

***FIRE DISTRICT NO. 5
Of the Parishes of
Terrebonne and Lafourche***

ANNUAL FINANCIAL REPORT

***FOR THE YEAR ENDED
DECEMBER 31, 2019***

FIRE DISTRICT NO. 5
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2019

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FIRE DISTRICT NO. 5
Of the Parishes of Terrebonne and Lafourche
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2019

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

FINANCIAL HIGHLIGHTS

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

- Net position of our governmental activities decreased by \$214,488 or 15%. At the end of the year assets exceeded liabilities by \$1,172,941 (net position).
- During the year, expenses for fire protection services were \$736,939 including a \$134,912 grant to Fire District No. 6 for the purchase of a fire truck to be shared between the Districts as needed and \$34,399 was recorded as program income. General revenues of \$488,052 were recognized to end the year with expenses exceeding revenue by \$214,488. This compares to last year when revenues exceeded expenses by \$133,089.
- Governmental funds ended the year with total fund balance of \$636,039 of which; \$156,524 is committed for fund balance reserve, \$17,441 is restricted for capital projects; \$123,631 is restricted for debt services; and the remainder of \$338,443 is unassigned and available to spend.

USING THIS ANNUAL REPORT

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

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2019

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not as a whole. Some funds are required to be established by State laws.

The District utilizes the governmental type of fund with the following accounting approach. Most of the basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation at the bottom of the fund financial statements.

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- Net position of our governmental activities decreased by \$214,488 or 15%. At the end of the year assets exceeded liabilities by \$1,172,941 (net position).
- During the year, expenses for fire protection services were \$736,939 including a \$134,912 grant to Fire District No. 6 for the purchase of a fire truck to be shared between the Districts as needed and \$34,399 was recorded as program income. General revenues of \$488,052 were recognized to end the year with expenses exceeding revenue by \$214,488. This compares to last year when revenues exceeded expenses by \$133,089.
- Governmental funds ended the year with total fund balance of \$636,039 of which; \$156,524 is committed for fund balance reserve, \$17,441 is restricted for capital projects; \$123,631 is restricted for debt services; and the remainder of \$338,443 is unassigned and available to spend.

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FIRE DISTRICT NO. 5
Of the Parishes of Terrebonne and Lafourche
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2019

FINANCIAL ANALYSIS AS A WHOLE (GWFS)

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

Condensed Statement of Net Position	Dollar		
	2018	2019	Change
Current and Other Assets	\$1,266,187	\$1,192,584	\$ (73,603)
Capital Assets	1,882,668	1,751,778	(130,890)
Total Assets	3,148,855	2,944,362	(204,493)
Deferred Outflows	44,040	42,637	(1,403)
Current Liabilities	25,081	13,866	(11,215)
Non-current Liabilities	1,259,377	1,237,781	(21,596)
Total Liabilities	1,284,458	1,251,647	(32,811)
Deferred Inflows	521,008	562,411	41,403
Net Invested in Capital Assets	478,914	671,778	192,864
Restricted	127,991	141,072	13,081
Unrestricted	780,524	360,091	(420,433)
Total Net Position	\$1,387,429	\$1,172,941	\$ (214,488)

Net position decreased by 15% from the prior year. Capital assets increased due to purchased assets exceeding depreciation taken. Noncurrent liabilities decreased due to the refunding and payment on the bonds.

Condensed Statement of Activities	Increase		
	2018	2019	(Decrease)
Total program expenses	\$ (478,198)	\$ (736,939)	\$ 258,741
Total program revenues	48,705	34,399	(14,306)
Net program income	(429,493)	(702,540)	273,047
General revenues	562,582	488,052	(74,530)
Change in Net Position	133,089	(177,992)	(311,081)
Net Position:			
Beginning of the year	1,254,340	1,387,429	133,089
End of the year	\$1,387,429	\$1,172,941	\$ (214,488)

Total revenues generated by governmental activities for the year were \$522,451 - most in general revenues-ad valorem taxes. The total cost of all public safety services provided was \$736,939 including a \$134,912 grant to Fire District No. 6 for the purchase of a fire truck to be shared between the Districts as needed.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2019

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS (FFS)

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

The general fund reported an ending fund balance of \$494,967. This reflects a decrease of \$141,072 from last year. Total revenues for the general fund were \$365,446, a decrease of over 23% from the prior year. Current expenditures for fire protection activities were \$491,799, an increase from the prior year.

The construction fund reported an ending fund balance of \$17,441 – all restricted for capital projects and capital outlay purchases. There was no activity in this fund during the current year.

The debt service fund reported an ending fund balance of \$123,631, a slight increase from the prior year. Ad valorem taxes collected were \$156,773. Principal payments of \$90,000 and interest of \$35,435 were made on the outstanding bonds.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

CAPITAL ASSETS

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

	Beginning Balance	Ending Balance
NON-DEPRECIABLE ASSETS		
Land	\$125,165	\$125,165
DEPRECIABLE ASSETS:		
Buildings & Improvements	1,496,205	1,496,205
Vehicles, Machinery & Equipment	1,403,264	1,400,475
Total Cost of depreciable assets	<u>2,899,469</u>	<u>2,896,680</u>
Total Cost of assets	<u>3,024,634</u>	<u>3,021,845</u>
Total accumulated depreciation	<u>1,141,966</u>	<u>1,270,067</u>
Net depreciable assets	<u>\$1,757,503</u>	<u>\$1,626,613</u>
Net capital assets	<u>\$1,882,668</u>	<u>\$1,751,778</u>

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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2019

This year there were no additions or deletions to capital assets. Depreciation of \$130,890 was recorded on capital assets in the governmental activities. More detailed information about the capital assets is presented in Note 7 to the financial statements.

