

Financial Report

Terrebonne Parish Fire District No. 4-A
Houma, Louisiana

December 31, 2019

Financial Report

Terrebonne Parish Fire District No. 4-A
Houma, Louisiana

December 31, 2019

TABLE OF CONTENTS

Terrebonne Parish Fire District No. 4-A

December 31, 2019

	<u>Exhibits</u>	<u>Page Numbers</u>
Introductory Section		
Title Page		i
Table of Contents		ii - iii
Financial Section		
Independent Auditor's Report		1 - 3
Management's Discussion and Analysis		4 - 10
Financial Statements:		
Government-wide and Fund Financial Statements:		
Statement of Net Position and Governmental Fund Balance Sheet	A	11
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	B	12
Statement of Activities and Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances	C	13
Reconciliation of the Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	D	14
Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	E	15
Notes to Financial Statements	F	16 - 41
Required Supplementary Information		
Schedule of the District's Proportionate Share of the Net Pension Liability	G	42
Schedule of District Contributions	H	43

TABLE OF CONTENTS
(Continued)

	<u>Schedules</u>	<u>Page Numbers</u>
Supplementary Information Section		
Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer	1	44
Special Reports of Certified Public Accountants		
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		45 - 46
Schedule of Findings and Responses		47 - 48
Reports by Management		
Schedule of Prior Year Findings and Responses		49
Management's Corrective Action Plan		50
Statewide Agreed-upon Procedures		
Independent Accountant's Report Applying Agreed-upon Procedures		51
Schedule of Procedures and Associated Finding of the Statewide Agreed-upon Procedures	2	52 - 66

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Terrebonne Parish Fire District No. 4-A,
Houma, Louisiana.

We have audited the accompanying financial statements of the governmental activities and each major fund of Terrebonne Parish Fire District No. 4-A, State of Louisiana (the "District"), a component unit of Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of Terrebonne Parish Fire District No. 4-A as of December 31, 2019, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 10, the Schedule of the District's Proportionate Share of Net Pension Liability on page 42 and the Schedule of the District's Contributions on page 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Terrebonne Parish Fire District No. 4-A basic financial statements. The accompanying supplementary information, on page 44, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 13, 2020 on our consideration of Terrebonne Parish Fire District No. 4-A's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
July 13, 2020.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Terrebonne Parish Fire District No. 4-A

December 31, 2019

The Management's Discussion and Analysis of the Terrebonne Parish Fire District No. 4-A's (the "District") financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2019. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2019 by \$1,078,658 (net position), which represents a .09% increase from last fiscal year.

The District's revenue increased \$137,380 (or 8.96%) primarily due to the increase in ad valorem taxes.

The District's expenses increased \$175,451 (or 11.75%) primarily due to increases in general government and public safety.

The District did not have deficit fund balances.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

Government-wide Financial Statements

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

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The governmental activity of the District is public safety which is comprised of various programs that include construction, maintenance, and operation of fire protection facilities and the prevention and extinguishment of fires.

Fund Financial Statements

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

Governmental Funds

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**Governmental Funds (Continued)**

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

Notes to the Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. As of December 31, 2019, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,078,658. A large portion of the District's net position reflects its net investment in capital assets (e.g., land; buildings; vehicles; office furniture and equipment; machinery and equipment). Consequently, these assets are not available for future spending.

Condensed Statements of Net Position

	<u>December 31,</u>		Dollar
	<u>2019</u>	<u>2018</u>	<u>Change</u>
Current and other assets	\$2,233,813	\$2,163,701	\$ 70,112
Capital assets	1,515,120	1,617,797	(102,677)
Deferred outflows of resources	557,107	577,010	(19,903)
Total assets and deferred outflows of resources	<u>4,306,040</u>	<u>4,358,508</u>	<u>(52,468)</u>
Current and other liabilities	94,989	63,808	31,181
Long-term liabilities	1,524,443	1,537,513	(13,070)
Deferred inflows of resources	1,607,950	1,732,525	(124,575)
Total liabilities and deferred inflows of resources	<u>3,227,382</u>	<u>3,333,846</u>	<u>(106,464)</u>
Net position:			
Net investment in capital assets	1,515,120	1,617,797	(102,677)
Deficit	(436,462)	(540,107)	103,645
Total net position	<u>\$1,078,658</u>	<u>\$1,077,690</u>	<u>\$ 968</u>

