

Financial Report

Schriever Fire Protection District

Schriever, Louisiana

December 31, 2019

Financial Report

*Schriever Fire Protection District
Schriever, Louisiana*

December 31, 2019

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December 31, 2019

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Schriever Fire Protection District,
Schriever, Louisiana.

We have audited the accompanying financial statements of the governmental activities and each major fund of Schriever Fire Protection District, (the "District"), a component unit of Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Schriever Fire Protection District as of December 31, 2019, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 10 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 District's basic financial statements. The accompanying supplementary information on page 38 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2020 on our consideration of Schriever Fire Protection District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
June 25, 2020.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Schriever Fire Protection District

December 31, 2019

Management's Discussion and Analysis of the Schriever Fire Protection District's financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2019. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The District's assets exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2019 by \$2,698,691 (net position), which represents a 14.06% increase from last fiscal year.

The District's revenue increased \$71,136 (or 4.99%) primarily due to the increase in ad valorem taxes.

The District's expenses increased \$25,818 (or 2.27%) primarily due to increases in public safety expenditures.

The District did not have a deficit fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business. The Statement of Net Position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The Statement of Activities presents information showing how the District's net position changed during each fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The governmental activity of the District is public safety.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of the District are governmental funds.

Governmental Funds

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

The District maintains two individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and Debt Service Fund. The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The governmental fund financial statements can be found on pages 11 through 15 of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Notes to the Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. As of December 31, 2019, assets exceeded liabilities and deferred inflows of resources by \$2,698,691. A large portion of the District's net position (22.86%) reflects its investment in capital assets (e.g., land, buildings, improvements, office furniture, fixtures, and equipment; vehicles, machinery and equipment (includes fire trucks). Consequently, these assets are not available for future spending.

Condensed Statements of Net Position

	<u>December 31,</u>		<u>Dollar</u>
	<u>2019</u>	<u>2018</u>	<u>Change</u>
Current and other assets	\$ 4,442,193	\$ 3,424,976	\$ 1,017,217
Capital assets	<u>2,943,706</u>	<u>3,297,819</u>	<u>(354,113)</u>
Total assets	<u>7,385,899</u>	<u>6,722,795</u>	<u>663,104</u>
Current and other liabilities	31,855	414,187	(382,332)
Long-term liabilities	<u>2,331,293</u>	<u>2,525,592</u>	<u>(194,299)</u>
Total liabilities	<u>2,363,148</u>	<u>2,939,779</u>	<u>(576,631)</u>
Deferred inflows of resources	<u>2,324,060</u>	<u>1,417,028</u>	<u>907,032</u>
Net position:			
Net investment in capital assets	616,798	789,250	(172,452)
Restricted	287,276	260,500	26,776
Unrestricted	<u>1,794,617</u>	<u>1,316,238</u>	<u>478,379</u>
Total net position	<u>\$ 2,698,691</u>	<u>\$ 2,365,988</u>	<u>\$ 332,703</u>

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental Activities

Governmental activities increased the District's net position by \$332,703. Key elements of this increase appear below:

Condensed Statements of Activities

	<u>December 31,</u>		<u>Dollar</u>	<u>Total</u>
	<u>2019</u>	<u>2018</u>	<u>Change</u>	<u>Percent</u>
				<u>Change</u>
Revenues:				
Taxes	\$ 1,386,059	\$ 1,293,758	\$ 92,301	7.13%
Intergovernmental	75,712	76,344	(632)	-0.83%
Miscellaneous	34,716	55,249	(20,533)	-37.16%
Total revenues	<u>1,496,487</u>	<u>1,425,351</u>	<u>71,136</u>	<u>4.99%</u>
Expenses:				
General government	42,038	51,142	(9,104)	-17.80%
Public safety	1,021,721	982,023	39,698	4.04%
Debt service	100,025	104,801	(4,776)	-4.56%
Total expenses	<u>1,163,784</u>	<u>1,137,966</u>	<u>25,818</u>	<u>2.27%</u>
Increase in net position	332,703	287,385	45,318	15.77%
Net position, beginning of year	<u>2,365,988</u>	<u>2,078,603</u>	<u>287,385</u>	<u>13.83%</u>
Net position, end of year	<u>\$ 2,698,691</u>	<u>\$ 2,365,988</u>	<u>\$ 332,703</u>	<u>14.06%</u>

In 2019, the District's ad valorem tax revenue increased due to increased millages and assessments within the District. Public safety expenses increased from increases in other services and charges.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

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

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND (Continued)

Governmental Funds

The focus of the District's governmental funds are to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$2,116,611 which is an increase of \$491,172 in comparison with the prior year. An unassigned fund balance of \$1,799,002 is available for spending at the District's discretion. The remainder of fund balance is restricted for debt service to indicate that it is not available for new spending.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the fund balance of the General Fund was \$1,799,002 which was unassigned. The fund balance of the District's General Fund increased by \$465,741 during the current fiscal year.

General Fund Budgetary Highlights

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

Revenues

- Investment income and other revenue increased to recognize increases in the interest and miscellaneous revenues.

Expenditures

- Personal services decreased to more accurately reflect anticipated expenditures.
- Supplies and materials decreased slightly to more accurately reflect anticipated expenditures.
- Other services and charges increased and repairs and maintenance increased to more accurately reflect anticipated expenditures.

For the year, actual revenues exceeded budgeted amounts and expenditures were less than budgeted amounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of December 31, 2019, amounts to \$2,943,706 (net of accumulated depreciation). This net investment in capital assets includes land, buildings, and improvements, office furniture, fixtures and equipment; vehicles, machinery, and equipment.