LONG-TERM DEBT

In 2009 general obligation bonds were issued for the purpose of acquiring and improving buildings, machinery and equipment, including both real and personal property. On October 22, 2019 the Board passed a resolution giving preliminary approval to the issuance of not to exceed \$1,100,000 of General Obligation Refunding Bonds and applied for approval to the State Bond Commission and to redeem certain bonds of the District.

The refunded Series 2009 Bonds are to be used for the same purpose as the original bonds. These bonds were issued as serial bonds with varying amounts of principal maturing each year at an interest rate of 2.60%.

During the current year \$90,000 was paid for principal and \$35,435 for interest and fees. More detailed information about the long-term debt is presented in Note 8 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Highlights of next year's General Fund budget include:

Condensed Summary of Budgeted Finances	
	2020
Anticipated revenues	\$410,250
Expenditures:	
Current	376,220
Capital outlay	51,834
Anticipated expenditures	428,054
Excess of expenditures	(17,804)
Fund Balance:	
Beginning of the year	514,436
End of the year	\$ 496,632

FIRE DISTRICT NO. 5
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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2019

The Board has committed in the 2019 budget to restrict \$156,524 for fund balance reserve and the intent is to reserve 1 year of general fund expenditures.

CONTACTING FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the finances and to show accountability for the money it received. If you have questions about this report or need additional financial information, contact:

Mr. Kurt Charpentier, Chairman
4317 Hwy. 24
Bourg, LA 70343
985-594-9588

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FINANCIAL ANALYSIS AS A WHOLE (GWFS)

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

Condensed Statement of Net Position	Dollar		
	2018	2019	Change
Current and Other Assets	\$1,266,187	\$1,229,080	\$ (37,107)
Capital Assets	1,882,668	1,751,778	(130,890)
Total Assets	3,148,855	2,980,858	(167,997)
Deferred Outflows	44,040	42,637	(1,403)
Current Liabilities	25,081	13,866	(11,215)
Non-current Liabilities	1,259,377	1,237,781	(21,596)
Total Liabilities	1,284,458	1,251,647	(32,811)
Deferred Inflows	521,008	562,411	41,403
Net Invested in Capital Assets	478,914	671,778	192,864
Restricted	127,991	141,072	13,081
Unrestricted	780,524	396,587	(383,937)
Total Net Position	\$1,387,429	\$1,209,437	\$ (177,992)

Net position decreased by 13% from the prior year. Capital assets increased due to purchased assets exceeding depreciation taken. Noncurrent liabilities decreased due to the refunding and payment on the bonds.

Condensed Statement of Activities	Increase		
	2018	2019	(Decrease)
Total program expenses	\$ (478,198)	\$ (728,221)	\$ 250,023
Total program revenues	48,705	34,399	(14,306)
Net program income	(429,493)	(693,822)	264,329
General revenues	562,582	515,830	(46,752)
Change in Net Position	133,089	(177,992)	(311,081)
Net Position:			
Beginning of the year	1,254,340	1,387,429	133,089
End of the year	\$1,387,429	\$1,209,437	\$ (177,992)

Total revenues generated by governmental activities for the year were \$550,229 - most in general revenues-ad valorem taxes. The total cost of all public safety services provided was \$728,221 including a \$134,912 grant to Fire District No. 6 for the purchase of a fire truck to be shared between the Districts as needed.

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

The general fund reported an ending fund balance of \$531,463. This reflects a decrease of \$89,857 from last year. Total revenues for the general fund were \$393,224, a decrease of over 17% from the prior year. Current expenditures for fire protection activities were \$483,081, an increase from the prior year.

The construction fund reported an ending fund balance of \$17,441 – all restricted for capital projects and capital outlay purchases. There was no activity in this fund during the current year.

The debt service fund reported an ending fund balance of \$123,631, a slight increase from the prior year. Ad valorem taxes collected were \$156,773. Principal payments of \$90,000 and interest of \$35,435 were made on the outstanding bonds.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

CAPITAL ASSETS

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	Beginning Balance	Ending Balance
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Land	\$125,165	\$125,165
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Buildings & Improvements	1,496,205	1,496,205
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FINANCIAL SECTION



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Commissioners of
Fire District No. 5
Of the Parishes of Terrebonne and Lafourche

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Fire District No. 5 Of the Parishes of Terrebonne and Lafourche (the District), a component unit of Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2019, and the notes to the financial statements, which collectively comprise the basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit includes performing procedures to obtain audit evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluation the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Required Supplementary Information

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

Other Information

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

These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits and Other Payments to Agency Head are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated May 18, 2020, on our consideration of the internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

Stagni & Company

Thibodaux, Louisiana
May 18, 2020



FIRE DISTRICT NO. 5
of the PARISHES OF TERREBONNE and LAFOURCHE

Statement of Net Position
December 31, 2019

ASSETS

Cash	\$ 486,825
Investments	156,897
Ad Valorem taxes receivable	163,992
Due from others-outstanding deposits	3,571
Due from other governments - ad valorem taxes	380,999
Prepaid Insurance	300
Capital Assets, net of accumulated depreciation	<u>1,751,778</u>
TOTAL ASSETS	<u>2,944,362</u>

DEFERRED OUTFLOWS OF RESOURCES

Related to net pension liability	\$ 42,637
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LIABILITIES, DEFERRED INFLOWS AND NET POSITION

Liabilities:

Accounts payable	11,391
Accrued interest payable	2,475
Noncurrent liabilities:	
Due within one year	100,000
Due in more than one year	<u>1,137,781</u>
<i>Total liabilities</i>	<u>1,251,647</u>

Deferred Inflows of Resources-

Property taxes - subsequent year	545,154
Related to net pension liability	<u>17,257</u>
<i>Total deferred inflows</i>	<u>562,411</u>

Net Position:

Net Investment in capital assets	671,778
Restricted	141,072
Unrestricted	<u>360,091</u>
<i>Total net position</i>	<u>\$ 1,172,941</u>

See notes to financial statements.