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**Governmental Activities**

Governmental activities increased the District's net position by \$968. Key elements of this increase are as follows:

Condensed Statements of Activities

	<u>December 31,</u>		Dollar Change	Percent Change
	<u>2019</u>	<u>2018</u>		
Revenues:				
Taxes	\$1,564,402	\$1,432,790	\$131,612	9.19%
Intergovernmental	86,719	81,556	5,163	6.33%
Miscellaneous	18,810	18,205	605	3.32%
Total revenues	<u>1,669,931</u>	<u>1,532,551</u>	<u>137,380</u>	8.96%
Expenses:				
General government	126,887	57,691	69,196	119.94%
Public safety	1,541,126	1,433,108	108,018	7.54%
Interest	950	2,713	(1,763)	-64.98%
Total expenses	<u>1,668,963</u>	<u>1,493,512</u>	<u>175,451</u>	11.75%
Increase in net position	968	39,039	(38,071)	-97.52%
Net position:				
Beginning of year	1,077,690	985,623	92,067	9.34%
Restatement due to accounting error	-	53,028	(53,028)	-100.00%
Beginning of year, as restated	<u>1,077,690</u>	<u>1,038,651</u>	<u>39,039</u>	3.76%
End of year	<u>\$1,078,658</u>	<u>\$1,077,690</u>	<u>\$ 968</u>	0.09%

In 2019, the District's ad valorem tax revenues increased \$131,612 primarily due to higher assessed values. General government expenses increase by \$69,196 due to an increase in ad valorem tax adjustments and deduction. Public safety expenses increased by \$108,018 primarily due to increases in personal services.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

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

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND (Continued)

Governmental Funds

The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balance of \$702,441 which is an increase of \$110,611 in comparison with the prior year. As of December 31, 2019, the entirety of the District's ending governmental fund balance is unassigned.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$702,441. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. The fund balance of the District's General Fund increased by \$197,535 during the current fiscal year. The key factor of this increase was the District's expenditure budget was sufficient to allow for excess revenues in 2019.

Due to the District issuing their final payment for bonds in the current year, the fund balance in the Debt Service Fund has been reduced to zero.

General Fund Budgetary Highlights

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

Revenues

- Increase in the amount of ad valorem taxes by \$241,465 to better reflect the expected amount of taxes that were to be recognized as revenues.
- Decrease in supplemental pay revenue by \$14,538 to better reflect the expected amount of supplemental pay to be received.

Expenditures

- Increase in personal services by \$57,317 to reflect higher wages and firefighter's retirement.
- Increase in capital expenditures by \$30,694 to reflect the purchase of building improvements.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND (Continued)**General Fund Budgetary Highlights (Continued)**

During the year, actual revenues were less than budgetary estimates by 2.54% and actual expenditures exceeded budgetary expenditures by 1.64%.

CAPITAL ASSETS AND DEBT ADMINISTRATION**Capital Assets**

The District's net investment in capital assets for its governmental activities as of December 31, 2019, amounts to \$1,515,120 (net of accumulated depreciation). This investment in capital assets includes land, buildings, office furniture and equipment, vehicles and machinery and equipment.

	<u>2019</u>	<u>2018</u>
Land	\$ 80,500	\$ 80,500
Buildings	1,565,906	1,519,736
Vehicles	1,555,084	1,716,429
Machinery and equipment	394,269	453,652
Office furniture and equipment	<u>7,565</u>	<u>17,939</u>
Totals	<u>\$3,603,324</u>	<u>\$3,788,256</u>

Significant capital asset purchases included:

- Replacement of the Dulac Fire Station's roof, \$36,500.
- Purchase 30 PSIG Standard Carbon Cylinders, \$21,738.

Significant capital asset disposals included:

- Surplus of a GMC Fire Truck, \$150,148.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

Long-term Obligations

During the year ended December 31, 2019, the District paid in full its outstanding debt totaling \$80,000.

During 2015, the District implemented GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions*." The net pension liability was increased by \$66,930 during 2019 to a balance of \$1,524,443 as of December 31, 2019. More detailed information about the District's bonds and net pension liability is presented in Notes 7 and 8, Exhibit F of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

- The ad valorem tax revenue budgeted represents the estimated amount of the November 2019 assessment, which the District will receive, for the most part, in January 2020.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Board of Directors of the Terrebonne Parish Fire District No. 4-A, 6129 Grand Caillou Rd., Houma, LA 70363.

STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET

Terrebonne Parish Fire District No. 4-A

December 31, 2019

	General Fund	Debt Service Fund	Totals	Adjustments (Exhibit B)	Statement of Net Position
Assets and Deferred Outflows of Resources					
Cash	\$ 853,571	\$ -	\$ 853,571	\$ -	\$ 853,571
Receivables - taxes	601,199	-	601,199	-	601,199
Due from other governmental units	744,447	-	744,447	-	744,447
Prepaid insurance	-	-	-	34,491	34,491
Deposits	105	-	105	-	105
Capital assets:					
Non-depreciable	-	-	-	80,500	80,500
Depreciable, net of accumulated depreciation	-	-	-	1,434,620	1,434,620
Total assets	<u>2,199,322</u>	<u>-</u>	<u>2,199,322</u>	<u>1,549,611</u>	<u>3,748,933</u>
Deferred outflows of resources					
Pension	-	-	-	557,107	557,107
Total assets and deferred outflows of resources	<u>\$ 2,199,322</u>	<u>\$ -</u>	<u>\$ 2,199,322</u>	<u>2,106,718</u>	<u>4,306,040</u>
Liabilities and Deferred Inflows of Resources					
Accounts payables and accrued expenditures	\$ 64,027	\$ -	\$ 64,027	-	64,027
Due to other governmental units	30,962	-	30,962	-	30,962
Long-term liabilities:					
Due after one year	-	-	-	1,524,443	1,524,443
Total liabilities	<u>94,989</u>	<u>-</u>	<u>94,989</u>	<u>1,524,443</u>	<u>1,619,432</u>
Deferred inflows of resources					
Unavailable revenue - property taxes	1,401,892	-	1,401,892	-	1,401,892
Pension	-	-	-	206,058	206,058
Total deferred inflows of resources	<u>1,401,892</u>	<u>-</u>	<u>1,401,892</u>	<u>206,058</u>	<u>1,607,950</u>
Total liabilities and deferred inflows of resources	<u>1,496,881</u>	<u>-</u>	<u>1,496,881</u>	<u>1,730,501</u>	<u>3,227,382</u>
Fund Balance/Net Position					
Fund balances:					
Unassigned	702,441	-	702,441	(702,441)	-
Total fund balances	<u>702,441</u>	<u>-</u>	<u>702,441</u>	<u>(702,441)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 2,199,322</u>	<u>\$ -</u>	<u>\$ 2,199,322</u>		
Net position (deficit):					
Net investment in capital assets				1,515,120	1,515,120
Deficit				(436,462)	(436,462)
Total net position				<u>\$ 1,078,658</u>	<u>\$ 1,078,658</u>

See notes to financial statements.

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

Terrebonne Parish Fire District No. 4-A

December 31, 2019

Fund Balances - Governmental Fund	\$ 702,441
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.	
Governmental capital assets	\$ 3,603,324
Less accumulated depreciation	<u>(2,088,204)</u>
	1,515,120
Deferred outflows of resources used in governmental activities are not financial resources and are not reported in governmental funds.	
Pension	557,107
Other assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Prepaid insurance	34,491
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Net pension liability	(1,524,443)
Deferred inflows of resources are not due and payable in the current period and are not reported in governmental funds.	
	<u>(206,058)</u>
Net Position of Governmental Activities	<u><u>\$ 1,078,658</u></u>

See notes to financial statements.