	<u>2019</u>	<u>2018</u>
Land	\$ 230,000	\$ 230,000
Buildings and improvements	1,902,328	1,855,604
Office furniture, fixtures, and equipment	42,238	36,579
Vehicles, machinery, and equipment	<u>4,329,681</u>	<u>4,297,103</u>
Totals	<u>\$ 6,504,247</u>	<u>\$ 6,419,286</u>

Major capital asset events during the current fiscal year included the following:

- Purchase of office furniture for \$5,659.
- Purchase of fire safety equipment for \$32,578.
- Office additions and modifications for \$46,724.

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

Long-term Obligations

As of December 31, 2019, the District had \$2,115,000 in general obligation bonds outstanding, a decrease of \$115,000 that represents the principal payment during 2019. The bonds are rated A-, with a stable outlook, by Standard and Poor's Rating Services. The District has capital lease obligations in the amount of \$211,908. Also, the District recognized a decrease of \$12,638 in compensated absences payable. More detailed information about the District's long-term obligations is presented in Note 7, Exhibit F of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

- The ad valorem tax revenue budgeted represents the estimated amount of the November 2019 assessment, which the District will receive, for the most part, in January 2020.
- Operating expenditures are anticipated to rise with the rise in cost for almost all aspects of basic operations.
- Capital purchases budgeted include a training field account, upgrading equipment, and refurbishing a rescue truck.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Board of Directors of the Schriever Fire Protection District, 1529 West Park Avenue, P.O. Box 83, Schriever, LA 70395.

STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET**Schriever Fire Protection District**

December 31, 2019

	General Fund	Debt Service Fund	Totals	Adjustments (Exhibit B)	Statement of Net Position
Assets					
Cash and cash equivalents	\$ 1,775,071	\$ 129,679	\$ 1,904,750	\$ -	\$ 1,904,750
Investments	-	200,369	200,369	-	200,369
Receivables - taxes	827,724	165,608	993,332	-	993,332
Due from other governments	1,139,638	204,104	1,343,742	-	1,343,742
Capital assets:					
Non-depreciable	-	-	-	230,000	230,000
Depreciable, assets, net of accumulated depreciation	-	-	-	2,713,706	2,713,706
Total assets	<u>\$ 3,742,433</u>	<u>\$ 699,760</u>	<u>\$ 4,442,193</u>	<u>2,943,706</u>	<u>7,385,899</u>
Liabilities					
Accounts payables and accrued expenditures	\$ 1,022	\$ 500	\$ 1,522	30,333	31,855
Long-term liabilities:					
Due within one year	-	-	-	193,610	193,610
Due after one year	-	-	-	2,137,683	2,137,683
Total liabilities	<u>1,022</u>	<u>500</u>	<u>1,522</u>	<u>2,361,626</u>	<u>2,363,148</u>
Deferred inflows of resources:					
Unavailable revenue - property taxes	1,942,409	381,651	2,324,060	-	2,324,060
Fund Balances/Net Position					
Fund balances:					
Restricted - debt service	-	317,609	317,609	(317,609)	-
Unassigned	1,799,002	-	1,799,002	(1,799,002)	-
Total fund balances	<u>1,799,002</u>	<u>317,609</u>	<u>2,116,611</u>	<u>(2,116,611)</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,742,433</u>	<u>\$ 699,760</u>	<u>\$ 4,442,193</u>		
Net position:					
Net investment in capital assets				616,798	616,798
Restricted:					
Debt service				287,276	287,276
Unrestricted				1,794,617	1,794,617
Total net position				<u>\$ 2,698,691</u>	<u>\$ 2,698,691</u>

See notes to financial statements.

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

Schriever Fire Protection District

December 31, 2019

Fund Balances - Governmental Fund		\$2,116,611
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.		
Capital assets	\$ 6,504,247	
Less accumulated depreciation	<u>(3,560,541)</u>	<u>2,943,706</u>
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds payable	(2,115,000)	
Capital lease obligations	(211,908)	
Accrued interest payable	(30,333)	
Compensated absences	<u>(4,385)</u>	<u>(2,361,626)</u>
 Net Position of Governmental Activities		 <u><u>\$2,698,691</u></u>

See notes to financial statements.

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

Schriever Fire Protection District

For the year ended December 31, 2019

	General Fund	Debt Service Fund	Totals	Adjustments (Exhibit D)	Statement of Activities
Revenues					
Taxes	\$1,155,467	\$230,592	\$1,386,059	\$ -	\$1,386,059
Intergovernmental:					
State of Louisiana:					
State revenue sharing	33,931	-	33,931	-	33,931
Fire insurance tax	41,781	-	41,781	-	41,781
Miscellaneous:					
Investment income	24,862	9,854	34,716	-	34,716
Total revenues	<u>1,256,041</u>	<u>240,446</u>	<u>1,496,487</u>	<u>-</u>	<u>1,496,487</u>
Expenditures/Expenses					
Current:					
General government:					
Ad valorem tax adjustment and deductions	35,248	6,790	42,038	-	42,038
Public safety:					
Personal services	254,500	-	254,500	(12,638)	241,862
Supplies and materials	61,149	-	61,149	-	61,149
Other services and charges	192,012	-	192,012	-	192,012
Repairs and maintenance	87,624	-	87,624	-	87,624
Depreciation	-	-	-	439,074	439,074
Total public safety	<u>595,285</u>	<u>-</u>	<u>595,285</u>	<u>426,436</u>	<u>1,021,721</u>
Debt service:					
Principal retirement	66,661	115,000	181,661	(181,661)	-
Interest and fiscal charges	8,145	93,225	101,370	(1,345)	100,025
Total debt service	<u>74,806</u>	<u>208,225</u>	<u>283,031</u>	<u>(183,006)</u>	<u>100,025</u>
Capital outlay	84,961	-	84,961	(84,961)	-
Total expenditures/expenses	<u>790,300</u>	<u>215,015</u>	<u>1,005,315</u>	<u>158,469</u>	<u>1,163,784</u>
Excess of Revenues Over Expenditures	<u>465,741</u>	<u>25,431</u>	<u>491,172</u>	<u>(491,172)</u>	<u>-</u>
Change in Net Position	-	-	-	332,703	332,703
Fund Balances/Net Position					
Beginning of year	1,333,261	292,178	1,625,439	740,549	2,365,988
End of year	<u>\$1,799,002</u>	<u>\$317,609</u>	<u>\$2,116,611</u>	<u>\$582,080</u>	<u>\$2,698,691</u>

See notes to financial statements.