FIRE DISTRICT NO. 5
of the PARISHES OF TERREBONNE and LAFOURCHE

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

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue
	Expenses	Charges for services	Operating Grants	
Public Safety	\$ 736,939	\$ -	\$ 34,399	\$ (702,540)
Total governmental activities	<u>\$ 736,939</u>	<u>\$ -</u>	<u>\$ 34,399</u>	<u>(702,540)</u>
GENERAL REVENUES				
Ad valorem taxes				485,737
Interest earned				<u>2,315</u>
<i>Total General Revenues</i>				<u>488,052</u>
Change in Net Position				(214,488)
NET POSITION:				
Beginning of year				<u>1,387,429</u>
End of year				<u><u>\$ 1,172,941</u></u>

See notes to the financial statements.

FIRE DISTRICT NO. 5
of the PARISHES OF TERREBONNE and LAFOURCHE

Balance Sheet - Governmental Funds
December 31, 2019

	General Fund	Construction Fund	Debt Service Fund	Total
ASSETS				
Cash	\$ 345,753	\$ 17,441	\$ 123,631	\$ 486,825
Investments	156,897	-	-	156,897
Ad Valorem taxes receivable	104,174	-	59,818	163,992
Due from other governments	259,099	-	121,900	380,999
Due from others	3,571	-	-	3,571
Deposits	300	-	-	300
TOTAL ASSETS	\$ 869,794	\$ 17,441	\$ 305,349	\$ 1,192,584
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE				
Liabilities -				
Accounts payable	\$ 11,391	\$ -	\$ -	\$ 11,391
Deferred Inflows of Resources -				
Property taxes - subsequent period	363,436	-	181,718	545,154
Fund balances:				
Committed for fund balance reserve	156,524	-	-	156,524
Restricted for Capital Projects	-	17,441	-	17,441
Restricted for Debt Service	-	-	123,631	123,631
Unassigned	338,443	-	-	338,443
Total fund balance	494,967	17,441	123,631	636,039
RECONCILIATION TO STATEMENT OF NET POSITION:				
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.				
Add - Capital Assets - Non Depreciable			125,165	
Add - Capital Assets - Depreciable			2,896,680	
Deduct - Accumulated Depreciation			(1,270,067)	1,751,778
Deferred outflows of resources related to net pension liability are not available resources and, therefore, are not reported in the funds				
				42,637
Liabilities not due and payable in the current period and therefore are not reported in the funds.				
Deduct—bonds payable due within one year			(100,000)	
Deduct—bonds payable due in more than one year			(980,000)	
Deduct—accrued interest on bonds payable			(2,475)	
Deduct - Net pension liability			(157,781)	(1,240,256)
Deferred inflows of resources related to net pension liability are not payable from current expendable resources and, therefore, are not reported in the funds				
				(17,257)
Net position of governmental activities				\$ 1,172,941

See notes to financial statements.

FIRE DISTRICT NO. 5
of the PARISHES OF TERREBONNE and LAFOURCHE

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

	General Fund	Construction Fund	Debt Service Fund	Total
REVENUES				
Ad Valorem Taxes	\$ 328,964	\$ -	\$ 156,773	\$ 485,737
State Revenue Sharing	7,623	-	-	7,623
State Supplemental Pay	6,462	-	-	6,462
Fire Insurance Rebate	20,082	-	232	20,314
Interest	2,315	-	-	2,315
TOTAL REVENUES	<u>365,446</u>	<u>-</u>	<u>157,005</u>	<u>522,451</u>
EXPENDITURES				
<i>Current - Public Safety:</i>				
Personal Services	203,542	-	-	203,542
Supplies & Materials	17,176	-	-	17,176
Other Services & Charges	94,203	-	18,489	112,692
Repairs & Maintenance	41,966	-	-	41,966
Capital Grant for Fire Truck Purchase	134,912	-	-	134,912
<i>Total current</i>	<u>491,799</u>	<u>-</u>	<u>18,489</u>	<u>510,288</u>
<i>Capital Outlay</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Debt Service:</i>				
Principal payments	-	-	90,000	90,000
Interest and fees	-	-	35,435	35,435
<i>Total debt service</i>	<u>-</u>	<u>-</u>	<u>125,435</u>	<u>125,435</u>
TOTAL EXPENDITURES	<u>491,799</u>	<u>-</u>	<u>143,924</u>	<u>635,723</u>
NET CHANGE IN FUND BALANCES	<u>(126,353)</u>	<u>-</u>	<u>13,081</u>	<u>(113,272)</u>
FUND BALANCES:				
Beginning of year	621,320	17,441	110,550	749,311
End of year	<u>\$ 494,967</u>	<u>\$ 17,441</u>	<u>\$ 123,631</u>	<u>\$ 636,039</u>

See notes to financial statements.