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

Terrebonne Parish Fire District No. 4-A

For the year ended December 31, 2019

	General Fund	Debt Service Fund	Totals	Adjustments (Exhibit D)	Statement of Activities
Revenues					
Taxes	\$ 1,564,402	\$ -	\$ 1,564,402	\$ -	\$ 1,564,402
State of Louisiana:					
State revenue sharing	15,200	-	15,200	-	15,200
Fire insurance tax	25,827	-	25,827	-	25,827
Supplemental pay	45,692	-	45,692	-	45,692
Miscellaneous:					
Interest	14,129	-	14,129	-	14,129
Other income	4,681	-	4,681	-	4,681
Total revenues	<u>1,669,931</u>	<u>-</u>	<u>1,669,931</u>	<u>-</u>	<u>1,669,931</u>
Expenditures/Expenses					
Current:					
General Government:					
Ad valorem tax adjustment	74,850	-	74,850	-	74,850
Ad valorem tax deductions	52,037	-	52,037	-	52,037
Total general government	<u>126,887</u>	<u>-</u>	<u>126,887</u>	<u>-</u>	<u>126,887</u>
Public safety:					
Personal services	1,019,888	-	1,019,888	87,789	1,107,677
Supplies and materials	45,662	-	45,662	12,110	57,772
Other services and charges	164,459	4,774	169,233	377	169,610
Repairs and maintenance	40,916	-	40,916	-	40,916
Depreciation and amortization	-	-	-	165,151	165,151
Total public safety	<u>1,270,925</u>	<u>4,774</u>	<u>1,275,699</u>	<u>265,427</u>	<u>1,541,126</u>
Debt service:					
Principal retirement	-	80,000	80,000	(80,000)	-
Interest and fiscal charges	-	1,800	1,800	(1,200)	600
Bond agent fees	-	350	350	-	350
Total debt service	<u>-</u>	<u>82,150</u>	<u>82,150</u>	<u>(81,200)</u>	<u>950</u>
Capital outlay	74,584	-	74,584	(74,584)	-
Total expenditures/expenses	<u>1,472,396</u>	<u>86,924</u>	<u>1,559,320</u>	<u>109,643</u>	<u>1,668,963</u>
Excess (Deficit) of Revenues Over Expenditures	197,535	(86,924)	110,611	(110,611)	-
Change in Net Position	-	-	-	968	968
Fund Balances/Net Position					
Beginning of year, as restated	504,906	86,924	591,830	485,860	1,077,690
End of year	<u>\$ 702,441</u>	<u>\$ -</u>	<u>\$ 702,441</u>	<u>\$376,217</u>	<u>\$ 1,078,658</u>

See notes to financial statements.

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

Terrebonne Parish Fire District No. 4-A

For the year ended December 31, 2019

Net Change in Fund Balances - Governmental Fund	\$ 110,611
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	\$ 74,584
Depreciation expense	<u>(165,151)</u>
	(90,567)
The net effect of miscellaneous transactions involving capital assets, such as dispositions, trade-ins and donations, is to decrease capital assets.	
	(12,110)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, the transaction, however, has no effect on net position.	
	80,000
Some expenditures reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Decrease in accrued interest payable	1,200
Decrease in prepaid insurance	(377)
Pension expense	<u>(87,789)</u>
	<u>(86,966)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 968</u></u>

See notes to financial statements.

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

Terrebonne Parish Fire District No. 4-A

For the year ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,376,887	\$ 1,618,352	\$ 1,564,402	\$ (53,950)
Intergovernmental:				
State of Louisiana:				
State revenue sharing	-	10,309	15,200	4,891
Fire insurance tax	30,000	25,827	25,827	-
Supplemental pay	60,000	45,462	45,692	230
Miscellaneous:				
Interest	7,000	10,240	14,129	3,889
Other	-	3,262	4,681	1,419
Total revenues	<u>1,473,887</u>	<u>1,713,452</u>	<u>1,669,931</u>	<u>(43,521)</u>
Expenditures				
General government:				
Ad valorem tax adjustment	74,850	74,850	74,850	-
Ad valorem tax deductions	52,037	52,037	52,037	-
Total general government	<u>126,887</u>	<u>126,887</u>	<u>126,887</u>	<u>-</u>
Public safety:				
Personal services	930,100	987,417	1,019,888	(32,471)
Supplies and materials	43,500	45,707	45,662	45
Other services and charges	154,950	167,376	164,459	2,917
Repairs and maintenance	44,000	45,565	40,916	4,649
Total public safety	<u>1,172,550</u>	<u>1,246,065</u>	<u>1,270,925</u>	<u>(24,860)</u>
Capital outlay	45,000	75,694	74,584	1,110
Total expenditures	<u>1,344,437</u>	<u>1,448,646</u>	<u>1,472,396</u>	<u>(23,750)</u>
Excess of Revenues Over Expenditures	129,450	264,806	197,535	(67,271)
Fund Balance				
Beginning of year, as restated	<u>373,962</u>	<u>504,906</u>	<u>504,906</u>	<u>-</u>
End of year	<u>\$ 503,412</u>	<u>\$ 769,712</u>	<u>\$ 702,441</u>	<u>\$ (67,271)</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Terrebonne Parish Fire District No. 4-A**

December 31, 2019

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Terrebonne Parish Fire District No. 4-A (the "District") conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

a) Reporting Entity

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

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Reporting Entity (Continued)