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

Schriever Fire Protection District

For the year ended December 31, 2019

Net Change in Fund Balances - Governmental Funds **\$491,172**

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 84,961	
Depreciation expense	<u>(439,074)</u>	<u>(354,113)</u>

The net effect of various miscellaneous transactions involving capital assets, such as sales, trade-ins and impairments, increase net position.

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. The transaction has no effect on net position.

Capital lease payments	66,661	
Principal payments	<u>115,000</u>	<u>181,661</u>

Some expenditures reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Decrease in compensated absences	12,638	
Decrease in accrued interest payable	<u>1,345</u>	<u>13,983</u>

Change in Net Position of Governmental Activities **\$332,703**

See notes to financial statements.

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

Schriever Fire Protection District

For the year ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Budgetary Actual Amounts</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$1,153,581	\$1,154,446	\$1,155,467	\$ 1,021
Intergovernmental:				
State of Louisiana:				
State revenue sharing	32,000	33,931	33,931	-
Fire insurance tax	42,000	41,781	41,781	-
Miscellaneous				
Investment income (loss)	5,000	16,000	24,862	8,862
Other	-	5,782	-	(5,782)
Total revenues	<u>1,232,581</u>	<u>1,251,940</u>	<u>1,256,041</u>	<u>4,101</u>
Expenditures				
Current:				
General government:				
Ad valorem tax adjustments and deductions	<u>40,000</u>	<u>38,833</u>	<u>35,248</u>	<u>3,585</u>
Public safety:				
Personal services	304,875	217,128	254,500	(37,372)
Supplies and materials	71,200	67,325	61,149	6,176
Other services and charges	169,775	190,688	192,012	(1,324)
Repairs and maintenance	84,500	123,000	87,624	35,376
Total public safety	<u>630,350</u>	<u>598,141</u>	<u>595,285</u>	<u>2,856</u>
Debt service				
Principal retirement	-	-	66,661	(66,661)
Interest and fiscal charges	-	-	8,145	(8,145)
Total debt service	<u>-</u>	<u>-</u>	<u>74,806</u>	<u>(74,806)</u>
Capital outlay	<u>878,500</u>	<u>879,500</u>	<u>84,961</u>	<u>794,539</u>
Total expenditures	<u>1,548,850</u>	<u>1,516,474</u>	<u>790,300</u>	<u>726,174</u>
Excess (Deficiency) of Revenues Over Expenditures	(316,269)	(264,534)	465,741	730,275
Fund Balances				
Beginning of year	<u>1,155,777</u>	<u>1,333,261</u>	<u>1,333,261</u>	<u>-</u>
End of year	<u>\$ 839,508</u>	<u>\$1,068,727</u>	<u>\$1,799,002</u>	<u>\$730,275</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Schriever Fire Protection District**

December 31, 2019

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Schriever Fire Protection District (the "District") conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

a) Reporting Entity

The District is a component unit of the Terrebonne Parish Consolidated Government (the "Parish") and as such, these financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ended December 31, 2019.

GASB Statement No. 14, *"The Financial Reporting Entity"*, and GASB Statement No. 39, *"Determining Whether Certain Organizations Are Component Units-an amendment of GASB Statement No. 14"* and GASB Statement No. 61, *"The Financial Reporting Entity: Omnibus and Amendment of GASB Statements No. 14 and No. 34"* established the criterion for determining which component units should be considered part of the District for financial reporting purposes. The basic criteria are as follows:

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Reporting Entity (Continued)

The District has reviewed its activities and determined there are no reportable component units as of December 31, 2019.

b) Basis of Presentation

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

Government-wide Financial Statements

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

Fund Financial Statements

The daily accounts and operations of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows of resources, equity, revenues and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following are the governmental funds of the District:

General Fund - The General Fund is the general operating fund of the District. It is used to account for and report all financial resources not accounted for and reported in another fund. The General Fund is always a major fund.

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting

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

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied.

Fund Financial Statements

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

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Ad valorem taxes and the related state revenue sharing (intergovernmental revenue) are recognized as revenue in the period for which levied, thus the 2019 property taxes which are being levied to finance the 2020 budget will be recognized as revenue in 2020. The 2019 tax levy is recorded as a deferred inflow of resources - unavailable revenue in the District's 2019 financial statements. Charges for services are recorded when earned since they are measurable and available. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable until actually received.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting (Continued)

Fund Financial Statements (Continued)

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt which is recognized when due. Allocations of cost such as depreciation are not recognized in the governmental funds.

d) Use of Estimates

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

e) Operating Budgetary Data

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

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Accounts Receivable

The financial statements for the District contained no allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes and other receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectible portion of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the funds.

g) Investments

Investments are stated at fair value as established by open market, except for 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.