FIRE DISTRICT NO. 5
of the PARISHES OF TERREBONNE and LAFOURCHE

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

Net change in fund balances - total governmental funds \$ (113,272)

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

Add—capital outlay	-	
Deduct—depreciation expense	<u>(130,890)</u>	(130,890)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds.

Add -payment on long term debt	90,000	
Deduct - adjustment for refunding	(55,000)	
Add—decrease in accrual for accrued interest payable	<u>10,321</u>	45,321

Some expenses reported in the government-wide statement of activities do not require the use of current financial resources, and, therefore, are not reported as expenditures in the governmental funds.

Increase in Net Pension Liability	(13,404)	
Changes in deferred outflows and inflows	<u>(2,243)</u>	(15,647)

Change in net position - governmental activities \$ (214,488)

***FIRE DISTRICT NO. 5 of the
Parishes of Terrebonne and Lafourche***

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

The Fire District No. 5 (the District) is governed by a Board of Commissioners appointed by the Terrebonne Parish Consolidated Government organized under La. Revised Statute 40:1492, Terrebonne Parish Ordinance #6781 adopted August 13, 2003, Terrebonne Parish Ordinance #6697 adopted November 10, 2002 and Lafourche Parish Ordinance #3109 adopted November 12, 2002. The District provides for the acquisition, construction, maintenance, and operations of fire protection and emergency medical service facilities, for the purchase of fire trucks and other firefighting or emergency medical service equipment and paying the cost of obtaining water for fire protection purposes in the Parishes of Terrebonne and Lafourche.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

As the governing authority, the Terrebonne Parish Consolidated Government is the financial reporting entity for Terrebonne Parish. The majority of ad valorem tax revenue is received from Terrebonne Parish. Because the Terrebonne Parish Consolidated Government could by definition in statute be financially burdened by the Fire District No. 5, the District was determined to be a component unit of the Terrebonne Parish Consolidated Government. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Terrebonne Parish Consolidated Government, the general government services provided by that governmental unit, or the other governmental reporting entity.

The accompanying financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ending December 31, 2019.

B. Basis of Presentation

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

***FIRE DISTRICT NO. 5 of the
Parishes of Terrebonne and Lafourche***

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

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

B. Basis of Presentation (continued)

Governmental Fund Type

Governmental funds account for all or most of the general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid.

The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period programs or operations. The following are the governmental funds:

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

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

Capital Project Fund - Accounts for financial resources to be used for the acquisition or construction of major capital facilities

C. Measurement Focus / Basis of Accounting

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

Government-Wide Financial Statements (GWFS)

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

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

***FIRE DISTRICT NO. 5 of the
Parishes of Terrebonne and Lafourche***
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)*

C. Measurement Focus / Basis of Accounting (continued)

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

Fund Financial Statements (FFS)

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

The amounts reflected in the fund financial statements, use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The court considers all revenues available if they are collected within 60 days after the fiscal year end.

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

***FIRE DISTRICT NO. 5 of the
Parishes of Terrebonne and Lafourche***
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

C. Measurement Focus / Basis of Accounting (continued)

Revenues – Ad valorem taxes and the related state revenue sharing are recorded as revenue in the period for which levied, thus the 2018 property taxes which were levied to finance the 2019 budget are recognized as revenue in 2019. The 2019 tax levy is recorded as deferred revenue in the current financial statements. Charges for services are recorded when earned since they are measurable and available. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable or available until actually received.

Expenditures – The major expenditures are recorded when payable or when the fees are incurred.

D. Use of Estimates

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

E. Operating Budgets

As required by Louisiana Revised Statutes, The Board of Commissioners adopted a budget for the General Fund. The Board must approve any amendment involving the transfer of monies from one function to another, or increases in expenditures. The district did not amend its budget for the year ended December 31, 2019. 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.

***FIRE DISTRICT NO. 5 of the
Parishes of Terrebonne and Lafourche***

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

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

F. Cash and Investments

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

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

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

G. Receivables

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

H. Deferred Outflows and Inflows of Resources

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

***FIRE DISTRICT NO. 5 of the
Parishes of Terrebonne and Lafourche***

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

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

I. Vacation and Sick Leave

Full time employees are entitled to 18 days of vacation after one year of service. Each year the employee must take the vacation time before the anniversary date (the first day of employment). If not taken before the anniversary date, the vacation time is forfeited. The vacation period is increased one day for each year of service over ten years, up to a maximum period of thirty days. There is no material accumulated vacation at year-end.

Every firefighter in the employ of a fire protection district shall be entitled to full pay during sickness or incapacity not brought about by his own negligence or culpable indiscretion for a period of not less than fifty-two weeks. A firefighter employed by any fire protection district who draws full pay during sickness or incapacity shall have such pay decreased by the amount of workers' compensation benefits actually received by the employee. A firefighter is entitled to sick leave benefits even though the injury or illness may have occurred while he was off duty. 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 employees; accordingly there is no accrued sick leave as of year-end.

J. Capital Assets

In the government-wide financial statements, additions, improvements and other capital outlays that significantly extend the useful life of an asset are recorded and depreciated (capitalized). Capital assets purchased or acquired with an original cost of \$1000 or more are valued at historical cost or estimated if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. All capital assets, other than land, are depreciated using the straight-line method over the following estimated useful lives:

<u>CATEGORY</u>	<u>LIFE</u>
BUILDINGS AND IMPROVEMENTS	5-40 YEARS
MACHINERY & EQUIPMENT	5-20 YEARS

**FIRE DISTRICT NO. 5 of the
Parishes of Terrebonne and Lafourche**

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

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

J. Capital Assets (continued)

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

K. Fund Equity

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

- Invested in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets, if any.
- Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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

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

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

***FIRE DISTRICT NO. 5 of the
Parishes of Terrebonne and Lafourche***
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 ***DEPOSITS AND INVESTMENTS***

Deposits:

A summary of deposits are listed as follows:

	Reported Amount	Bank Balance
Cash	\$486,825	\$471,233

State law requires that deposits (cash and certificates of deposit) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished, as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision. Under the provision of GASB, pledged securities, which are not in the name of the governmental unit, are considered uncollateralized.