5. Financial benefit/burden relationship between the District and the potential component unit.

The District has reviewed all of its activities and determined that there are no potential component units that should be included in its financial statements.

b) Basis of Presentation

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

Government-wide Financial Statements

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

Fund Financial Statements

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

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting

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

Government-wide Financial Statements

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

Fund Financial Statements

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting (Continued)

Fund Financial Statements (Continued)

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

d) Use of Estimates

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

e) Operating Budgetary Data

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

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

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

f) Accounts Receivable

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Investments

Investments during the year consisted of investments in 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 position to compute share prices if certain conditions are met.

h) Prepaid Insurance

The District has recorded prepaid insurance in its government-wide financial statements. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. In the fund financial statements insurance premiums are recognized as other services and charges expenditures when paid.

i) Capital Assets

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

Government-wide Financial Statements

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

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

Buildings	10 - 40
Vehicles	5 - 15
Machinery and equipment	5 - 25
Office furniture and equipment	5 - 20

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Capital Assets (Continued)

Fund Financial Statements

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

j) Long-Term Obligations

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

Government-wide Financial Statements

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

Fund Financial Statements

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

k) Vacation and Sick Leave

Accumulated vacation and sick leave is recorded as an expenditure of the period in which paid in the governmental funds.

Full time employees are entitled to eighteen days of vacation after one year of service. Each year the employee must take their vacation time before their anniversary date (day they first began working). If not taken by their anniversary date, the vacation time is forfeited. The vacation period shall be increased one day for each year of service over ten years, up to a maximum vacation period of thirty days. There was no material accumulated vacation as of December 31, 2019.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Vacation and Sick Leave (Continued)

Every fireman in the employment of a fire protection district shall be entitled to full pay during sickness or incapacity not brought about by his own negligence or culpable indiscretion for a period of no less than fifty-two weeks. A fireman 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 fireman is entitled to sick leave benefits even though the injury or illness may have occurred while off duty. Firemen are not prohibited from engaging in part-time employment while receiving sick leave. A probationary fireman who is not a regular or permanent fireman is not entitled to sick leave benefits provided by the District. Sick leave does not vest or accumulate from prior years; accordingly, there is no accumulated sick leave for the District as of December 31, 2019.

l) Deferred Outflows/Inflows of Resources

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and it will not be recognized as an inflow of resources until that time. The governmental fund reports unavailable revenues from property taxes as deferred inflows. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The District reports unavailable revenue when resources associated with imposed non-exchange revenue transactions are received or reported as a receivable before (a) the period for which property taxes are levied or (b) the period when resources are required to be used or when use is first permitted for all other imposed non-exchange revenues in which the enabling legislation includes time requirements. In addition to deferred inflows related to non-exchange revenue, the District also reports deferred outflows and inflows of resources related to pensions in its government wide financial statements.

m) Pensions

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Equity

Government-wide Statements

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

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

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. As of December 31, 2019, the District had no restricted resources.

Fund Financial Statements

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

- a. Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to maintain intact.
- b. Restricted - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed - amounts that can be used only for specific purposes determined by a formal action of the District's Board of Commissioners. Commitments may be established, modified, or rescinded only through resolutions approved by the District's Board of Commissioners.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Equity (Continued)

- d. Assigned - amounts that do not meet the criteria to be classified as either restricted or committed but are intended to be used for specific purposes. Assigned amounts may be established, modified or rescinded by the chairman of the District's Board of Commissioners or his representative.
- e. Unassigned - all other spendable amounts.

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

o) Restatement of Net Position

During the year ended December 31, 2019, the District determined that certain prior year expenditures were overstated as evidenced by long outstanding transactions on the bank reconciliation as a result of accounting errors made by duplicate posting of expenditures. Accordingly, the District has recognized a prior period adjustment to account for the effect of the error in accounting.

The following reflects the impact on the previously reported balances:

<u>Fund Balance Net Position</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Governmental Activities</u>
January 1, 2019, as previously stated	\$451,878	\$86,924	\$538,802	\$485,860	\$1,024,662
Restatement to account for prior period accounting errors	<u>53,028</u>	<u>-</u>	<u>53,028</u>	<u>-</u>	<u>53,028</u>
January 1, 2019, restated	<u>\$504,906</u>	<u>\$86,924</u>	<u>\$591,830</u>	<u>\$485,860</u>	<u>\$1,077,690</u>

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) New GASB Statements

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

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

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

Statement No. 88, "*Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*" improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The Statement clarifies which liabilities governments should include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. This Statement did not affect the District's financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) New GASB Statements (Continued)

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

Statement No. 90, "*Majority Equity Interest*" improves the consistency and comparability of reporting government's majority equity interest in legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as component unit. This Statement did not affect the District's financial statements.

