

Financial Report

Terrebonne Parish Fire District No. 10

Theriot, Louisiana

For the year ended December 31, 2018

Financial Report

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For the year ended December 31, 2018

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For the year ended December 31, 2018

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities and each major fund of Terrebonne Parish Fire District No. 10, State of Louisiana (the "District"), a component unit of Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of Terrebonne Parish Fire District No. 10 as of December 31, 2018, 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 the Management's Discussion and Analysis on pages 4 through 10, the Schedule of the District's Proportionate Share of Net Pension Liability on page 40 and the Schedule of the District's Contributions on page 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Terrebonne Parish Fire District No. 10 basic financial statements. The accompanying supplementary information, on page 42, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2019 on our consideration of Terrebonne Parish Fire District No. 10's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
May 9, 2019.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Terrebonne Parish Fire District No. 10

Management's Discussion and Analysis of the Terrebonne Parish Fire District No. 10's (the "District") financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2018. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2018 by \$2,073,807 (net position), which represents a 6.63% decrease from last fiscal year.

The District's revenue decreased \$107,097 (or 8.46%) primarily due to a decrease in intergovernmental and miscellaneous revenue.

The District's expenses decreased \$73,741 (or 5.34%) primarily due to decreases in personal services and other services and charges.

The District did not have a deficit fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Government-wide Financial Statements

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

Fund Financial Statements

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

Governmental Funds

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

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

Notes to the Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. As of December 31, 2018, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$2,073,807. A large portion of the District's net position (134.40%) reflects its net investment in capital assets (e.g., land; buildings and improvements; office furniture, fixtures and equipment; trucks, machinery and equipment). Consequently, these assets are not available for future spending.

Condensed Statements of Net Position

	December 31,		Dollar
	2018	2017	Change
Current and other assets	\$ 1,375,993	\$ 1,616,226	\$ (240,233)
Capital assets	3,167,205	3,078,940	88,265
Deferred outflows of resources	207,914	206,480	1,434
Total assets	<u>4,751,112</u>	<u>4,901,646</u>	<u>(150,534)</u>
Current and other liabilities	93,109	112,513	(19,404)
Long-term liabilities	1,350,707	1,408,035	(57,328)
Deferred inflows of resources	1,233,489	1,159,932	73,557
Total liabilities	<u>2,677,305</u>	<u>2,680,480</u>	<u>(3,175)</u>
Net position:			
Net investment in capital assets	2,787,205	2,633,940	153,265
Restricted	48,403	118,882	(70,479)
Unrestricted	(761,801)	(531,656)	(230,145)
Total net position	<u>\$ 2,073,807</u>	<u>\$ 2,221,166</u>	<u>\$ (147,359)</u>

Governmental Activities

Governmental activities decreased the District's net position by \$147,359. Key elements of this increase are as follows:

Condensed Statement of Activities

	For the Year Ended December 31,		Dollar Change	Total Percent Change
	2018	2017		
Revenues:				
Taxes	\$ 1,053,575	\$ 1,050,884	\$ 2,691	0.26%
Intergovernmental	73,801	130,978	(57,177)	-43.65%
Miscellaneous	31,485	84,096	(52,611)	-62.56%
Total revenues	<u>1,158,861</u>	<u>1,265,958</u>	<u>(107,097)</u>	-8.46%
Expenses:				
General government	44,742	47,740	(2,998)	-6.28%
Public safety	1,245,931	1,314,941	(69,010)	-5.25%
Debt service	15,547	17,280	(1,733)	-10.03%
Total expenses	<u>1,306,220</u>	<u>1,379,961</u>	<u>(73,741)</u>	-5.34%
Decrease in net position	(147,359)	(114,003)	(33,356)	29.26%
Net position beginning of year	2,221,166	2,335,169	(114,003)	-4.88%
Net position, end of year	<u>\$ 2,073,807</u>	<u>\$ 2,221,166</u>	<u>\$ (147,359)</u>	-6.63%

In 2018, the District's tax revenue increased primarily due to collections of prior year's ad valorem taxes. Intergovernmental revenue decreased due to a prior year nonrecurring FEMA and Volunteer Fire Assistant Grant. Miscellaneous revenues decreased primarily due to decreases in proceeds from insurance claims. Public safety expenses decreased primarily due to decreases in personal services and repairs and maintenance. Debt service expenses decreased due to less interest paid in 2018.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

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

Governmental Funds

The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balance of \$257,447 which is a decrease of \$282,803 in comparison with the prior year. Of the total fund balance, \$55,494 is in a non-spendable form, \$52,251 is restricted for debt service, and \$149,702 is available for spending at the District's discretion.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$149,702 while total fund balance reached \$205,196. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The fund balance of the District's General Fund decreased by \$211,431 during the current fiscal year. This decrease was primarily due to decreases in intergovernmental and miscellaneous revenue.

The Debt Service Fund has a total fund balance of \$52,251. The decrease in fund balance of \$71,372 was due to payment of principal and interest on the bond obligations.

General Fund Budgetary Highlights

The budget was amended twice 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

- Increased miscellaneous revenue for transfer from savings.

Expenditures

- Other services and charges was increased to better reflect expenses paid through the end of the year.
- Repairs and maintenance was decreased to better reflect expenses paid through the end of the year.

During the year, revenues were less than budgetary estimates and expenditures were greater than budgetary estimates.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of December 31, 2018, amounts to \$3,167,205 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, office furniture, fixtures and equipment, trucks, machinery and equipment, and construction in progress (see table below).

	<u>2018</u>	<u>2017</u>
Construction in progress	\$ 262,834	\$ -
Land	59,500	59,500
Buildings and improvements	2,885,786	2,905,510
Office furniture, fixtures, and equipment	18,505	27,741
Trucks, machinery and equipment	<u>1,797,339</u>	<u>1,843,583</u>
Totals	<u>\$ 5,023,964</u>	<u>\$ 4,836,334</u>

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

- Construction in progress consisting of a new fire truck.
- Purchase of laptops for office and 5 units.
- Purchase of rescue tools.