Custodial credit risk is the risk that in the event of a bank failure, deposits may not be returned to it. The District has a written policy for custodial credit risk. At year-end \$274,439 was exposed to custodial credit risk. These deposits were secured by the market value of collateralized deposits.

The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

***FIRE DISTRICT NO. 5 of the
Parishes of Terrebonne and Lafourche***
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 DEPOSITS AND INVESTMENTS (continued)

Investments:

Investment balances and maturities at year end are as follows:

Investment Type	As Reported	Fair Value	Ave Days Maturity
Louisiana Asset Management Pool	\$156,897	\$156,751	Less than 1 year

For an investment, custodial credit risk is the risk that, in the event of a failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

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

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

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

***FIRE DISTRICT NO. 5 of the
Parishes of Terrebonne and Lafourche***
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 3 AD VALOREM TAXES

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2020.

Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2019 was 16.0 mills of assessed valuation on property within Terrebonne and Lafourche Parish Fire District No. 5 for the purpose providing fire protection within the District and 8.0 mills for repayment of bond principal and interest.

Note 4 DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consisted of \$365,700 due from the Terrebonne and Lafourche Parish Tax Collectors for ad valorem taxes collected but not yet remitted and \$15,299 due from the State of Louisiana for revenue sharing.

Note 5 SUPPLEMENTAL PAY

In addition to the compensation paid to employees, firemen may be eligible to receive supplemental pay. The amount of the compensation is determined by State Law and is revised periodically. During the current year the District has recognized revenue and expenditures of \$6,462 in salary supplements received from the State.

Note 6 RISK MANAGEMENT

The District is exposed to various risks of loss related to workmen's compensation; torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters and group health benefits for which the District carries commercial insurance and also participates in the Parish's risk management program for general liability and workers' compensation and group health. The premiums for auto liability are paid to the Parish for reimbursement of commercial carrier premiums. No settlements were made during the year that exceeded the District's insurance coverage.

***FIRE DISTRICT NO. 5 of the
Parishes of Terrebonne and Lafourche***

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

Note 7 CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions/ Adjustments	Ending Balance
NON-DEPRECIABLE ASSETS				
Land	\$ 125,165	\$ -	\$ -	\$ 125,165
DEPRECIABLE ASSETS:				
Buildings & Improvements	1,496,205	-	-	1,496,205
Vehicles, Machinery & Equipment	1,403,264	-	(2,789)	1,400,475
Total Cost of depreciable assets	2,899,469	-	(2,789)	2,896,680
Total Cost of assets	3,024,634	-	-	3,021,845
ACCUMULATED DEPRECIATION				
Buildings & Improvements	199,494	37,405		236,899
Vehicles, Machinery & Equipment	942,472	93,485	(2,789)	1,033,168
Total accumulated depreciation	1,141,966	130,890	(2,789)	1,270,067
Net depreciable assets	\$1,757,503			\$1,626,613
Net capital assets	\$1,882,668			\$1,751,778

Depreciation Expense of \$130,890 was recorded in the governmental activities.

Note 8 LONG TERM DEBT

In 2009 the District authorized the issuance of \$1,600,000 general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds were issued as serial bonds with varying amounts of principal maturing each year at an interest rate of 5.250%. A summary of the general obligation bonds currently outstanding is as follows:

Long-term debt activity for the year was as follows:

	BEGINNING BALANCE	ADDITIONS	PAYMENTS	ENDING BALANCE	DUE WITHIN ONE YEAR
GENERAL OBLIGATION BONDS, SERIES 2009	\$ 1,115,000	\$ 55,000	\$ 90,000	\$ 1,080,000	\$ 100,000

***FIRE DISTRICT NO. 5 of the
Parishes of Terrebonne and Lafourche***

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

Note 8 *LONG TERM DEBT (continued)*

On October 22, 2019 the Board passed a resolution giving preliminary approval to the issuance of not to exceed \$1,100,000 of General Obligation Refunding Bonds and applied for approval to the State Bond Commission and to redeem certain bonds of the District. The Board passed the final resolution to refund the bonds on December 19, 2019.

The refunded Series 2009 Bonds are to be used for the same purpose as the original bonds. These bonds were issued as serial bonds with varying amounts of principal maturing each year at an interest rate of 2.60%.

The date of the bonds will be January 16, 2020 with payments due on March 1 and September 1 with the average maturity of the bonds to be 5.24 years. The net savings from refunding is \$91,853 with an average annual debt service reduction of \$9,177. The approximate cost of the issuance is \$23,125.

Annual debt service requirements to maturity for General Obligation Refunding Bonds, Series 2020 are as follows:

YEAR	PRINCIPAL	INTEREST	TOTAL
2020	\$ 100,000	\$ 17,690	\$ 117,690
2021	95,000	24,245	119,245
2022	98,000	21,736	119,736
2023	102,000	19,136	121,136
2024	105,000	16,445	121,445
2025-2029	580,000	38,688	618,688
	\$ 1,080,000	\$ 137,940	\$ 1,217,940

Note 9 *FIREFIGHTERS RETIREMENT SYSTEM*

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

PLAN DESCRIPTION – The District contributes to the Firefighters' Retirement System of Louisiana (FRS), a cost-sharing multiple-employer defined benefit public retirement system, which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries.