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) New GASB Statements (Continued)

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

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

Statement No. 91, "*Conduit Debt Obligations*" provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Management has not yet determined the effect of this Statement on the financial statements.

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) New GASB Statements (Continued)

Statement No. 93, "*Replacement of Interbank Offered Rates*" some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates. This Statement will preserve the consistency and comparability of reporting hedging derivative instruments and leases after governments amend or replace agreements to replace an IBOR. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Management has not yet determined the effect of this Statement on the financial statements.

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

Note 2 - DEPOSITS

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

Bank Deposits

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

The year-end balances of deposits are as follows:

	<u>Bank Balances</u>	<u>Reported Amounts</u>
Cash	<u>\$454,817</u>	<u>\$432,088</u>

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a written policy for custodial credit risk but does comply with State law in custodial activities. As of December 31, 2019, \$204,817 of the District's bank balance of \$454,817 was exposed to custodial credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, and are deemed to be held in the District's name by state statutes.

As of December 31, 2019, cash in excess of the FDIC insurance was adequately collateralized in accordance with state law, by securities held by an unaffiliated bank for the account of the District. The GASB, which promulgates the standards for accounting and financial reporting for state and local governments, considers their securities subject to custodial credit risk. Even though the deposits are considered subject to custodial credit risk under the provisions of GASB Statement No. 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to 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.

Note 2 - DEPOSITS (Continued)

Investments

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

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

State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The District has no written investment policy that would further limit its investment choices.

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

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

LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, 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 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement

Note 2 - DEPOSITS (Continued)

Investments (Continued)

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 backed by the U.S. Treasury, the U.S. Government or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by the securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued at amortized cost. The fair value of participant's position is the same as the value of the pool shares. LAMP is designed to be highly liquid to give its participants immediate access to their account balance. Investment in LAMP as of December 31, 2019 amounted to \$421,483 and is reported in cash as of December 2019.

LAMP is designed to be highly liquid to give its participants immediate access to their account balance. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

As of December 31, 2019 the balance reported as cash included the following:

Deposits in bank	\$432,088
LAMP	<u>421,483</u>
Total cash	<u>\$853,571</u>

Note 3 - PROPERTY TAXES

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the Terrebonne Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was a special reevaluation completed for the list of January 1, 2019. A regular reevaluation is due 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

Note 3 - PROPERTY TAXES (Continued)

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 \$17.87 per \$1,000 of assessed valuation on property within Fire District No. 4-A for the purpose of constructing, maintaining, and operating fire protection facilities within the District and paying the cost of obtaining water for fire protection purposes, including fire hydrant rentals and services. As indicated in Note 1c, taxes levied November 1, 2018 were for budgeted expenditures in 2019 and were recognized as revenues in 2019.

Note 4 - DUE FROM OTHER GOVERNMENTS

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

	Due From	Due To
State of Louisiana:		
State revenue sharing	\$ 9,927	\$ -
Firefighters' retirement system contributions	-	11,594
Terrebonne Parish Consolidated Government		
Insurance premiums	-	19,368
Terrebonne Parish Tax Collector - December 2018 collections remitted to the District in January, 2019		
General Fund:		
Ad valorem taxes	729,556	-
State revenue sharing	4,964	-
Totals	\$744,447	\$30,962

Note 5 - CHANGES IN CAPITAL ASSETS

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

	Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019
Capital assets not being depreciated:				
Land	\$ 80,500	\$ -	\$ -	\$ 80,500
Capital assets being depreciated:				
Buildings	1,519,736	46,170	-	1,565,906
Vehicles	1,716,429	-	(161,345)	1,555,084
Machinery and equipment	453,652	25,287	(84,670)	394,269
Office furniture and equipment	17,939	3,127	(13,501)	7,565
Total capital assets being depreciated	3,707,756	74,584	(259,516)	3,522,824
Less accumulated depreciation:				
Buildings	(638,966)	(40,002)	-	(678,968)
Vehicles	(1,237,093)	(96,786)	161,345	(1,172,534)
Machinery and equipment	(276,633)	(27,831)	72,560	(231,904)
Office furniture and equipment	(17,767)	(532)	13,501	(4,798)
Total accumulated depreciation	(2,170,459)	(165,151)	247,406	(2,088,204)
Total capital assets being depreciated, net	1,537,297	(90,567)	(12,110)	1,434,620
Total capital assets, net	\$ 1,617,797	\$(90,567)	\$(12,110)	\$1,515,120