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

Long-term Obligations

As of December 31, 2018, the District had \$380,000 in general obligation bonds payable, that were paid down from prior year's balance of \$445,000 by a total of \$65,000 in principal payments. See further explanation of these obligations in Note 8, Exhibit F of this report. The net pension liability was decreased by \$2,254 during 2018 to a balance of \$1,014,908 as of December 31, 2018. More detailed information about the District's net pension liability is presented in Note 9, Exhibit F of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

- The ad valorem tax revenue budgeted represents the estimated amount of the November 2018 assessment, which the District will receive, for the most part, in January 2019.
- Salaries and wages to increase due to a 2% state mandated increase for all firemen with three or more years of service. In addition, raises were awarded to the part-time secretary and the Board's Secretary/Treasurer.
- Retirement and group insurance expenses are anticipated to remain consistent with prior year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Board of Directors of the Terrebonne Parish Fire District No. 10, 1767 Bayou Dularge Road, Theriot, Louisiana 70397.

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

December 31, 2018

	General Fund	Debt Service Fund	Total	Adjustments (Exhibit B)	Statement of Net Position
Assets					
Cash	\$ 167,942	\$ 4,664	\$ 172,606	\$ -	\$ 172,606
Certificate of deposit	-	100,000	100,000	-	100,000
Receivables					
Taxes	205,402	13,396	218,798	-	218,798
Other	-	-	-	1,029	1,029
Due from other governmental units	778,341	49,725	828,066	-	828,066
Due from other funds	49,510	-	49,510	(49,510)	-
Prepaid insurance	55,494	-	55,494	-	55,494
Capital assets:					
Non-depreciable	-	-	-	59,500	59,500
Depreciable, net of accumulated depreciation	-	-	-	3,107,705	3,107,705
Total current assets	<u>1,256,689</u>	<u>167,785</u>	<u>1,424,474</u>	<u>3,118,724</u>	<u>4,543,198</u>
Deferred Outflows of Resources - Pensions	-	-	-	207,914	207,914
Total assets and deferred outflows of resources	<u>\$ 1,256,689</u>	<u>\$ 167,785</u>	<u>\$ 1,424,474</u>	<u>3,326,638</u>	<u>4,751,112</u>
Liabilities					
Accounts payables and accrued expenditures	\$ 10,623	\$ -	\$ 10,623	4,877	15,500
Due to Terrebonne Parish Consolidated Government	12,609	-	12,609	-	12,609
Due to other funds	-	49,510	49,510	(49,510)	-
Long-term liabilities -					
Due within one year	-	-	-	65,000	65,000
Due after one year	-	-	-	1,350,707	1,350,707
Total liabilities	<u>23,232</u>	<u>49,510</u>	<u>72,742</u>	<u>1,371,074</u>	<u>1,443,816</u>
Deferred inflows of resources					
Unavailable revenue - property taxes	1,028,261	66,024	1,094,285	-	1,094,285
Pensions	-	-	-	139,204	139,204
Total deferred inflows of resources	<u>1,028,261</u>	<u>66,024</u>	<u>1,094,285</u>	<u>139,204</u>	<u>1,233,489</u>
Total liabilities and deferred inflows of resources	<u>1,051,493</u>	<u>115,534</u>	<u>1,167,027</u>	<u>1,510,278</u>	<u>2,677,305</u>
Fund Balances/Net Assets					
Fund balances:					
Non-spendable:					
Prepaid insurance	55,494	-	55,494	(55,494)	-
Restricted:					
Debt service	-	52,251	52,251	(52,251)	-
Unassigned	149,702	-	149,702	(149,702)	-
Total fund balances	<u>205,196</u>	<u>52,251</u>	<u>257,447</u>	<u>(257,447)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,256,689</u>	<u>\$ 167,785</u>	<u>\$ 1,424,474</u>		
Net position:					
Net investment in capital assets				2,787,205	2,787,205
Restricted:					
Debt service				48,403	48,403
Unrestricted				(761,801)	(761,801)
Total net position				<u>\$ 2,073,807</u>	<u>\$ 2,073,807</u>

See notes to financial statements.

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

Terrebonne Parish Fire District No. 10

December 31, 2018

Fund Balances - Governmental Fund		\$ 257,447
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.		
Governmental capital assets	\$ 5,023,964	
Less accumulated depreciation	<u>(1,856,759)</u>	3,167,205
Deferred outflows of resources used in governmental activities are not financial resources and are not reported in governmental funds		
		207,914
Other assets and liabilities used in governmental activities are not financial resources and are not reported in the governmental funds.		
Accrued interest receivable	\$ 1,029	
Accrued interest payable	<u>(4,877)</u>	(3,848)
Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Governmental bonds payable	\$ (380,000)	
Compensated absences	(20,799)	
Net pension liability	<u>(1,014,908)</u>	(1,415,707)
Deferred inflows of resources are not due and payable in the current period and are not reported in governmental funds.		
		<u>(139,204)</u>
Net Position of Governmental Activities		<u><u>\$ 2,073,807</u></u>

See notes to financial statements.