Investments during the year consisted LAMP and Federal Home Loan Bank Bonds.

h) Capital Assets

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

Government-wide Financial Statements:

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets purchased or acquired with an original cost of \$1,000 or more and a useful life greater than one year are valued at historical cost or estimated historical cost if actual cost is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Capital Assets (Continued)

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

Buildings and improvements	20 - 40 years
Vehicles, machinery, and equipment	5 - 25 years
Office furniture, fixtures, and equipment	5 - 20 years

Fund Financial Statements:

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

i) Compensated Absences

GASB Statement No. 16, "*Accounting for Compensated Absences*", requires governments to accrue compensated absences only to the extent it is probable that the employer will compensate employees for benefits through cash payments conditioned on the employees' termination or retirement. The District has recorded liabilities for accumulated vacation and sick leave as of December 31, 2019.

In the government-wide financial statements the total compensated absences liability is recorded as an expense and long-term obligations. In accordance with GASB Interpretation No. 6, "*Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*", no compensated absences liability is recorded as of December 31, 2019 in the governmental fund-type fund financial statements.

Employees of the District can earn 144 hours of vacation leave and 16 hours of personal leave. Accumulated vacation leave is due to the employee at the time of termination or death. The vacation policy provides that any unused annual leave in excess of 40 hours on the employee's anniversary date requires the approval of the Board Chairman. Personal leave does not accumulate.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Compensated Absences (Continued)

Every firefighter in the employ of a fire protection district shall be entitled to full pay during sickness or incapacity not brought about by his own negligence or culpable indiscretion for a period of no less than fifty-two weeks. A firefighter employed by any fire protection district who draws full pay during sickness or incapacity shall have such pay decreased by the amount of workers' compensation benefits actually received by the employee. A firefighter is entitled to sick leave benefits even though the injury or illness may have occurred while he was off duty. Firefighters are not prohibited from engaging in part-time employment while receiving sick leave. A probationary firefighter who is not a regular or permanent fireman is not entitled to sick leave benefits provided by the District. Sick leave does not accumulate for District employees. Accordingly, there is no accumulated sick leave for the District as of December 31, 2019.

j) Long-Term Obligations

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

Government-wide Financial Statements:

All long-term obligations to be repaid from governmental resources are reported as liabilities in the government-wide statements. Long-term obligations consists of general obligation bonds, capital lease obligations and compensated absences.

Fund Financial Statements:

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

k) Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time. The governmental fund reports unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The District reports unavailable revenue when

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Deferred Inflows of Resources (Continued)

resources associated with imposed non-exchange revenue transactions are received or reported as a receivable before (a) the period for which property taxes are levied or (b) the period when resources are required to be used or when use is first permitted for all other imposed non-exchange revenues in which the enabling legislation includes time requirements.

l) Equity

Government-wide Statements

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets, if any.
- b. Restricted net position - Consists of assets and deferred outflow of resources less liabilities and deferred inflows of resources (net position) with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets".

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. As of December 31, 2019, the District reported restricted resources for debt service.

Fund Financial Statements

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

- a. Non-spendable - amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to maintain intact.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D) Equity (Continued)

Fund Financial Statements (Continued)

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

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

m) New GASB Statements

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

Statement No. 83, "*Certain Asset Retirement Obligations*" addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The Statement did not affect the District's financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) New GASB Statements (Continued)

Statement No. 84, "*Fiduciary Activities*" improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity; and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The Statement did not affect the District's financial statements.

Statement No. 95, "*Postponement for the Effective Dates of Certain Authoritative Guidance*" provides temporary relief to governments and other stockholders in light of the Coronavirus (COVID-19) pandemic. That objective is accomplished by postponing the effective dates of certain Statements and Implementation Guides to those dates reported below.

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

Statement No. 87, "*Leases*" increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Management has not yet determined the effect of this Statement on the financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) New GASB Statements (Continued)

Statement No. 88, "*Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*" improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The Statement clarifies which liabilities governments should include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2019. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 90, "*Majority Equity Interest*" improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and therefore, the government should report that organization as a component unit. This Statement also requires that a component unit in which a government has a 100% equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) New GASB Statements (Continued)

of resources at acquisition value at the date the government acquired a 100% equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should only include transactions that occurred subsequent to the inflows acquisition. The requirements are effective for reporting periods beginning after December 31, 2019. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 91, "*Conduit Debt Obligations*" The requirements of this Statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders' uncertainty as to whether a given financing is, in fact, a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity, thereby improving comparability in reporting by issuers. Revised disclosure requirements will provide financial statement users with better information regarding the commitments issuers the likelihood that they will fulfill those commitments. That information will inform users of the potential impact of such commitments on the financial resources of issuers and help users assess issuers' roles in conduit debt obligations. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 92, "*Omnibus 2020*" establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance related activities of public entity risk pools, fair value measurements, and derivative instruments. The requirements of this Statement apply to all financial statements of all state and local governments at dates varying from upon issuance to fiscal periods beginning after June 15, 2021. Management has not yet determined the effect of this Statement on the financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) New GASB Statements (Continued)

Statement No. 93, "*Replacement of Interbank Offered Rates*" Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR), most notably, the London Interbank Offered Rate, (LIBOR). The reliability and relevance of reported information will be maintained by requiring that agreements that effectively maintain an existing hedging arrangement continue to be accounted for in the same manner as before the replacement of a reference rate. As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021. This Statement will preserve the consistency and comparability of reporting hedging derivative instruments and leases after governments amend or replace agreements to replace an IBOR. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 94, "*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*" improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for years beginning after June 15, 2020. Management has yet to determine the effect of this Statement on the financial statements.

Note 2 - DEPOSITS

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

Bank Deposits

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

The District has an arrangement with the Parish whereby the Parish invests on the District's behalf funds in excess of the District's operating needs. As of December 31, 2019 the Parish had invested \$1,662,254 for the District, of this amount \$1,461,885 is included in cash and cash equivalents and \$200,369 as investments on the Statement of Net Position.