Note 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

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

	General Fund
Governmental funds	
Vendors	\$ 42,498
Payroll, withholdings and payroll taxes	21,529
Total accounts payable and accrued expenditures	\$ 64,027

Note 7 - LONG-TERM OBLIGATIONS

Through December 31, 2019, the District recognized obligations in the amount of \$1,524,443 for the defined benefit pension plan as further described in Note 8.

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

	Payable January 1, 2019	Issuance	Obligations Retired	Payable December 31, 2019
Bonds Series 2004	\$ 80,000	\$ -	\$ 80,000	\$ -
Net pension liability	1,457,513	66,930	-	1,524,443
Totals	\$1,537,513	\$66,930	\$ 80,000	\$1,524,443

Note 8 - DEFINED BENEFIT PENSION PLAN

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

Note 8 - DEFINED BENEFIT PENSION PLAN (Continued)

Benefits Provided - The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Any person who has retired from service under any retirement system or pension fund maintained basically for public officers and employees of the state, its agencies or political subdivisions, and who is receiving retirement benefits from there may become a member of this System, provided the person meets all other requirements for membership. Service credit from the retirement system or pension plan from which the member is retired shall not be used for reciprocal recognition of service with this System, or for any other purpose in order to attain eligibility or increase the amount of service credit in this System. Employees with 20 or more years of service who have attained age 50 or employees with 12 years of service and age 55 or 25 years of service at any age are entitled to annual pension benefits equal to 3 $\frac{1}{3}$ % of their average final compensation based on 36 consecutive months of highest pay multiplied by their total years of service. Employees may elect to receive a joint or survivor annuity. If employees terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated benefits received from the employer's contributions. The State Legislature authorized the System to establish a deferred retirement option plan (DROP). After completing 20 years of creditable service and age 50 or 25 years at any age, a member may elect to participate in DROP for up to 36 months. When a member enters DROP their status changes from active to retired even though they continue to work and draw their salary for up to three years. Upon commencement of participation in DROP, employer and employee contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the DROP 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 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.

Contributions - Employer contributions are actuarially determined each year. For the year ended June 30, 2019, the employer contribution rate for the period January 1, 2019 through June 30, 2019 was 26.50% and 27.75% for the period July 1, 2019 through December 31, 2019. Plan members above the poverty line are required to contribute 10% of their annual covered payroll, and 8.00% for those below the poverty line.

The District's contributions to the System for the years ending December 31, 2019, 2018, and 2017 were \$155,896, \$155,267 and \$145,759, respectively, equal to the required contributions for each year.

Note 8 - DEFINED BENEFIT PENSION PLAN (Continued)

Pension Liabilities - As of December 31, 2019, the District reported a net pension liability of \$1,524,443 for its proportionate share of the System's net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of the contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the District's proportion was 0.243447% which was an decrease of 0.009942% from its proportion measured as of June 30, 2018.

Pension Expense - For the year ended December 31, 2019, the District recognized pension expense of \$260,251.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - As of December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$(106,832)
Changes in assumptions	138,687	(32)
Changes in proportions	235,127	(99,194)
Net difference between projected and actual earnings on pension plan investment	102,516	-
Contributions subsequent to the measure date	<u>80,777</u>	<u>-</u>
	<u>\$557,107</u>	<u>\$(206,058)</u>

Note 8 - DEFINED BENEFIT PENSION PLAN (Continued)

The District reported \$80,777 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as presented below:

<u>Year Ending December 31,</u>	<u>Amount</u>
2020	\$ 69,034
2021	44,188
2022	94,924
2023	50,221
2024	14,403
2025	<u>(2,498)</u>
Total	<u>\$270,272</u>

Actuarial Assumptions - The actuarial assumptions used in the June 30, 2019 valuation were based on the assumptions used in the June 30, 2019 actuarial funding valuation. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2019 are summarized in the following table:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Estimated Remaining Service Life	7 years, closed period
Investment Rate of Return	7.15% per annum (net of fees)
Inflation Rate	2.50% per annum
Salary Increases	Vary from 14.75% in the first two years of service to 4.50% after 25 years.
Cost of Living Adjustments	Only those previously granted.