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

Terrebonne Parish Fire District No. 10

For the year ended December 31, 2018

	General Fund	Debt Service Fund	Total	Adjustments (Exhibit D)	Statement of Activities
Revenues					
Taxes	\$ 1,044,424	\$ 9,151	\$ 1,053,575	\$ -	\$ 1,053,575
Intergovernmental:					
State of Louisiana:					
State revenue sharing	16,023	-	16,023	-	16,023
Fire insurance tax	15,778	-	15,778	-	15,778
Supplemental pay	42,000	-	42,000	-	42,000
Miscellaneous:					
Interest	661	1,302	1,963	59	2,022
Insurance Proceeds	-	-	-	497	497
Other	29,024	(58)	28,966	-	28,966
Total revenues	<u>1,147,910</u>	<u>10,395</u>	<u>1,158,305</u>	<u>556</u>	<u>1,158,861</u>
Expenditures/Expenses					
Current					
General Government:					
Ad valorem tax adjustment	9,525	83	9,608	-	9,608
Ad valorem tax deductions	34,831	303	35,134	-	35,134
Total general government	<u>44,356</u>	<u>386</u>	<u>44,742</u>	<u>-</u>	<u>44,742</u>
Public Safety:					
Personal services	857,463	-	857,463	18,714	876,177
Supplies and materials	29,478	-	29,478	-	29,478
Other services and charges	112,088	-	112,088	13,727	125,815
Repairs and maintenance	38,617	-	38,617	-	38,617
Depreciation	-	-	-	175,844	175,844
Total public safety	<u>1,037,646</u>	<u>-</u>	<u>1,037,646</u>	<u>208,285</u>	<u>1,245,931</u>
Debt Service					
Principal retirement	-	65,000	65,000	(65,000)	-
Interest and fiscal charges	-	16,381	16,381	(834)	15,547
Total debt service	<u>-</u>	<u>81,381</u>	<u>81,381</u>	<u>(65,834)</u>	<u>15,547</u>
Capital Outlay	<u>277,836</u>	<u>-</u>	<u>277,836</u>	<u>(277,836)</u>	<u>-</u>
Total expenditures/expenses	<u>1,359,838</u>	<u>81,767</u>	<u>1,441,605</u>	<u>(135,385)</u>	<u>1,306,220</u>
Excess (deficiency) of revenues over expenditures	(211,928)	(71,372)	(283,300)	135,941	(147,359)
Other Financing Sources					
Proceeds from insurance claim	497	-	497	(497)	-
Net Change in Fund Balance	(211,431)	(71,372)	(282,803)	282,803	-
Change in Net Position	-	-	-	(147,359)	(147,359)
Fund Balances/Net Position					
Beginning of year	416,627	123,623	540,250	1,680,916	2,221,166
End of year	<u>\$ 205,196</u>	<u>\$ 52,251</u>	<u>\$ 257,447</u>	<u>\$ 1,816,360</u>	<u>\$ 2,073,807</u>

See notes to financial statements.

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

Terrebonne Parish Fire District No. 10

For the year ended December 31, 2018

Net Change in Fund Balances - Governmental Funds \$ (282,803)

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	\$ 277,836	
Depreciation expense	<u>(175,844)</u>	101,992

The net effect of miscellaneous transactions involving
capital assets, such as sales, disposals and donations,
is to reduce capital assets

Disposal of capital assets		(13,727)
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The issuance of long-term debt provides current financial
resources to governmental funds, while the repayment
of the principal of long-term debt consumes the current
financial resources of governmental funds. Neither
transaction, however, has any effect on net position.

Principal payments		65,000
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Some revenues and expenses reported in the Statement
of Activities do not provide or require the use current
financial resources and, therefore, are not reported as
revenues or expenditures governmental funds

Decrease in accrued interest payable	\$ 834	
Increase in accrued interest receivable	<u>59</u>	893

Long-term liabilities are not due and payable in the
current period and therefore are not reported in the
governmental fund.

Increase in compensated absences	\$ (9,926)	
Pension expense	<u>(8,788)</u>	<u>(18,714)</u>

Change in Net Position of Governmental Activities		<u>\$ (147,359)</u>
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See notes to financial statements.

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

Terrebonne Parish Fire District No. 10

For the year ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,050,000	\$ 1,044,356	\$ 1,044,424	\$ 68
Intergovernmental:				
State of Louisiana:				
State revenue sharing	15,000	15,000	16,023	1,023
Fire insurance tax	16,000	16,000	15,778	(222)
Supplemental pay	-	-	42,000	42,000
Miscellaneous:				
Interest	2,000	1,000	661	(339)
Other	-	292,038	29,024	(263,014)
Total revenues	<u>1,083,000</u>	<u>1,368,394</u>	<u>1,147,910</u>	<u>(220,484)</u>
Expenditures				
Current				
General Government:				
Ad valorem tax adjustment	-	9,525	9,525	-
Ad valorem tax deductions	-	34,831	34,831	-
Total general government	<u>-</u>	<u>44,356</u>	<u>44,356</u>	<u>-</u>
Public Safety:				
Personal services	826,800	819,039	857,463	(38,424)
Supplies and materials	14,500	15,300	29,478	(14,178)
Other services and charges	106,100	121,570	112,088	9,482
Repairs and maintenance	59,100	38,165	38,617	(452)
Total public safety	<u>1,006,500</u>	<u>994,074</u>	<u>1,037,646</u>	<u>(43,572)</u>
Capital Outlay	<u>55,000</u>	<u>296,538</u>	<u>277,836</u>	<u>18,702</u>
Total expenditures	<u>1,061,500</u>	<u>1,334,968</u>	<u>1,359,838</u>	<u>(24,870)</u>
Excess (deficiency) of revenues over expenditures	21,500	33,426	(211,928)	(245,354)
Other Financing Sources				
Proceeds from insurance claim	-	-	497	497
Net Change in Fund Balances	21,500	33,426	(211,431)	(244,857)
Fund Balance				
Beginning of year	<u>390,804</u>	<u>416,627</u>	<u>416,627</u>	<u>-</u>
End of year	<u>\$ 412,304</u>	<u>\$ 450,053</u>	<u>\$ 205,196</u>	<u>\$ (244,857)</u>

See notes to financial statements.

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

December 31, 2018

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Terrebonne Parish Fire District No. 10 (the "District") conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

a) Reporting Entity

The District is a component unit of the Terrebonne Parish Consolidated Government (the "Parish") and as such, these financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ended December 31, 2018.

GASB Statement No. 14, *The Financial Reporting Entity*, GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units—an amendment of GASB Statement No. 14*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB 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 all of its activities and determined that there are no potential component units which should be included in its financial statements.

b) Basis of Presentation

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

Government-wide Financial Statements:

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

Fund Financial Statements:

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

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting

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

Government-wide Financial Statements:

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

Fund Financial Statements:

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

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Ad valorem taxes and the related state revenue sharing (intergovernmental revenue) are recognized as revenue in the period for which levied. Thus the 2018 property taxes which are being levied to finance the 2019 budget will be recognized as revenue in 2019. The 2018 tax levy is recorded as deferred inflows of resources in the financial statements. Miscellaneous revenues are recognized as revenues when received in cash by the District or intermediary collecting agency because they are generally not measurable until actually received.

