT BENEFITS (continued)

The discount rate was based on December 31, 2019 Fidelity General Obligation AA 20-Year Yield. Mortality rates for active employees were based on the PubG.H.-2010 (general) and PubS.H.-2010 (public safety) Employee Mortality Tables, Generational with Projection Scale MP-2019 for males or females, as appropriate.

Mortality rates for retirees were based on PubG.H.-2010 (general) and PubS.H.-2010 (public safety) Healthy Annuitant Mortality Table, Generational with Projection Scale MP-2019 for males or females, as appropriate.

Effective January 1, 2019, a Medicare Advantage plan was introduced, resulting in 70% of eligible retirees moving from the PPO plans.

Changes in the Total OPEB Liability (Asset). The table below reflects the Net Other Post-employment Benefit (OPEB) Obligation (Asset):

Beginning Net OPEB Obligation	$1,045,778
Service Cost	21,253
Interest	28,971
Changes of benefit terms	4,552
Differences between expected and actual experience	42,556
Changes in assumptions	253,743
Benefit payments	(35,060)
Net Change in OPEB Obligation	(316,016)
Ending Net OPEB Obligation 12/31/2018	$1,361,792

Sensitivity of the total OPEB liability to changes in the discount rate and healthcare trend rates. The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.71%) or 1-percentage-point higher (4.71%) than the current discount rate.

	1.0% Decrease	Current Discount Rate	1.0% Increase
Total OPEB liability	$ 1,638,595	$1,361,792	$1,146,075
Healthcare Cost Trend Rates	$ 1,107,452	$1,361,792	$1,704,601

Note 9 OTHER POSTEMPLOYMENT BENEFITS (continued)

The District's proportionate share of the aggregate plan OPEB expense (benefit) was $96,550.

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$ 7,003	$34,045
Assumption changes	48,863	202,994
Deferred Amounts	0	3,822
Total	$55,866	$240,860

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending December 31:	
2020	$46,387
2021	$46,387
2022	$46,387
2023	$46,387
Thereafter	$0

NOTE 10 FIREFIGHTERS RETIREMENT SYSTEM

GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits.

PLAN DESCRIPTION – The District contributes to the Firefighters' Retirement System of Louisiana (FRS), a cost-sharing multiple-employer defined benefit public retirement system, which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Act 434 of the 1979 Louisiana Legislative Session established the plan. The System is governed by Louisiana R.S. 11:2251 – 11:2269, specifically, and other general laws of the State.

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 of Louisiana, 2051 Silverside Dr., Suite 210, Baton Rouge, LA 70808-4136 or at their website http://www.lafirefightersret.com.

NOTE 10 FIREFIGHTERS RETIREMENT SYSTEM (continued)

ELIGIBILITY REQUIREMENTS – Membership in the System is a condition of employment for any full time firefighters who earn at least $375 per month and are employed by any municipality, parish, or fire protection district of the State of Louisiana in addition to employees of the Firefighters Retirement System. Any person who becomes an employee as defined in R.S. 11:2252 on and after January 1, 1980 shall become a member as a condition of employment. No person who has attained age fifty 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 fifty. No person who has not attained the age of eighteen 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.

RETIREMENT BENEFITS – Employees with 20 or more years of service who have attained age 50, or employees who have 12 years of service who have attained age 55, or 25 years of service at any age are entitled to annual pension benefits equal to 3.333% of their average final compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 100%. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity.

If employees terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to their employer's contributions. Benefits are payable over the employees' lives in the form of a monthly annuity. An employee may elect an unreduced benefit or any of seven options at retirement. See R.S. 11:2256(A) for additional details on retirement benefits.

DISABILITY BENEFITS – A member who acquires a disability, and who files for disability benefits while in service, and who upon medical examination and certification as provided for in Title 11, is found to have a total disability solely as the result of injuries sustained in the performance of his official duties, or for any cause, provided the member has at least five ears of creditable service and provided that the disability was incurred while the member was an active contributing member in active service, shall be entitled to disability benefits under the provisions of R.S. 11:2258(B).

NOTE 10 FIREFIGHTERS RETIREMENT SYSTEM (continued)

DEATH BENEFITS – Benefits shall be payable to the surviving eligible spouse or designated beneficiary of a deceased member as specified in R.S. 11:2256(B) & (C).

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 the deferred retirement option plan (DROP) for up to 36 months.

Upon commencement of participation in the DROP employer and employee contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the DROP 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 DROP 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 DROP account until the participant retires.