***FIRE DISTRICT NO. 5 of the
Parishes of Terrebonne and Lafourche***
Notes to the Financial Statements
For the Year Ended December 31, 2019

NOTE 9 *FIREFIGHTERS RETIREMENT SYSTEM (continued)*

Act 434 of the 1979 Louisiana Legislative Session established the plan. The System is governed by Louisiana R.S. 11:2251 – 11:2269, specifically, and other general laws of the State.

The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Firefighters' Retirement System of Louisiana, 2051 Silverside Dr., Suite 210, Baton Rouge, LA 70808-4136 or at their website <http://www.lafirefightersret.com>.

ELIGIBILITY REQUIREMENTS – Membership in the System is a condition of employment for any full time firefighters who earn at least \$375 per month and are employed by any municipality, parish, or fire protection district of the State of Louisiana in addition to employees of the Firefighters Retirement System.

Any person who becomes an employee as defined in R.S. 11:2252 on and after January 1, 1980 shall become a member as a condition of employment. No person who has attained age fifty or over shall become a member of the System, unless the person becomes a member by reason of a merger or unless the System received an application for membership before the applicant attained the age of fifty. No person who has not attained the age of eighteen years shall become a member of the System. Any person who has retired from service under any retirement system or pension fund maintained basically for public officers and employees of the state, its agencies or political subdivisions, and who is receiving retirement benefits therefrom may become a member of this System, provided the person meets all other requirements for membership. Service credit from the retirement system or pension plan from which the member is retired shall not be used for reciprocal recognition of service with this System, or for any other purpose in order to attain eligibility or increase the amount of service credit in this System.

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

If employees terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to their employer's contributions. Benefits are payable over the employees' lives in the form of a monthly annuity. An employee may elect an unreduced benefit or any of seven options at retirement.

***FIRE DISTRICT NO. 5 of the
Parishes of Terrebonne and Lafourche***
Notes to the Financial Statements
For the Year Ended December 31, 2019

NOTE 9 *FIREFIGHTERS RETIREMENT SYSTEM (continued)*

See R.S. 11:2256(A) for additional details on retirement benefits.

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

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

DEFERRED RETIREMENT OPTION PLAN (DROP) – After completing 20 years of creditable service and age 50 or 25 years at any age, a member may elect to participate in the deferred retirement option plan (DROP) for up to 36 months.

Upon commencement of participation in the DROP employer and employee contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the DROP plan account. Upon termination of employment, a participant in the program shall receive, at his option, a lump-sum payment from the account or an annuity based on the DROP plan account balance in addition to his regular monthly benefit. If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to the System. No payments may be made from the DROP account until the participant retires.

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

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

***FIRE DISTRICT NO. 5 of the
Parishes of Terrebonne and Lafourche***

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

NOTE 9 FIREFIGHTERS RETIREMENT SYSTEM (continued)

NON-EMPLOYER CONTRIBUTIONS – The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue during the year ended June 30, 2018 and were excluded from pension expense. Non-employer contributions received by the District was \$6,755 and the System was \$26,807,631.

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES - As of December 31, 2019, the District reported liabilities in the GWFS of \$157,781 in its governmental activities for its proportionate share of the net pension liabilities of the System. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension obligation was determined by an actuarial valuation as of that date.

The proportion of the net pension liability was based on a projection of the long-term contributions to the plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the District's proportional share of the System was 0.025197% which was an increase of 0.00100% from its proportion measured the prior year.

For the year ended December 31, 2019 the District recognized a pension expense of \$36,257 in its governmental activities related to its participation in the System. At December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

FFRS	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 10,610	\$(11,381)
Changes in assumption	14,354	(11)
Changes in proportion	9,282	(5,865)
Employer Contribution after Measurement Date	8,391	-
Totals	\$42,637	\$(17,257)

***FIRE DISTRICT NO. 5 of the
Parishes of Terrebonne and Lafourche***

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

NOTE 9 FIREFIGHTERS RETIREMENT SYSTEM (continued)

The deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended 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 ended December 31:	
2020	\$11,352
2021	(2,268)
2022	3,854
2022 & thereafter	4,051
	\$16,989

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

Valuation Date	June 30, 2019
Actuarial cost method	Entry Age Normal
Actuarial cost assumptions:	
Expected remaining service lives	7 years, closed period
Investment rate of return	7.15% per annum
Inflation rate	2.500% per annum
Salary increases	Vary from 14.75% in the first two years of service to 4.50% after 25 years
Cost of Living Adjustments	For the purpose of determining the present value of benefits, COLAs were deemed not to be substantively automatic and only those previously granted were included

The mortality rate assumption used was set based upon an experience study performed on plan data for the period July 1, 2009 through June 30, 2014. The data was then assigned creditability weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities.