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Use of Estimates

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

e) Operating Budgetary Data

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

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

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

f) Accounts Receivable

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

g) Prepaid Insurance

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

h) Capital Assets

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Capital Assets (Continued)

Government-wide Financial Statements:

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

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

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

Fund Financial Statements:

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

i) Deferred Outflows of Resources

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Long-term Obligations

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

Government-wide Financial Statements:

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

Fund Financial Statements:

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

k) Vacation and Sick Leave

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

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

Every firefighter in the employ of a fire protection district shall be entitled to full pay during sickness or incapacity not brought about by his own negligence or culpable indiscretion for a period of no less than fifty-two weeks. A firefighter employed by any fire protection district who draws full pay during sickness or incapacity shall have such pay decreased by the amount of workers' compensation benefits actually received by the employee. A firefighter is entitled to sick leave benefits even through the injury or illness may have occurred while he was off duty. Firefighters are not prohibited from engaging in part-time employment while receiving sick leave. A probationary firefighter who is not a regular or permanent fireman is not entitled to sick leave benefits provided by the District. Sick leave does not accumulate for District employees. Accordingly, there is no accumulated sick leave for the District as of December 31, 2018.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) Deferred Inflows of Resources

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

m) Pensions

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Firefighters' Retirement System of Louisiana (the "System") and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

n) Equity

Government-wide Statements:

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Equity (Continued)

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

Fund Financial Statements:

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

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

For the classification of governmental fund balances, the District considers an expenditure to be made from the most restrictive classification first when more than one classification is available. The District's fund balance was classified as non-spendable, restricted and unassigned as of December 31, 2018.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) New GASB Statements

During the year ending December 31, 2018, the District implemented the following GASB Statements:

Statement No. 75, *"Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions"* replaces the requirements of GASB Statement No. 45. This Statement requires governments to report a liability on the face of the financial statements for the OPEB that they provide: governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability, governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan and governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees. This Statement did not affect the District's financial statements.

Statement No. 85, *"Omnibus 2017"*. On March 20, 2017, GASB issued *"Omnibus 2017"* covering four main topics: blending component units; goodwill, fair value measurement and application; and postemployment benefits. This Statement did not affect the District's financial statements.

Statement No. 86, *"Certain Debt Extinguishment Issues"* improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. This Statement did not affect the District's financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) New GASB Statements (Continued)

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

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 requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management has not yet determined the effect of this Statement on the financial statements.

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 requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Management has not yet determined the effect of this Statement on the financial statements.

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) New GASB Statements (Continued)

effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. Management has not yet determined the effect of this Statement on the financial statements.

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 30, 2018. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 89, *"Accounting for Interest Cost Incurred before the End of a Construction Period"* establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management has not yet determined the effect of this Statement on the financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) New GASB Statements (Continued)

Statement No. 90, "Majority Equity Interest" improves the consistency and comparability of reporting government's majority equity interest in legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as component unit. The requirements of this Statement are effective for reporting period beginning after December 15, 2018. Management has not yet determined 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.

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

Year-end balances of deposits consist of cash in bank accounts and a certificate of deposit presented as follows:

	Bank Balances	Report Amount
Cash	\$ 238,499	\$ 172,606
Certificate of Deposit	100,000	100,000
	\$ 338,499	\$ 272,606

Note 2 - DEPOSITS (Continued)

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a written policy for custodial credit risk. As of December 31, 2018, none of the District's bank balances of \$338,499 were exposed to custodial credit risk. These deposits were insured and collateralized with FDIC insurance.

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, 2018 was \$23.00 per \$1,000 of assessed valuation on property within Terrebonne Parish Fire District No. 10 for the purpose of constructing, maintaining, and operating fire protection facilities within the District and paying the cost of obtaining water for fire protection purposes including charges for fire hydrant rentals and services, and \$1.50 per \$1,000 of assessed valuation for the payment of debt

and interest. As indicated in Note 1c, taxes levied November 1, 2018 are for budgeted expenditures in 2019 and will be recognized as revenues in 2019.

Note 4 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units as of December 31, 2018 consisted of the following:

	General Fund	Debt Service Fund	Total
State of Louisiana:			
State revenue sharing	\$ 10,592	\$ -	\$ 10,592
Terrebonne Parish Tax Collector - December, 2018 collections remitted to the District in January, 2019:			
Ad valorem taxes	762,453	49,725	812,178
State revenue sharing	5,296	-	5,296
Total	\$ 778,341	\$ 49,725	\$ 828,066

Note 5 - CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 was as follows:

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 262,834	\$ -	\$ 262,834
Land	59,500	-	-	59,500
Total capital assets not being depreciated	59,500	262,834	-	322,334
Capital assets being depreciated:				
Buildings and improvements	2,905,510	-	(19,724)	2,885,786
Trucks	1,453,820	-	(30,729)	1,423,091
Machinery and equipment	389,763	14,148	(29,663)	374,248
Office furniture, fixtures, and equipment	27,741	854	(10,090)	18,505
Total capital assets being depreciated	4,776,834	15,002	(90,206)	4,701,630
Less accumulated depreciation for:				
Buildings and improvements	(523,630)	(75,578)	10,109	(589,099)
Trucks	(910,429)	(76,893)	30,729	(956,593)
Machinery and equipment	(300,013)	(21,150)	25,694	(295,469)
Office furniture, fixtures, and equipment	(23,322)	(2,223)	9,947	(15,598)
Total accumulated depreciation	(1,757,394)	(175,844)	76,479	(1,856,759)
Total capital assets being depreciated, net	3,019,440	(160,842)	(13,727)	2,844,871
Total capital assets, net	\$ 3,078,940	\$ 101,992	\$ (13,727)	\$ 3,167,205

Depreciation amounting to \$175,844 was recorded as public safety expenses for the year ended December 31, 2018.

Note 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenditures as of December 31, 2018 are presented on the following page:

Note 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES (Continued)

	General Fund	Debt Service Fund	Total
Governmental fund:			
Salaries and benefits	\$ 5,083	\$ -	\$ 5,083
Vendors	5,540	-	5,540
Total governmental funds	10,623	-	10,623
Governmental activities:			
Accrued interest on long-term debt	-	4,877	4,877
Totals	\$ 10,623	\$ 4,877	\$ 15,500

Note 7 - DUE TO/FROM OTHER FUNDS

Due to/from other funds are listed by fund for the year ended December 31, 2018:

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

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

Note 8 - LONG-TERM OBLIGATIONS

As of December 31, 2018, the District had outstanding general obligation bonds (series 2008) totaling \$380,000 bearing interest at 3.85% payable through March 1, 2023. This bond series is payable primarily from ad valorem tax revenues.