The year-end balances of deposits are as follows:

	Bank Balance	Reported Amounts
Cash	\$ 1,213,605	\$ 1,204,050

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District follows and complies with state law in custodial activities but does not have a written policy for custodial credit risk. As of December 31, 2019, \$202,420 of the District's bank balance of \$1,213,605 was exposed to custodial credit risk. Those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent and are deemed to be held in the District's name and \$761,185 of the District's bank balance of \$1,213,605 was collateralized with the Parish's investments by securities held by a third party institution and pledged to the depositing financial institution but not in the District's name.

Note 2 - DEPOSITS (Continued)

Bank Deposits (Continued)

As of December 31, 2019, cash was adequately collateralized in accordance with the District's policy, similar to state law. The GASB, which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the deposits are considered subject to custodial credit risk under the provisions of GASB Statement No. 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to draw down upon the pledged securities or sell the pledged securities within ten days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Investments

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

As of December 31, 2019, the District had the following investments and maturities:

Investment Type	Fair Value	Maturities
Federal Home Loan Banks Bond	\$ 200,369	1 - 5 years
Louisiana Asset Management Pool (LAMP)	700,700	52 day average
Total	\$ 901,069	

Because LAMP as of December 31, 2019, had a weighted average maturity of 60 days or less, it was presented as an investment with a maturity of less than three months.

As described in Note 1c the District values its investments at fair value and categorizes its fair value measurements within the fair value hierarchy established by generally accepted principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

Note 2 - DEPOSITS (Continued)

Investments (Continued)

The District has the following recurring fair value measurements as of December 31, 2019:

Obligations of the U.S. Treasury, agencies, including Federal Home Loan Bank Bonds, and instrumentalities are valued using quoted market prices (Level 1 inputs).

LAMP is a local government 2a7-like pool and permitted to be carried at amortized cost and therefor, is not subject to fair value measurements.

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

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

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

LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments.

Note 2 - DEPOSITS (Continued)

Investments (Continued)

The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by those securities with a maturity in excess of 397 days. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued as amortized cost. The fair value of participants' position is the same as the value of the pool shares. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. Investments in LAMP as of December 31, 2019, amounted to \$700,700 and are classified on the Statement of Net Position as "Cash and cash equivalents".

In accordance with GASB Statement No. 31, the District recognized the net increase in the fair value of investments for the year ended December 31, 2019. The increase in the fair value of investments takes into account all changes in fair value (including purchases and sales). For the year ended December 31, 2019, the District recognized a net increase in the fair value of investments totaling \$369.

A reconciliation of deposits and investments as shown on the Statement of Net Position for the District is as follows:

Reported amount of deposits	\$ 1,204,050
Reported amount of investments	<u>901,069</u>
	<u>\$ 2,105,119</u>
Cash and cash equivalents	\$ 1,904,750
Investments	<u>200,369</u>
	<u>\$ 2,105,119</u>

Note 3 - PROPERTY TAXES

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the Terrebonne Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A 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, 2019 was \$15.00 per \$1,000 of assessed valuation on property within Schriever Fire Protection District for the purpose of acquiring, constructing, maintaining and operating fire protection facilities within the District and paying the cost of obtaining water for the fire protection purposes, including fire hydrant rentals and services and \$3.00 per \$1,000 of assessed valuation for the payment of principal and interest. As indicated in Note 1c, taxes levied November 1, 2019 are for budgeted expenditures in 2020 and will be recognized as revenues in 2020.

Note 4 - DUE FROM/TO OTHER GOVERNMENTAL UNITS

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

	Funds		
	General	Debt Service	Totals
State of Louisiana -			
State revenue sharing	\$ 23,497	\$ -	\$ 23,497
Terrebonne Parish Tax Collector -			
December 2019 collections remitted to the District in January 2020:			
Ad valorem taxes	1,020,522	204,104	1,224,626
State revenue sharing	11,385	-	11,385
Other local governments	84,234	-	84,234
Totals	\$1,139,638	\$204,104	\$1,343,742

Note 5 - CHANGES IN CAPITAL ASSETS

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

	Balance January 1, 2019	Additions	Adjustments and Deletions	Balance December 31, 2019
Capital assets not being depreciated:				
Land	\$ 230,000	\$ -	\$ -	\$ 230,000
Capital assets being depreciated:				
Buildings and improvements	1,855,604	46,724	-	1,902,328
Office furniture, fixtures, and equipment	36,579	5,659	-	42,238
Vehicles, machinery, and equipment	4,297,103	32,578	-	4,329,681
Total capital assets being depreciated	6,189,286	84,961	-	6,274,247
Less accumulated depreciation for:				
Buildings and improvements	(521,674)	(77,821)	-	(599,495)
Office furniture, fixtures and equipment	(20,749)	(1,820)	-	(22,569)
Vehicles, machinery and equipment	(2,579,044)	(359,433)	-	(2,938,477)
Total accumulated depreciation	(3,121,467)	(439,074)	-	(3,560,541)
Total capital assets being depreciated, net	3,067,819	(354,113)	-	2,713,706
Total capital assets, net	\$3,297,819	\$(354,113)	\$ -	\$2,943,706

Note 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenditures as of December 31, 2019 consisted of the following:

	General Fund	Debt Fund	Adjustments	Totals
Government-wide				
Vendors	\$ 1,022	\$ 500	\$ -	\$ 1,522
Accrued interest on long-term debt	-	-	30,333	30,333
Totals	\$ 1,022	\$ 500	\$ 30,333	\$ 31,855

Note 7 - LONG-TERM OBLIGATIONS

As of December 31, 2019, the District had outstanding General Obligation Bonds Series 2011 totaling \$2,115,000 bearing an average interest rate of 4.25% over the remaining life of the bonds. The bonds are payable through March 1, 2031 primarily from ad valorem tax revenues, \$1,386,059 for the year ended December 31, 2019.