INITIAL BENEFIT OPTION PLAN – Effective June 16, 1999, members eligible to retire and who do not choose to participate in DROP may elect to receive, at the time of retirement, an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. Such amounts may be withdrawn or remain in the IBO account earning interest at the same rate as the DROP account.

EMPLOYER CONTRIBUTIONS – Employer contributions are actuarially determined each year. For the period July 1, 2017 to June 30, 2018, employer and employee contributions for members above the poverty line were 26.50% and 10.0% respectively. For the period July 1, 2018 to June 30, 2019, employer and employee contributions for members above the poverty line were 27.75% and 10.0% respectively.

NON-EMPLOYER CONTRIBUTIONS – The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue during the year ended June 30, 2019 and were excluded from pension expense. Non-employer contributions received by the District was $41,894 and the System was $26,807,631.

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES - As of December 31, 2019, the District reported liabilities in the GWFS of $978,593 in its governmental activities for is proportionate share of the net pension liabilities of the System.

NOTE 10 FIREFIGHTERS RETIREMENT SYSTEM (continued)

The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension obligation was determined by an actuarial valuation as of that date. The proportion of the net pension liability was based on a projection of the long-term contributions to the plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the District's proportional share of the System was 0.156277% which was a decrease of 0.17263% from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019 the District recognized a pension expense of $186,294 and deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

FFRS	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$ 65,808	$(70,590)
Changes in assumption	89,028	(71)
Changes due to proportion	68,838	(81,760)
Employer Contributions after the Measurement Date	50,677	-
Totals	$274,351	$(152,421)

The deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2020	$62,427
2021	$(7,398)
2022	$24,418
2023 & thereafter	$(8,194)
	$71,253

NOTE 10 FIREFIGHTERS RETIREMENT SYSTEM (continued)

ACTUARIAL ASSUMPTIONS - The total pension liabilities in the June 30, 2019, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurements:

Valuation Date	June 30, 2019
Actuarial cost method	Entry Age Normal
Actuarial cost assumptions:	
Expected remaining service lives	7 years, closed period
Investment rate of return	7.15% per annum
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	For the purpose of determining the present value of benefits, COLAs were deemed not to be substantively automatic and only those previously granted were included

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 creditability 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.

Annuity values calculated based on this mortality were compared to those produced by using a set-back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC 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.

NOTE 10 FIREFIGHTERS RETIREMENT SYSTEM (continued)

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 CHANGES IN DISCOUNT RATE - The following presents the net pension liabilities 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 or one percentage point higher than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Net Pension Liability	$1,417,068	$978,593	$610,569

Note 11 COMPENSATION OF BOARD MEMBERS

Total compensation was paid to the following Board Members:

Barry Chauvin	$360
Jude Landry	360
Reily LeBoeuf	360
Cecil Lapeyrouse	240
Marty Dupre	270
	$1,590

REQUIRED SUPPLEMENTAL INFORMATION

TERREBONNE PARISH FIRE DISTRICT NO. 7

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

	Budgets Original	Budgets Final	Actual	Variance Favorable (Unfavorable)
REVENUES				
Ad Valorem Taxes	$980,000	$980,000	$969,802	$ (10,198)
State Revenue Sharing	15,000	15,000	37,262	22,262
State Supplemental Pay	54,000	54,000	48,000	(6,000)
Fire Insurance Rebate	35,000	35,000	35,339	339
Miscellaneous	1,000	1,000	16,499	15,499
Interest	12,000	12,000	8,517	(3,483)
TOTAL REVENUES	1,097,000	1,097,000	1,115,419	18,419
EXPENDITURES				
Public safety - current:				
Personal services	834,750	834,750	807,682	27,068
Supplies & Materials	88,500	88,500	56,180	32,320
Other services & charges	252,061	252,061	345,282	(93,221)
Repairs & Maintenance	62,500	62,500	26,362	36,138
Total public safety - current	1,237,811	1,237,811	1,235,506	2,305
Capital expenditures	17,700	17,700	25,040	(7,340)
TOTAL EXPENDITURES	1,255,511	1,255,511	1,260,546	(5,035)
Excess (deficiency) of Revenues over Expenditures	(158,511)	(158,511)	(145,127)	23,454
Transfers to (from) other funds	-	-	(27,381)	(27,381)
NET CHANGE IN FUND BALANCES	(158,511)	(158,511)	(172,508)	(3,927)
FUND BALANCES				
Beginning of year, restated	781,787	781,787	781,787	-
End of year	$ 623,276	$ 623,276	$ 609,279	$ (3,927)

Notes to budget comparison schedule:

1 Basis of Accounting

The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP).

2 Budgetary Practices

The District prepares and adopts a budget in accordance with LSA-RS 39:1301 et seq. The annual budget for the General Fund is prepared in accordance with the basis of accounting utilized by that fund.