Through December 31, 2018, the District has recognized issuances in the amount of \$9,926 for compensated absences as further described in Note 1-k.

Through December 31, 2018, the District has recognized obligations in the amount of \$1,014,908 for the defined benefit pension plan as further described in Note 9.

Note 8 - LONG-TERM OBLIGATIONS (Continued)

The following is a summary of the long-term debt transactions of the District for the year ended December 31, 2018:

	<u>Payable January 1, 2018</u>	<u>Issuances</u>	<u>Obligations Retired</u>	<u>Payable December 31, 2018</u>
Compensated absences	\$ 10,873	\$ 9,926	\$ -	\$ 20,799
General obligation bonds				
Series 2008	445,000	-	65,000	380,000
Defined benefit pension plan	<u>1,017,162</u>	<u>-</u>	<u>2,254</u>	<u>1,014,908</u>
 Total long-term obligations	 <u>\$ 1,473,035</u>	 <u>\$ 9,926</u>	 <u>\$ 67,254</u>	 <u>\$ 1,415,707</u>

The annual requirements to amortize all long-term debt outstanding as of December 31, 2018 are as follows:

<u>Year Ending December 31,</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 70,000	\$ 13,283
2020	70,000	10,588
2021	75,000	7,796
2022	80,000	4,812
2023	<u>85,000</u>	<u>1,636</u>
Totals	<u>\$ 380,000</u>	<u>\$ 38,115</u>

Note 9 - DEFINED BENEFIT PLAN

Plan Description - The District contributes to the Firefighters' Retirement System of Louisiana (the "System"), a cost-sharing multiple-employer defined benefit public retirement system, which is controlled and administered by a separate Board of Trustees. The System was established by Act 434 of 1979. The System is governed by Louisiana Revised Statutes 11:2251 through 11:2272, specifically, and other general laws of the State of Louisiana. Membership in the System is a condition of employment for any full-time firefighter earning at least \$375 per month and generally between the ages of 18 and 50 years old.

Note 9 - **DEFINED BENEFIT PLAN (Continued)**

Benefits Provided - The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Any person who has retired from service under any retirement system or pension fund maintained basically for public officers and employees of the state, its agencies or political subdivisions, and who is receiving retirement benefits may become a member of this System, provided the person meets all other requirements for membership. Service credit from the retirement system or pension plan from which the member is retired shall not be used for reciprocal recognition of service with this System, or for any other purpose in order to attain eligibility or increase the amount of service credit in this System. Employees with 20 or more years of service who have attained age 50 or employees with twelve years of service and age 55 or 25 years of service at any age are entitled to annual pension benefits equal to 3 1/3% of their average final compensation based on the 36 consecutive months of highest pay multiplied by their total years of service. Employees may elect to receive benefits in the form of a joint and survivor annuity. If employees terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated benefits received from employer's contributions. A member, with at least five years of service, who is found to have a total disability incurred solely in the performance of his official duties shall be entitled to disability benefits. The State Legislature authorized the System to establish a deferred retirement option plan (DROP). After completing 20 years of creditable service and age 50 or 25 years of service at any age, a member may elect to participate in DROP for up to 36 months. When a member enters DROP their status changes from active to retired even though they continue to work and draw their salary for up to three years. Upon commencement of participation in the deferred retirement option plan, employer and employee contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the deferred retirement option plan account. Upon termination of employment, a participant in the program shall receive, at his option, a lump-sum payment from the account or an annuity based on the deferred retirement option plan account balance in addition to his regular monthly benefit. If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to the System. No payments may be made from the deferred retirement option plan account until the participant retires.

Contributions - Employer contributions are actuarially determined each year. For the year ended June 30, 2018, employer and employee contributions for members above the poverty line were 26.50% and 10.00%, respectively. The employer and employee contribution rates for those members below the poverty line were 28.50% and 8.00%, respectively. The District's contribution rate during the period July 1, 2018 through December 31, 2018, remained at 26.50% of annual covered payroll.

Note 9 - DEFINED BENEFIT PLAN (Continued)

The District's contributions to the Systems for the years ending December 31, 2018, 2017, and 2016 were \$104,580, \$111,854, and \$105,873, respectively, equal to the required contributions for each year.

Pension Liabilities - As of December 31, 2018, the District reported a liability of \$1,014,908 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of the contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the District's proportion was 0.1764% which was a decrease of 0.0011% from its proportion measured as of June 30, 2017.

Pension Expense - For the year ended December 31, 2018, the District recognized pension expense of \$113,032.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - As of December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources presented on the following page:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ (70,637)
Changes in assumptions	70,805	-
Change in proportion	19,137	(68,567)
Net difference between projected and actual earnings on pension plan investments	65,994	-
Contributions subsequent to the measurement date:		
Current year	<u>51,978</u>	<u>-</u>
	<u>\$ 207,914</u>	<u>\$ (139,204)</u>

Note 9 - DEFINED BENEFIT PLAN (Continued)

The District reported \$51,978 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Amount
2019	\$ 42,948
2020	4,350
2021	(30,621)
2022	(6,216)
2023	6,609
2024	(338)
Totals	\$ 16,732

Actuarial Assumptions - The actuarial assumptions used in the June 30, 2018 valuation were based on the assumptions used in the June 30, 2018 actuarial funding valuation. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2018 are as follows:

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal Cost
Estimated Remaining Service Life	7 years, closed period
Investment Rate of Return	7.30% per annum (net of fees)
Inflation Rate	2.700% per annum
Salary Increases	Vary from 15.0% in the first two years of service to 4.75% with 25 or more years of service.
Cost of Living Adjustments	Only those previously granted

Note 9 - DEFINED BENEFIT PLAN (Continued)

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

The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation, 2.75%. The resulting long-term expected arithmetic nominal rate of return was 8.09% as of June 30, 2018.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2018 are summarized in the table are as follows:

	Asset Type	Target Asset Allocation	Long-Term Expected Real Rate of Return
Equity	U.S. Equity	22.00%	6.14%
	Non-U.S. Equity	22.00%	7.46%
	Global Equity	10.00%	6.74%
Fixed Income	Fixed Income	26.00%	1.76%
Alternatives	Real Estate	6.00%	4.38%
	Private Equity	4.00%	8.73%
Multi-Asset Strategies	Global Tactical Asset Allocation	5.00%	4.31%
	Risk Parity	5.00%	4.89%
		<u>100.00%</u>	

Note 9 - DEFINED BENEFIT PLAN (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined rates taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Collective Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the participating employers calculated using the discount rate of 7.30%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.30%) or one percentage-point higher (8.30%) than the current rate as of June 30, 2018.