During the year ended December 31, 2018, the District entered into a financing lease for the acquisition of a new pumper fire truck for the District. The lease agreement qualified as a capital lease for accounting purposes and has been recorded at the present value of the future minimum lease payments as of the date of inception. The asset acquired through the capital lease has a net book value of \$298,713, net accumulated depreciation of \$59,743 as of December 31, 2019. During the year ended December 31, 2019, the District made one annual lease payment of \$74,806 including \$8,145 of interest.

The following presents a summary of the changes in long-term obligations for the year ended December 31, 2019:

	Payable January 1, 2019	Obligations		Payable December 31, 2019
		Issued	Retired	
Compensated absences	\$ 17,023	\$10,372	\$ (23,010)	\$ 4,385
General Obligation Bonds Series 2011	2,230,000	-	(115,000)	2,115,000
Capital lease	278,569	-	(66,661)	211,908
Total long-term obligations	\$2,525,592	\$10,372	\$(204,671)	\$2,331,293

Note 7 - LONG-TERM OBLIGATIONS (Continued)

The requirements to amortize general obligations outstanding as of December 31, 2019 are as follows:

Year	2011		Capital Lease	
	General Obligation Bonds			
	Principal	Interest	Principal	Interest
2020	\$ 125,000	\$ 88,469	\$ 68,610	\$ 6,196
2021	130,000	84,663	70,617	4,190
2022	140,000	79,413	72,681	2,125
2023	145,000	73,357	-	-
2024	155,000	66,788	-	-
2025-2029	955,000	214,013	-	-
2030-2031	465,000	20,363	-	-
	\$ 2,115,000	\$ 627,066	\$ 211,908	\$ 12,511

Note 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to workers' compensation; torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters for which the District carries commercial insurance. No settlements were made during the year that exceeded the District's insurance coverage.

Note 9 - COMPENSATION OF BOARD MEMBERS

No compensation was paid to Board Members for the year ended December 31, 2019.

Note 10 - STATE OF LOUISIANA TAX ABATEMENTS

The District's ad valorem tax revenues were reduced by \$429,315 under agreements entered into with the State of Louisiana.

Note 11 - SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through June 25, 2020, which is the date the financial statements were available to be issued.

Note 11 - SUBSEQUENT EVENTS (Continued)

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

SUPPLEMENTARY INFORMATION

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

Schriever Fire Protection District

December 31, 2019

Agency Head Name: Kenneth Pitre, Chief Executive Officer

Purpose

Salary	\$ 39,586
Benefits - insurance	7,147
Benefits - retirement	-
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Meals	-
	\$ 46,733
	\$ 46,733

Note:

Kenneth Pitre is the Fire District Administrator of the District and functions as the Chief Executive Officer.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Commissioners,
Schriever Fire Protection District,
Schriever, 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 Schriever Fire Protection District (the "District") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's financial statements and have issued our report thereon dated June 25, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weakness or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Certified Public Accountants.

Houma, Louisiana,
June 25, 2020.

SCHEDULE OF FINDINGS AND RESPONSES

Schriever Fire Protection District

For the year ended December 31, 2019

Section I - Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? ___ Yes X No

b) Federal Awards

Schriever Fire Protection District did not expend federal awards in excess of \$750,000 during the year ended December 31, 2019 and therefore is exempt from the audit requirements under the *Uniform Guidance*.

Section II - Financial Statement Findings

No financial statement findings were noted during the audit for the year ended December 31, 2019.

Section III - Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Schriever Fire Protection District

For the year ended December 31, 2019

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

Internal Control Over Financial Reporting

No material weaknesses were reported during the audit for the year ended December 31, 2018.

No significant deficiencies were reported during the audit for the year ended December 31, 2018.

Compliance and Other Matters

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2018.

Section II - Internal Control and Compliance Material to Federal Awards

Schriever Fire Protection District did not expend federal awards in excess of \$750,000 during the year ended December 31, 2018 and therefore is exempt from the audit requirements under the *Uniform Guidance*.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2018.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Schriever Fire Protection District

For the year ended December 31, 2019

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

Internal Control Over Financial Reporting

No material weaknesses were reported during the audit for the year ended December 31, 2019.

No significant deficiencies were reported during the audit for the year ended December 31, 2019.

Compliance and Other Matters

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2019.

Section II - Internal Control and Compliance Material to Federal Awards

Schriever Fire Protection District did not expend federal awards in excess of \$750,000 during the year ended December 31, 2019 and therefore is exempt from the audit requirements under the *Uniform Guidance*.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2019.

STATEWIDE AGREED-UPON PROCEDURES

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners,
Schriever Fire Protection District,
Schriever, Louisiana.

We have performed the procedures described in Schedule 2, which were agreed to by the Schriever Fire Protection District (the "District") and the Louisiana Legislative Auditor (LLA), solely to assist the specified users of the report in evaluating management assertions about the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) accompanying the annual financial statements of the District for the year ended December 31, 2019 and to determine whether C/C areas identified in the LLA's SAUPs are free of obvious errors and omissions. Management of the District is responsible for its C/C area identified in the SAUPs. The sufficiency of these procedures is solely the responsibility of the specified parties in the report. Consequently, we make no representation regarding the sufficiency of the procedures described in Schedule 2, either for the purpose for which the report has been requested, or for any other purpose.

The procedures that were performed and our findings are described in Schedule 2.

This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Governmental Auditing Standards*, issued by the Comptroller General of the United States of America. We were not engaged to, and did not perform an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on management's assertions. 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.