Neither encumbrance accounting nor formal integration of the budget into the accounting records is employed as a management control device. However, periodic comparisons of budget and actual amounts are performed.

TERREBONNE PARISH FIRE DISTRICT NO. 7

Budget Comparison Schedule - Training Center Fund
For the Year Ended December 31, 2019

	Budgets Original	Budgets Final	Actual	Variance Favorable (Unfavorable)
REVENUES				
Intergovernmental - Local	$15,000	$15,000	$18,000	$ 3,000
Miscellaneous	-	-	135	135
Interest	60	60	4	(56)
TOTAL REVENUES	15,060	15,060	18,139	3,079
EXPENDITURES				
Public safety - current:				
Supplies & Materials	5,500	5,500	11,000	(5,500)
Other services & charges	5,500	5,500	5,192	308
Repairs & Maintenance	-	-	280	(280)
Total public safety - current	11,000	11,000	16,472	(5,472)
Capital expenditures	-	-	-	-
TOTAL EXPENDITURES	11,000	11,000	16,472	(5,472)
Excess (deficiency) of Revenues over Expenditures	4,060	4,060	1,667	(2,393)
Transfers to (from) other funds	-	-	(978)	(978)
NET CHANGE IN FUND BALANCES	4,060	4,060	689	(3,371)
FUND BALANCES				
Beginning of year	5,426	5,426	20,658	15,232
End of year	$ 9,486	$ 9,486	$ 21,347	$ 11,861

TERREBONNE PARISH FIRE DISTRICT NO. 7

Required Supplemental Information

Firefighters Retirement Pension Plan

For Fiscal Year Ended Measurement Date	December 31, 2015 June 30, 2015	December 31, 2016 June 30, 2016	December 31, 2017 June 30, 2017	December 31, 2018 June 30, 2018	December 31, 2019 June 30, 2019
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION					
Proportion of the net pension liability	0.15478%	0.171032%	0.172572%	0.172630%	0.156277%
Proportionate share of the net pension liability	$ 835,360	$ 1,118,704	$ 989,157	$ 992,981	$ 978,593
Covered employee payroll	$ 189,604	$ 162,525	$ 218,280	$ 426,330	$ 382,487
Proportionate share of the net	440.58%	688.33%	453.16%	232.91%	255.85%
Plan fiduciary net position as a	72.45%	68.20%	73.50%	74.76%	73.96%
SCHEDULE OF CONTRIBUTIONS					
Contractually required contribution	$ 52,253	$ 52,198	$ 15,211	$ 108,916	$ 100,091
Contributions made	(52,253)	(300,359)	(15,211)	(108,004)	(101,359)
Contribution deficiency (excess)	$ -	$ -	$ -	$ 912	$ (1,268)
Covered employee payroll	$ 162,525	$ 218,280	$ 52,906	$ 426,330	$ 382,487
Contribution as a percentage of	32.15%	23.91%	28.75%	25.33%	26.50%

** Note: Initial Year of GASB 68 Implementation was 2015. This schedule is intended to show information for 10 years. Additional Years will be displayed as they become available.

Notes to Required Supplementary Information

Changes of Benefit Terms	No change	No change	No change	No change	No change
Changes of Assumptions					
Inflation rate	2.875%	2.875%	2.775%	2.700%	2.700%
Discount rate used to measure pension liability	7.50%	7.50%	7.40%	7.30%	7.15%
Salary increases	Vary from 15% in the first two years of service to 4.75% after 25 years	Vary from 15% in the first two years of service to 4.75% after 25 years	Vary from 15% in the first two years of service to 4.75% after 25 years	Vary from 15% in the first two years of service to 4.75% after 25 years	Vary from 14.75% in the first two years of service to 4.75% after 25 years
Investment rate of return	7.50%	7.50%	7.40%	7.30%	7.15%
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Expected remaining service lives	7 years, closed period	7 years, closed period	7 years, closed period	7 years, closed period	7 years, closed period

TERREBONNE PARISH FIRE DISTRICT NO. 7
REQUIRED SUPPLEMENTAL INFORMATION
Schedule of Changes in the Total OPEB Liability and Related Ratios

Total OPEB Liability		**2018**		**2019**
Service Cost	$	48,399	$	21,253
Interest	$	70,522	$	28,971
Change in benefit terms	$	(1,057,226)	$	4,552
Differences between expected and actual experience	$	(10,459)	$	42,556
Changes in assumptions or other inputs	$	(72,977)	$	253,743
Benefit payments	$	(29,337)	$	(35,060)
Net Change in Total OPEB Liability	$	(1,051,078)	$	316,015
Total OPEB Liability-beginning	$	2,096,855	$	1,045,778
Total OPEB Liability-ending	$	1,045,777	$	1,361,793
Covered Employee Payroll	$	409,289	$	462,570
Total OPEB Liability as a percentage of covered employee payroll		255.51%		294.40%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Retirement System Schedules:

Changes of Benefit Terms.	None	Effective 1/1/2019, a Medicare Advantage Plan was introduced as an option for eligible retirees.