	<u>1% Decrease (6.30%)</u>	<u>Current Discount Rate (7.30%)</u>	<u>1% Increase (8.30%)</u>
District's proportionate share of the net pension liability	<u>\$ 1,480,991</u>	<u>\$ 1,014,908</u>	<u>\$ 623,238</u>

Pension Plan Fiduciary Net Position - The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Firefighters' Retirement System of Louisiana, 2051 Silverside Drive, Suite 210, Baton Rouge, Louisiana 70808-4136 or on the System's website, www.lafirefightersret.com.

Note 10 - SUPPLEMENTAL PAY

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

Note 10 - SUPPLEMENTAL PAY (Continue)

As per Louisiana Revised Statute 33:2003, any full-time, regular employee of the parish fire protection district who is hired after March 31, 1986, who has passed a certified firemen's training program equal to the National Fire Protection Association Standard 1001 and who is paid three hundred dollars per month from public funds is eligible for supplemental pay. These full-time employees are carried on the payroll paid from funds of the district obtained through lawfully adopted bond issues or lawfully assessed taxes, either directly or through a board or commission set up by law or ordinance. Employees employed by a fire districts are not eligible for supplemental pay if they are presently drawing a retirement or disability pension, clerical employees and mechanics and for those employees who have not passed a certified firemen's training program but are hired after March 31, 1986. State supplemental pay for firefighters must be taken into account in calculating firefighters longevity pay, holiday pay, and overtime pay. The period of service for computing additional compensation includes prior service of employees who have returned or who hereafter return to such service provided that service in any parish or fire protection district fire department shall be used in computing such prior service which includes full-time employees of a volunteer fire department.

As of December 31, 2018, the District has recognized revenue and expenditures of \$42,000 in salary supplements that the State of Louisiana has paid directly to the District's employees.

Note 11 - RISK MANAGEMENT

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

The Parish is self-insured for the first \$175,000 of each claim relating to group health insurance. The aggregate deductible of all group claims relating to group insurance for 2017 was \$18,310,378. Insurance contracts cover excess liability on individual claims. Coverage for group health claim liabilities are to be funded first by the assets of the Parish's group health internal services fund, \$550,247 as of December 31, 2017, then secondly by the District. As of December 31, 2018, the District had no claims in excess of the above coverage limits. Expenditures for premiums to the Parish for insurance coverage during the year ended December 31, 2018 totaled \$114,072.

Note 12 - COMPENSATION OF BOARD MEMBERS

The following amounts were paid to Board Members for the year ended December 31, 2018:

Board Members	Number of Meetings Attended	Per Diem
Robert Champagne, Jr.	11	\$ 330
Holly Liner	11	330
Regina Pierron	11	330
Davin Charles	10	300
Sam Small, Jr.	10	300
Total		\$ 1,590

Note 13 - STATE OF LOUISIANA TAX ABATEMENTS

The District's ad valorem tax revenues were reduced by \$66,462 (\$62,393 General Fund and \$4,069 Debt Service Fund) under agreements entered into by the State of Louisiana.

Note 14 - SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through May 9, 2019, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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

Terrebonne Parish Fire District No. 10

December 31, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	<u>0.1764%</u>	<u>0.1775%</u>	<u>0.1712%</u>	<u>19.3600%</u>
District's proportionate share of the net pension liability	<u>\$1,014,908</u>	<u>\$1,017,162</u>	<u>\$1,120,077</u>	<u>\$1,044,994</u>
District's covered-employee payroll	<u>\$420,079</u>	<u>\$414,340</u>	<u>\$386,115</u>	<u>\$419,122</u>
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<u>241.60%</u>	<u>245.49%</u>	<u>290.09%</u>	<u>249.33%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>74.76%</u>	<u>73.55%</u>	<u>68.16%</u>	<u>72.45%</u>

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS**Terrebonne Parish Fire District No. 10**

December 31, 2018

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

SUPPLEMENTARY INFORMATION

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

Terrebonne Parish Fire District No. 10

December 31, 2018

Agency Head Name: Quint Liner, Fire Chief

Purpose	Amount
Salary	\$ 87,640
Benefits - insurance	12,394
Benefits - retirement	23,225
Benefits - other	-
Car allowance	-
Vehicle provided by government	1,414
Per diem	-
Reimbursements	-
Travel	-
Registration fees	181
Conference travel	427
Continuing professional education fees	270
Housing	-
Unvouchered expenses	-
Meals	53
	<u>53</u>
	<u>\$ 125,604</u>

Note: The Fire Chief of the District, Quint Liner, functions as the Chief Executive Officer.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Terrebonne Parish Fire District No. 10 (the "District") as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise District's financial statements and have issued our report thereon dated May 9, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weakness or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2018-001 and 2018-002 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2018-001 and 2018-002.

Response to Findings

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

Purpose of this Report

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

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
May 9, 2019.

SCHEDULE OF FINDINGS AND RESPONSES

Terrebonne Parish Fire District No. 10

For the year ended December 31, 2018

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? X yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes X no

Noncompliance material to financial statements noted? X yes no

b) Federal Awards

Terrebonne Parish Fire District No. 10 did not expend federal awards in excess of \$750,000 during the year ended December 31, 2018 and therefore is exempt from the audit requirements under the *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*.