This report is intended solely for the information and use of the District, the Louisiana Legislature, and the Louisiana Legislative Auditor, and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants

Houma, Louisiana,
June 25, 2020.

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

Schriever Fire Protection District

For the year ended December 31, 2019

The required procedures and our findings are as follows:

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

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

Performance: Obtained and read the written policy for budgeting, and found it to contain all requirements listed above.
Exceptions: There were no exceptions noted.
 - b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Performance: Obtained and read the written policy for purchasing, and found it to contain all requirements listed above, except as noted below.
Exceptions: Management's policy on purchasing does not include a provision on how vendors are added to the vendor list.
 - c) Disbursements, including processing, reviewing, and approving.

Performance: Obtained and read the written policy for disbursements, and found it to contain all requirements listed above.
Exceptions: The written policy for disbursements states the "accounts payable/disbursement function is to be centralized and is currently completed by Terrebonne Parish Accounts Payable Department." However, in March 2018, the District opened its operating checking account and began performing the accounts payable/disbursement functions at the District and has not revised its disbursement policy.

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

- d) Receipts/Collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Performance: Inquire of management for a receipts/collections policy.

Exceptions: Management does not have a receipts/collections policy.

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

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

Exceptions: There were no exceptions noted.

- f) Contracting, including (1) types of services requiring written contracts; (2) standard terms and conditions; (3) legal review; (4) approval process; and (5) monitoring process.

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

Exceptions: Management's policy on contracting does not include the types of services requiring written contracts.

- g) Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled; (2) allowable business use; (3) documentation requirements; (4) required approvers of statements; and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

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

Exceptions: There were no exceptions noted.

- h) Travel and expense reimbursement, including (1) allowable expenses; (2) dollar thresholds by category of expense; (3) documentation requirements; and (4) required approvers.

Performance: Obtained and read the written policy for travel and expense reimbursement, and found it to contain all requirements listed above.

Exceptions: There were no exceptions noted.

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

- i) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121; (2) actions to be taken if an ethics violation takes place; (3) system to monitor possible ethics violations; and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the District's ethics policy.

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

Exceptions: The District's ethics policy does not address the actions to be taken if an ethics violation takes place. There is no system to monitor possible ethics violations. It does not mention that the employee has to annually attest through signature verification that they have read the District's ethics policy.

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

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

Exceptions: The District's debt service policy does not include continuing disclosure/EMMA reporting requirements, debt reserve requirements or 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.

Performance: Inquired of management about the existence of a policy for disaster recovery/business continuity.

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

Procedures Performed on the District's Board:

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

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

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

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

- b) Observe that the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

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

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

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

Procedures Performed on the District's Bank Reconciliations:

3. Obtain a listing of the District's bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the District's main operating account. Select the District's main operating account and select four additional accounts (or all accounts if less than five). Select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

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

Exceptions: There were no exceptions noted.

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

Performance: Observed the bank reconciliations for evidence that they were prepared within two months of the related statement closing date.

Exceptions: There was no evidence (e.g., initial and date, electronically logged) that the bank reconciliations were prepared within two months of the related statement closing date.

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

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

Performance: Observed the bank reconciliations for evidence that a member of management or a board member reviewed each bank reconciliation.

Exceptions: The board chairman initials the bank statement, but not the bank reconciliation.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

Performance: Inspected documents for items outstanding for more than 12 months from the statement closing date. There was one reconciling item outstanding for more than 12 months from the statement closing date.

Exceptions: There was no evidence of documentation reflecting research for outstanding item more than 12 months from the statement closing date.

Procedures Performed on the District's Collections:

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/check/money order (cash) are prepared and management's representation that the listing is complete. Select five deposit sites (or all deposit sites if less than five).

Performance: Obtained the listing of cash/check/money order (cash) deposit sites from management, and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Select one collection location for each deposit site (i.e., collection locations for five deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

Performance: Obtained the listing of collection locations from management and receive management's representation in a separate letter.

Exceptions: There were no exceptions noted.

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

Performance: Inquired of management and observed employees do not share cash drawers/registers.

Exceptions: There were no exceptions noted.

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

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

Performance: Inquired of management and observed whether employees collecting cash are not responsible for making deposits.

Exceptions: The finance manager who is responsible for collecting cash is responsible for preparing/making bank deposits.

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

Performance: Inquired of management and observed whether employees collecting cash do not make general ledger postings.

Exceptions: The finance manager who is responsible for collecting cash is responsible for posting collection entries to the general ledger or subsidiary ledgers.

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

Performance: Inquired of management and observed whether employees collecting cash do not make general ledger postings.

Exceptions: The finance manager who is responsible for collecting cash is responsible for posting collection entries to the general ledger or subsidiary ledgers.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

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

Exceptions: There were no exceptions noted.

7. Randomly select two deposit dates for each of the five bank accounts selected for procedure #3 under "Procedures performed on the District's Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates selected and select a deposit if multiple deposits were made on the same day). Obtain supporting documentation for each of the ten deposits and:

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

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

Performance: Obtained client's collections and found that the District only receives a small amount of checks. Therefore, pre-numbered receipts are not deemed necessary.

Exceptions: There were no exceptions noted.

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

Performance: Traced supporting documentation to the deposit slip.

Exceptions: There were no exceptions noted.

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

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

Exceptions: There were no exceptions noted.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than ten miles from the collection location or the deposit is less than \$100).

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

Exceptions: There were no exceptions noted.

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

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

Exceptions: There were no exceptions noted.

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

8. Obtain a listing of locations that process payments for the fiscal period, and management's representation that the listing is complete. Select five locations (or all locations if less than five).

Performance: Obtained the listing of locations that process payments, and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

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

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the District has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

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

Exceptions: There were no exceptions noted.