***FIRE DISTRICT NO. 5 of the
Parishes of Terrebonne and Lafourche***

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

NOTE 9 FIREFIGHTERS RETIREMENT SYSTEM (continued)

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 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 7.94% as of June 30, 2019. Best estimates of arithmetic real rates of return for each major class includes in the System's target asset allocation as of June 30, 2019, are summarized in the following table:

Asset Type	Target Asset Allocation	Long-Term Expected Real Rate of Return
Equities-US Equity	21.50%	5.98%
Equities-Non-US Equity	17.50%	7.52%
Equities-Global Equity	10.00%	6.59%
Fixed Income	31.00%	2.17%
Alternatives-Real Estate	6.00%	4.14%
Alternatives-Private Equity	4.00%	10.52%
Global Tactical Asset Allocation	5.00%	4.37%
Risk Parity	5.00%	4.67%
Totals	100.00%	
Discount Rate		7.15%

***FIRE DISTRICT NO. 5 of the
Parishes of Terrebonne and Lafourche***

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

NOTE 9 FIREFIGHTERS RETIREMENT SYSTEM (continued)

SENSITIVITY OF THE CHANGES IN DISCOUNT RATE - The following presents the net pension liabilities of the participating employers calculated using the discount rate of 7.15%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net Pension Liability	\$228,478	\$157,781	\$98,444

Note 10 COMPENSATION OF BOARD MEMBERS

No compensation was paid to Board Members for the year.

***REQUIRED SUPPLEMENTAL
INFORMATION***

FIRE DISTRICT NO. 5
of the PARISHES OF TERREBONNE and LAFOURCHE

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

	Budgets		Actual	Variance Favorable (Unfavorable)
	Original	Final (no amendments)		
REVENUES				
Ad Valorem Taxes	\$345,000	\$345,000	\$328,964	\$ (16,036)
State Revenue Sharing	8,000	8,000	7,623	(377)
State Supplemental Pay	6,000	6,000	6,462	462
Fire Insurance Rebate	20,000	20,000	20,082	82
Miscellaneous	10,500	10,500	-	(10,500)
Interest	2,500	2,500	2,315	(185)
TOTAL REVENUES	<u>392,000</u>	<u>392,000</u>	<u>365,446</u>	<u>(26,554)</u>
EXPENDITURES				
Public safety - current:				
Personal Services	192,200	192,200	203,542	(11,342)
Supplies & Materials	17,250	17,250	17,176	74
Other Services & Charges	86,400	86,400	94,203	(7,803)
Repairs & Maintenance	31,000	31,000	41,966	(10,966)
Capital Grant for Fire Truck Purchase	134,912	134,912	134,912	-
Total public safety - current	<u>461,762</u>	<u>461,762</u>	<u>491,799</u>	<u>(30,037)</u>
Capital expenditures	<u>16,000</u>	<u>16,000</u>	<u>-</u>	<u>16,000</u>
TOTAL EXPENDITURES	<u>477,762</u>	<u>477,762</u>	<u>491,799</u>	<u>(14,037)</u>
NET CHANGE IN FUND BALANCES	<u>(85,762)</u>	<u>(85,762)</u>	<u>(126,353)</u>	<u>(40,591)</u>
FUND BALANCES				
Beginning of year	621,320	621,320	621,320	-
End of year	<u>\$ 535,558</u>	<u>\$ 535,558</u>	<u>\$ 494,967</u>	<u>\$ (40,591)</u>

FIRE DISTRICT NO. 5
of the PARISHES OF TERREBONNE and LAFOURCHE
Schedule of Employer's Share of Net Pension Liability

**Year Ended June 30	Employer Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)		Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll		Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
		(a)	(b)	(a/b)	(a/b)	
2019	0.025197%	\$ 157,781	\$ 58,555	269.46%		73.96%
2018	0.025100%	\$ 144,377	\$ 56,597	255.10%		74.76%
2017	0.025177%	\$ 144,311	\$ 51,244	281.62%		73.50%
2016	0.026071%	\$ 170,528	\$ 51,245	332.77%		68.20%
2015	0.025252%	\$ 136,288	\$ 53,666	253.96%		72.45%

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

** The amounts presented have a measurement date of June 30th

Notes to Retirement System Schedules:

Changes of Benefit Terms

6/30/2016 NO CHANGE
6/30/2017 NO CHANGE
6/30/2018 NO CHANGE
6/30/2019 NO CHANGE

Changes of Assumptions

	Actuarial cost method	Inflation rate	Discount rate- Investment ROR	Salary increases	Expecting remaining service lives
6/30/2015	Entry Age Normal	2.875%	7.50%	vary from 15.0% in first two years to 4.75% with 25 or more years	7 years
6/30/2016	Entry Age Normal	2.875%	7.50%	no change	7 years
6/30/2017	Entry Age Normal	2.775%	7.40%	no change	7 years
6/30/2018	Entry Age Normal	2.700%	7.30%	no change	7 years
6/30/2019	Entry Age Normal	2.500%	7.15%	vary from 14.75% in the first two years of service to 4.75% after 25 years	7 years

FIRE DISTRICT NO. 5
of the PARISHES OF TERREBONNE and LAFOURCHE
Schedule of Employer Contributions

**Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2019	\$ 16,138	\$ 16,178	\$ 40	\$ 56,597	28.58%
2018	\$ 15,836	\$ 15,793	\$ (43)	\$ 56,597	27.90%
2017	\$ 12,958	\$ 12,958	\$ -	\$ 51,244	25.29%
2016	\$ 12,604	\$ 12,604	\$ -	\$ 51,245	24.60%
2015	\$ 15,697	\$ 15,697	\$ -	\$ 53,666	29.25%

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

** The amounts presented have a measurement date of June 30th

Notes to Retirement System Schedules:

Changes of Benefit Terms

6/30/2016 NO CHANGE
6/30/2017 NO CHANGE
6/30/2018 NO CHANGE
6/30/2019 NO CHANGE

Changes of Assumptions

	Actuarial cost method	Inflation rate	Discount rate- Investment ROR	Salary increases	Expecting remaining service lives
6/30/2015	Entry Age Normal	2.875%	7.50%	vary from 15.0% in first two years to 4.75% with 25 or more years	7 years
6/30/2016	Entry Age Normal	2.875%	7.50%	no change	7 years
6/30/2017	Entry Age Normal	2.775%	7.40%	no change	7 years
6/30/2018	Entry Age Normal	2.700%	7.30%	no change	7 years
6/30/2019	Entry Age Normal	2.500%	7.15%	vary from 14.75% in the first two years of service to 4.75% after 25 years	7 years

OTHER INFORMATION

FIRE DISTRICT NO. 5
of the PARISHES OF TERREBONNE and LAFOURCHE
Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended December 31, 2019

Agency Head Name: Tony Pellegrin, Jr.