Section II Financial Statement Findings

Internal Control

2018-001 Local Government Budget Act

Criteria - The Local Government Budget Act (R.S. 39:1301-15) R.S. 39:33, or R.S. 39:1331-1342 requires:

1. The proposed budget was submitted to the governing authority and made available for public inspection at least 15 days prior to the beginning of the budget year (R.S. 39:1306).

SCHEDULE OF FINDINGS AND RESPONSES
(Continued)

Terrebonne Parish Fire District No. 10

For the year ended December 31, 2018

Section II Financial Statement Findings (Continued)

Internal Control (Continued)

2018-001 Local Government Budget Act (Continued)

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

Condition - The 2018 amended/final and proposed 2019 budgets adopted by the Board were not made available for public inspection and not advertised in the official journal. Notice was not published certifying that all actions required by the Local Government Budget Act have been completed. Revenues were considerably less than final budgeted revenues.

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

Cause - A failure to monitor the budgetary process for compliance with state law. Transfer between general fund checking accounts as a transfer in for budgetary purposes.

Content - Systematic.

SCHEDULE OF FINDINGS AND RESPONSES
(Continued)

Terrebonne Parish Fire District No. 10

For the year ended December 31, 2018

Section II Financial Statement Findings (Continued)

Internal Control (Continued)

2018-001 Local Government Budget Act (Continued)

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

Views of Responsible Officials - Budgets for 2018 and 2019 will be published in The Courier.

2018-002 Public Notices

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

Condition - Board minutes were not published in the official journal (The Courier) for April 2018.

Effect - Board minutes were not available to the public.

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

Content - Systematic.

SCHEDULE OF FINDINGS AND RESPONSES
(Continued)

Terrebonne Parish Fire District No. 10

For the year ended December 31, 2018

Section II Financial Statement Findings (Continued)

Internal Control (Continued)

2018-002 Public Notices (Continued)

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

Views of Responsible Officials - Minutes for April 2018 will be published in The Courier.

Compliance

Findings 2018-001 and 2018-002 are also compliance findings.

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Terrebonne Parish Fire District No. 10

For the year ended December 31, 2018

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control

2017-001 Bank Reconciliations

Recommendation - We recommend the Board implement and adhere to a procedure to ensure that monthly bank reconciliations are properly prepared, reviewed and agreed to the general ledger immediately after receipt of the bank statement.

Management's Response - The Board will give consideration to implementing and adhering to a procedure for the preparation and review of monthly bank reconciliations. **Resolved.**

Internal Control and Compliance

2017-002 Local Government Budget Act

Recommendation - We recommend the District ensure that budget policies and procedures are adequate and are being followed. We recommend the District adopt and publish original, amended and final budgets for 2017. We recommend the Fire District publish the proposed budget for 2018. These policies and procedures should be approved by management and/or the board and should be in place for the full year.

Management's Response - Budgets for 2017 and 2018 will be published in The Courier. **Unresolved, see finding 2018-001.**

2017-003 Public Notices

Recommendation - We recommend the Board publish minutes for 2017 in the official journal (The Courier) and continue to publish minutes immediately after adoption by the Board.

Management's Response - Minutes for 2017 will be published in The Courier. **Unresolved, see finding 2018-002.**

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
(Continued)

Terrebonne Parish Fire District No. 10

For the year ended December 31, 2018

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Fire District No. 10 did not expend federal awards in excess of \$750,000 during the year ended December 31, 2017, and therefore is exempt from the audit requirements under the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2017.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Terrebonne Parish Fire District No. 10

For the year ended December 31, 2018

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control

2018-001 Local Budget Government Act

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

Management's Response - Budgets for 2018 and 2019 will be published in The Courier.

2018-002 Public Notices

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

Management's Response - April minutes for 2018 will be published in The Courier and the District will continue to publish minutes immediately after adoption by the Board.

MANAGEMENT'S CORRECTIVE ACTION PLAN
(Continued)

Terrebonne Parish Fire District No. 10

For the year ended December 31, 2018

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Fire District No. 10 did not expend federal awards in excess of \$750,000 during the year ended December 31, 2018, and therefore is exempt from the audit requirements under the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Section III Management Letter

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

STATEWIDE AGREED-UPON PROCEDURES

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures described in Schedule 2, which were agreed to by Terrebonne Parish Fire District No. 10, State of Louisiana (the "District") and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the year ended December 31, 2018. The District's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the AICPA. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures referred to above, either for the purpose for which this report has been requested, or for any other purpose.

The procedures and associated findings are described in Schedule 2.

We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on these C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 23:513, this report is distributed by the LLA as a public document.

Bourgeois Bennett, LLC.

Certified Public Accountants

Houma, Louisiana,
May 9, 2019

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

Terrebonne Parish Fire District No. 10

For the year ended December 31, 2018

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 financial/business functions (or report that the District does not have any written policies and procedures), as applicable:

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.

Management's response: Not applicable.

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 provisions discussing how vendors are added to the vendor list and documentation required to be maintained for all bids and price quotes.

Management's response: Management will consider adding a provision discussing how vendors are added to the vendor list and documentation required to be maintained for all bids and price quotes.

c) Disbursements, including processing, reviewing, and approving.

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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.

Management's response: Not applicable.

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

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

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

Management's response: Management will consider adding a provision discussing the standard terms and conditions for contracts, legal review and monitoring process.

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

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

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

Management's response: Management will consider adding provisions discussing the allowable business uses and required approvers.

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

- 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.

Management's response: Not applicable.

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

Performance: Obtained and read the written policy for ethics, and found it to contain none of the requirements listed above.

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

Management's response: Management will consider adding a provision discussing the prohibitions as defined in Louisiana Revised Statute 42:1111-1121; actions to be taken if an ethics violation takes place; system to monitor possible ethics violations; and requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the District's Board:

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

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

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

Performance: Obtained and read the written minutes of board meetings, as well as inquired about advertising for board meetings in the local newspaper.

Exceptions: Minutes of the April 2018 board meeting was not published in the local newspaper.

Management's response: Management was not aware that the minutes were not published in the local newspaper, management will published April 2018 minutes.

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

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

Exceptions: Budget-to-actual comparisons were not included in all meeting minutes.