Changes of Assumptions.
The changes of assumptions and other inputs reflect the effects of changes in the discount rate each period.

Inflation	not listed	2.500%
Salary Increases, including inflation	3.000%	3.000%
Discount rate used	3.710%	2.750%

OTHER INFORMATION

TERREBONNE PARISH FIRE DISTRICT NO. 7

Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer
For the Year Ended December 31, 2019

Agency Head Name: Marty Thibodeaux, District Fire Chief

Purpose	Amount
Salary	$80,335
State Supplemental Pay paid directly by the State of LA	$6,000
Benefits-insurance - Employer Paid premium - **	$16,872
Benefits-retirement	$21,891
Deferred compensation (contributions made by the agency)	$0
Benefits - other (Medicare-1.45%)	$1,165
Car allowance	$0
Vehicle provided by government (enter amount reported on W-2 adjusted for various fiscal years)	$0
Benefits-Cell phone	$481
Dues	$0
Vehicle rental	$0
Per diem	$0
Reimbursements-office supplies	$0
Travel	$593
Registration fees	$0
Conference travel	$0
Housing	$0
Unvouchered expenses (example: travel advances, etc.)	$0
Special meals	$0

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

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 Commissioners of
Terrebonne Parish Fire District No. 7
Chauvin, 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. 7 (the District), a component unit of Terrebonne Parish Consolidated Government 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 14, 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.

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MEMBERS: AICPA • LCPA

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 14, 2020
Thibodaux, Louisiana

TERREBONNE PARISH
FIRE DISTRICT #7

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
Terrebonne Parish Fire District No. 7

Independent Accountant's Report
On Applying Agreed-Upon Procedures

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

To the Board Members of the
Terrebonne Parish Fire District No. 7 and
Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Terrebonne Parish Fire District No. 7 (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 fiscal period January 1, 2019 through 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 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 the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

   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.

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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 policies of the District address all of the functions listed, with the following exceptions.

- *1(f) The policy for contracting does not address 1) types of services requiring written contracts or 2) the legal review.*
- *1(j) There was no debt service policy.*
- *1(k) There was no disaster recovery/business continuity policy.*

Management's Response:

- *1(f) Contracting Policy – The District will consider revising its policy to reflect the legal review process.*
- *1(j) Debt Service Policy – The District will consider adding a debt service policy to reflect its current practices.*
- *1(k) Disaster Recovery/Business Continuity – The District is in the process of formulating the written policy.*

Board (or Finance Committee, if applicable)

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

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

Results: *The District met at least monthly. The minutes reference budget-to-actual comparisons on the General Fund and other major funds.*

   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: *These procedures are not applicable.*

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: *We selected the main operating account and two (2) additional bank accounts and requested bank reconciliations for each. The bank reconciliation was provided for the main operating account and the Debt Service Account. No bank reconciliation was provided for the Special Revenue Account for December 2019. For the two accounts that reconciliations were provided there was evidence that the reconciliation was prepared within 2 months of the statement closing date. There was no evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks reviewed the bank reconciliation and for the main operating account there were outstanding items dating back to 2013 on the bank reconciliation.*

Managements Response: *The accountant for the Board reconciles all bank reconciliations. In the future, a member of the Board will sign off as reviewing each bank reconciliation. All outstanding items over 6 months will be researched and documented as to its disposition.*

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:
   d) Employees that are responsible for cash collections do not share cash drawers/registers.
   e) 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.
   f) 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.
   g) 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: *These procedures are not applicable.*

Travel and Expense Reimbursement

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:

    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: *These procedures are not applicable.*

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.

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).*

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 exception in Year 1 was based strictly on the wording of the procedure and the District has compensating controls that fully mitigate the underlying control risk therefore this procedure was excluded from testing in Year 2 (December 31, 2018) and Year 3 (December 31,2019).*

Ethics (excluding nonprofits)

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above· obtain ethics documentation from management, and:
    a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
    b. 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, 2013), therefore was excluded from testing in Year 3 (December 31, 2019).*

Debt Service (excluding nonprofits)

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: *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).*

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 1, 2020