Purpose	Amount
Salary	\$62,818
Benefits-insurance	\$22,173
Benefits-retirement	\$17,432
Deferred compensation (contributions made by the agency)	\$0
Benefits- Cell Phone	\$1,200
Car allowance	\$0
Vehicle provided by government (enter amount reported on W-2 adjusted for various fiscal years)	\$0
Cell phone	\$1,200
Dues	\$0
Vehicle rental	\$0
Per diem	\$0
Reimbursements	\$0
Travel	\$0
Registration fees	\$0
Conference travel	\$0
Housing	\$0
Unvouchered expenses (expample: travel advances, etc.)	\$0
Special meals	\$0
Other (including payments made by other parties on behalf of the agency head)	\$0

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

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



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Commissioners of
Terrebonne Parish Fire District No. 5
Bourg, 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. 5 (the District), a component unit of Terrebonne Parish Consolidated Government as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents and have issued our report thereon dated May 18, 2020.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Stagni & Company

May 18, 2020
Thibodaux, Louisiana



**TERREBONNE PARISH
FIRE PROTECTION DISTRICT 5
Statewide Agreed Upon
Procedures Report
With Schedule of Findings
and Management's Responses**

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



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

AGREED-UPON PROCEDURES REPORT

Terrebonne Parish Fire Protection District 5

Independent Accountant's Report
On Applying Agreed-Upon Procedures

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

To the Board Members of the
Terrebonne Parish Fire Protection District 5 and
Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Terrebonne Parish Fire Protection District 5 (the District) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019. The District's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated results are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the

completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Results: *The policies of the District address all of the functions listed, with the following exceptions.*

- *1(b) the policy for purchasing does not address the preparation and approval process of purchase requisitions.*
- *1(f) the policy for contracting does not address legal review.*
- *1(j) there is no policy for debt service.*
- *1(k) there is no policy for disaster recovery/business continuity.*

Management's Response:

- *1(b) Purchasing Policy - The District does not use a formal purchase order or requisition system and is not considered necessary due to the small size of the entity.*
- *1(f) Contracting Policy – The District will consider revising its policy to reflect the legal review process.*
- *1(j) Debt Service Policy – The District will consider adding a debt service policy to reflect its current practices.*
- *1(k) The District's Board and management are working on a disaster recovery/business continuity policy.*



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Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.
 - c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Results: *Minutes of all meetings were provided, however the minutes did not specifically reference budget-to-actual comparisons nor were copies of the referenced included with the minutes.*

Management's Response: *The minutes do note that the Board reviews the financial report, however does not reference in the minutes the budget comparison and statements are not included with minutes to review.*

Bank Reconciliations

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



Results: A listing of bank accounts for the fiscal period was provided. Bank reconciliations for the main operating account for December 2019 was provided. There were no reconciliations provided for the other 2 cash accounts - the Construction Fund and the Bond Sinking Fund. The bank reconciliation for the main operating account was not prepared within 2 months of the statement closing date. The reconciliation was prepared on June 15, 2020. There was no written documentation that a member of management or a board member reviewed the bank reconciliation that was presented. There were numerous outstanding checks from 2012. The reconciled balance on the bank reconciliation did not agree to the trial balance.

Managements Response: The accountant for the Board reconciles all bank reconciliations before each monthly meeting. Due to the COVID-19 pandemic the Board did not have a meeting and consequently the cash account was not reconciled until June. In the future, a member of the Board will sign off as reviewing each bank reconciliation. The outstanding items listed on the bank reconciliation were the same ones listed on the prior year reconciliation. When the accountant posted the adjustments for the prior year to clear them the entry was also not cleared off the bank reconciliation. All adjustments will be made - including the discrepancy to the trial balance before the next meeting.

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:



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- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
- e) Trace the actual deposit per the bank statement to the general ledger.

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

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

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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



Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Results: *The District had no findings in this category in Year 2 (December 31, 2018). Testing was not necessary in Year 3 (December 31, 2019).*

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).



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

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

Contracts

- 15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
 - a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

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

Payroll and Personnel

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



18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Results: *The exception in Year 2 was based strictly on the wording of the procedure and the District has compensating controls that fully mitigate the underlying control risk therefore this procedure is excluded from testing in Year 3.*

Ethics

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

Results: *Of the 5 randomly selected employees/Board member 1 out of the 5 did not have the required documentation of the completed one hour of ethics training during the fiscal period. None of the selected employees/Board member had documentation attesting through signature verification that he or she read the ethics policy during the fiscal period.*

Managements Response: *Per the policy, all employees are required to complete the required ethics training annually. The policy does not address the signature verification needed.*

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

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



Other

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

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

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

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

Stagni & Company

Thibodaux, LA
May 19, 2020



STAGNI & COMPANY, LLC