Management's response: Management will ensure that budget-to-actual comparisons are included in the meeting packets given to the board members and referenced in the minutes.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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 4 additional accounts (or all accounts if less than 5). 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.

Management's response: Not applicable.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Performance: Selected all five of the District's bank accounts. Inspected management's documentation for accuracy of bank reconciliations.

Exceptions: All of the District's bank reconciliations lacked evidence that they were prepared within 2 months of the related statement closing date.

Management's response: The secretary/treasurer will include evidence of review on the bank reconciliations by initialing and dating all bank reconciliations.

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

Performance: Selected all five of the District's bank accounts. Inspected management's documentation for evidence that each bank reconciliation was reviewed.

Exceptions: Three of the District's bank reconciliations lacked evidence that a member of management or board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.

Management's response: A member of management or board member who does not handle cash, post ledgers, or issue checks will review each bank reconciliation and initial and date all bank reconciliations.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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 5 deposit sites (or all deposit sites if less than 5).

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected policy manuals and inquired of management and observed employees do not share cash drawers/registers.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected policy manuals and inquired of management and observed employees collecting cash are not responsible for making deposits.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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.

Management's response: Not applicable.

7. Randomly select two deposit dates for each of the 5 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 10 deposits and:

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

Performance: Obtained supporting documentation for the 10 selected deposits and observed that receipts were sequentially pre-numbered.

Exceptions: Not applicable.

Management's response: Not applicable.

- 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.

Management's response: Not applicable.

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

- 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.
Management's response: Not applicable.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
Performance: Observed that the deposit was made within one business day of receipt.
Exceptions: There was one instance where supporting documentation was not available to determine the number of days from receipt to deposit.
Management's response: Management will deposit all receipts within one day of their actual receipt.

- 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.
Management's response: Not applicable.

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

- 8. Obtain a listing of locations that process payments for the fiscal period, and management's representation that the listing is complete. Select 5 locations (or all locations if less than 5).
Performance: Obtained the listing of locations that process payments, and received management's representation in a separate letter. The District only has one location that processes payments.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.

- 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.
Management's response: Not applicable.

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

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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: Although it was noted that the Fire Chief approves payments to vendors and the secretary/treasurer processes payments to vendors, there were a few instances where payments made to a communications vendor were not approved.

Management's response: The Fire Chief will improve controls to ensure that invoices paid to vendors are approved.

- 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 secretary/treasurer is responsible for adding vendors, as well as processing payments.

Management's response: Management will consider limiting the addition of new vendors to persons not responsible 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 secretary/treasurer is responsible for signing checks, processing payments and mailing payments.

Management's response: Management will consider maintaining better controls over the mailing of checks.

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

10. For each location selected under #8 above, obtain the District's non-payroll disbursement transaction population (excluding credit cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction.

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.

Management's response: Not applicable.

- 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.

Management's response: Not applicable.

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

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

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

Management's response: Management will consider maintaining better controls over approval of reimbursements.

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.

Management's response: Not applicable.

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

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period, rotating cards each year. Select one monthly statement or combined statement for each card (for a debit card, select one monthly bank statement), obtain supporting documentation, and:

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

Performance: Obtained randomly selected statement for the four cards and one store account selected along with supporting documentation and observed for proper approval.

Exceptions: The Fire Chief is responsible for reviewing and approving credit card statements, store account statements and all transactions on a monthly basis; however, the Fire Chief is the authorized card holder for all of the credit cards selected and an authorized purchaser for the store account selected.

Management's response: Management will consider improving the segregation of duties.

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

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

Exceptions: Finance charges/late fees were assessed on eight of the selected statements.

Management's response: Management will pay credit card vendors by the due date. Management will consider eliminating credit cards that have a small number of transactions.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing).

- 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.

Management's response: Not applicable.

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

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

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

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

Management's response: Management will ensure that evidence of business/public purpose is included on all transactions in the future.

- 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: Two transactions did not include evidence of the individuals participating in meals.

Management's response: Management will ensure that documentation of individuals participating in meals is included on all transactions in the future.

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 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected.

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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 5 reimbursements and obtained the supporting documentation. Observed that the reimbursement was reimbursed using actual costs, not using a per diem.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Procedures performed on the District's Travel and Travel-Related Expense Reimbursements:
(Continued)**

- 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 5 reimbursements and obtained the supporting documentation.

Observed that the reimbursement was supported by original itemized receipt.

Exceptions: Two reimbursements were not supported by an original itemized receipt.

Management's response: Management will ensure that original itemized receipts are attached on all transactions in the future.

- 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 5 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: Three reimbursements did not include the names of individuals participating in meal charges. Two reimbursements did not include the business/public purpose.

Management's response: Management will ensure that reimbursements are supported by documentation of business/public purpose and documentation for meal charges will include the names of those individuals participating in the future.

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

Performance: Selected 5 reimbursements and obtained the supporting documentation.

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

Exceptions: The Fire Chief is responsible for reviewing and approving reimbursements through credit cards and all transactions on a monthly basis; however, the Fire Chief is the authorized card holder for the credit card reimbursements selected.

Management's response: Management will consider improving the segregation of duties.

Procedures performed on the District's Contracts:

15. Prior year testing resulted in no exceptions related to contracts. Therefore, testing was not required in the current year.

Procedures performed on the District's Payroll and Personnel:

16. Prior year testing resulted in no exceptions related to payroll and personnel. Therefore, testing was not required in the current year.

Procedure performed on the District's Ethics:

17. Using the 5 randomly selected employees/officials, obtain ethics compliance documentation from management and:

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

Performance: Inquired of ethics course completion certificates for five employees tested.

Exceptions: An ethics course completion certificate was not obtained for two of the employees and one board member.

Management's response: Management will monitor completion of ethics courses annually by all employees/officials.

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

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

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

Management's response: Management will monitor employee annual attesting of the District's ethics policy.

Procedures performed on the District's Debt Service:

18. Prior year testing resulted in no exceptions related to debt service. Therefore, testing was not required in the current year.

Other procedures performed on the District:

19. 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: Inquired of management for listing of any misappropriations of public funds or assets, none were noted.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

20. Observe and report whether the District has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Performance: Inquired and observed such notice posted on the premises and website.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.