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

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

Exceptions: There were no exceptions noted.

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

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

Exceptions: There were no exceptions noted.

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

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

Exceptions: The Finance Manager is responsible for adding vendors to the accounting system and for processing payments.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

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

Exceptions: The Finance Manager is responsible for mailing payments and is responsible for processing payments.

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

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

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

Exceptions: There were no exceptions noted.

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

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

Exceptions: There were no exceptions noted.

b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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

Exceptions: There were no exceptions noted.

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

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

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

Exceptions: There were no exceptions noted.

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

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

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

Performance: Obtained statements for three cards along with supporting documentation and observed for proper approval.

Exceptions: There were no exceptions noted.

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

Performance: Obtained statements for the three cards and observed for finance charges and/or late fees.

Exceptions: There were no exceptions noted.

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

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

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

Performance: Traced each transaction to an original itemized receipt.

Exceptions: There were no exceptions noted.

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

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

Exceptions: Eighteen transactions did not include evidence of the business/public purpose.

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

Performance: For meal charges, observed supporting documentation for evidence of the individuals participating in meals.

Exceptions: There were no exceptions noted.

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

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

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

Exceptions: There were no exceptions noted.

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

Performance: Selected five reimbursements and obtained the supporting documentation. Observed that the reimbursement rate agreed to those rates established either by the State of Louisiana or the U.S. General Services Administration

Exceptions: There were no exceptions noted.

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

Performance: Selected five reimbursements and obtained the supporting documentation.

Observed that the reimbursement was supported by original itemized receipt.

Exceptions: There were no exceptions noted.

c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedures #1h).

Performance: Selected five reimbursements and obtained the supporting documentation.

Observed that each reimbursement has evidence of documentation of the business/public purpose and other documentation required by written policy.

Exceptions: There were no exceptions noted.

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

Performance: Selected five reimbursements and obtained the supporting documentation.

Observed that each reimbursement was reviewed and approved by someone other than the person receiving the reimbursement.

Exceptions: There were no exceptions noted.

Procedures Performed on the District's Contracts:

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

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

a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

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

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

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

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

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

d) Randomly select one payment from the fiscal period for each of the five contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

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

Procedures Performed on the District's Payroll and Personnel:

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

Performance: Obtained the listing of employees with their related salaries from management, and received management's representation in a separate letter. Randomly selected five employees and agreed paid salaries and to authorized salaries/pay rates per the personnel files.

Exceptions: There were no exceptions noted.

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

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

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

Performance: Inspected daily attendance and leave records for proper documentation.
Exceptions: There were no exceptions noted.

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

Performance: Inspected attendance and leave records for proper approval.
Exceptions: There were no exceptions noted.

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

Performance: Obtained cumulative leave records and observed that any leave accrued or taken during selected pay period is included.
Exceptions: There were no exceptions noted.

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

Performance: Obtained a listing of all employees that terminated during the period from management and received management's representation in a separate letter. Randomly selected two employees/officials and obtained their personnel file. Traced hours and pay rates used in management's termination calculation to cumulative leave records and pay rates per the personnel file.

Exceptions: There were no exceptions noted.

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

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

Performance: Obtained management's representation that payroll related taxes and benefits have been paid and forms filed by the required deadline in a separate letter.

Exceptions: There were no exceptions noted.

Procedure Performed on the District's Ethics:

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

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

Performance: Prior year testing resulted in no exceptions related to the District's ethics.

Therefore, testing is not required in the current year.

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

Performance: Prior year testing resulted in no exceptions related to the District's ethics.

Therefore, testing is not required in the current year.

Procedures Performed on the District's Debt Service:

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

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

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

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

Other Procedures Performed on the District:

23. Obtain a listing of misappropriations of public funds or assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the District reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the District is domiciled.

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

24. Observe and report whether the District has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

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

Management's Overall Response to Exceptions:

1. As a response to exception reported at 1b), management will consider adding a provision discussing how the vendors are added to the vendor list.
2. As a response to exception reported at 1c), management will revise its written policy for disbursement.
3. As a response to exception reported at 1d), management will consider drafting a receipts/collections policy with the provisions listed above.
4. As a response to exception reported at 1f), management will consider adding a provision discussing the type of services that require written contracts.
5. As a response to exception reported at 1i), management will consider adding a provision discussing the actions to be taken if an ethics violation takes place and the requirement that all employees annually attest through signature verification that they have read the District's ethics policy.
6. As a response to exception reported at 1j), management will consider adding a provision discussing continuing disclosure/EMMA reporting requirements, debt reserve requirements and debt service requirements.
7. As a response to exception reported at 1k), management is working on drafting a Disaster Recovery/Business Continuity policy to be approved before the end of fiscal year 2020.

Management's Overall Response to Exceptions: (Continued)

8. As a response to exception reported at 3a), management will include evidence (e.g., initial and date, electronically logged) of the date that the bank reconciliations were prepared.
9. As a response to exception reported at 3b), the board chair will include evidence (e.g., initial and date) that he has reviewed each bank reconciliation.
10. As a response to exception report at 3c), management will document any research conducted related to outstanding checks.
11. As a response to exception reported at 5b), management will consider improving the segregation of duties.
12. As a response to exception reported at 5c), management will consider improving the segregation of duties.
13. As a response to exception reported at 5d), management will consider improving the segregation of duties.
14. As a response to exception reported at 9c), management will consider having another employee responsible for periodically reviewing changes to vendor files.
15. As a response to exception reported at 9d), management will consider having a check signer mail the payment or give the signed checks to an employee to mail who is not responsible for processing payments.
16. As a response to exception reported at 13a2), management will consider including business/public purpose in the supporting documentation for credit card transactions. .