The mortality rate assumption used was based upon an experience study performed on plan data for the period July 1, 2009 through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. The RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2031 using Scale AA were selected

Note 8 - DEFINED BENEFIT PENSION PLAN (Continued)

for employee, annuitant and beneficiary mortality. The RP-2000 Disabled Lives Morality 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 improvements.

The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation, 2.50%. The long-term expected nominal rate of return was 7.94% as of June 30, 2019.

Best estimates of real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2019 are summarized below:

Asset Class	Long-Term Target Asset Allocation	Long-Term Expected Real Rate of Return
Equity		
U.S. Equity	21.50%	5.98%
Non-U.S. Equity	17.50%	7.53%
Global Equity	10.00%	6.59%
Fixed Income	31.00%	2.17%
Alternatives		
Real Estate	6.00%	4.14%
Private Equity	4.00%	10.52%
Multi-Asset Strategies		
Global Tactical Asset Allocation	5.00%	4.37%
Risk Parity	5.00%	4.67%
	<u>100.00%</u>	

Note 8 - DEFINED BENEFIT PENSION PLAN (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Collective Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the participating employers calculated using the discount rate of 7.15%, 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 (6.15%) or one percentage-point higher (8.15%) than the current rate as of June 30, 2019.

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net pension liability	<u>\$2,207,497</u>	<u>\$1,524,443</u>	<u>\$951,140</u>

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

Note 9 - SUPPLEMENTAL PAY

In addition to the compensation paid to the District's employees, firemen may be eligible to receive supplemental pay. The amount of the compensation is determined by State Law and is revised periodically.

As per Louisiana Revised Statute 33:2004, any full-time, regular employee of the parish fire protection district who is hired after March 31, 1986, who has passed a certified firemen's training program equal to the National Fire Protection Association Standard 1001 and who is paid three hundred dollars per month from public funds is eligible for supplemental pay. These full-time employees are carried on the payroll paid from funds

Note 9 - SUPPLEMENTAL PAY (Continued)

of the Parish obtained through lawfully adopted bond issues or lawfully assessed taxes, either directly or through a board or commission set up by law or ordinance. Employees employed by the District are not eligible for supplemental pay if they are presently drawing a retirement or disability pension, clerical employees and mechanics and for those employees who have not passed a certified firemen's training program but are hired after March 31, 1986. State supplemental pay for firefighters must be taken into account in calculating firefighters longevity pay, holiday pay and overtime pay.

As of December 31, 2019, the District has recognized revenue and expenditures of \$45,692 in salary supplements that the State of Louisiana has paid directly to the District's employees.

Note 10 - RISK MANAGEMENT

The District is exposed to various risks of loss related to workers' compensation; torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance and also participates in the Parish's risk management program for workers' compensation and group health insurance. No settlements were made during the year that exceeded the District's insurance coverage. The District pays monthly premiums to the Parish for workers' compensation based on a fixed percentage of payroll. The District's premiums for group health insurance are based on a fixed rate per employee. The Parish handles all claims filed against the District related to workers' compensation. The District could have additional exposure for claims in excess of the Parish's insurance contracts as described below:

Policy	Coverage Limits
Workers' Compensation Group Health Insurance	Statutory

The Parish is self-insured for the first \$175,000 of each claim relating to group health insurance. The aggregate deductible for all group claims relating to group insurance for 2018 was \$19,217,170. The Parish is covered under an insurance contract for the excess liability on individual claims. Covered employees are subject to a lifetime maximum claim limit. Coverage for group health claim liabilities are to be funded first by assets of the Parish's Group Health Internal Service Fund, \$1,781,926 as of December 31, 2018, then secondly by the District. Coverage for workers' compensation claims excess of the statutory limits are funded by an insurance contract for claims up to aggregate limits. Workers' compensation claims in excess of the aggregate limits are funded first by the assets of the Parish's Workers' Compensation Internal Service Fund then secondly by the

Note 10 - RISK MANAGEMENT (Continued)

District. As of December 31, 2019, the District had no claims in excess of the above coverage limits. Expenditures for premiums to the Parish for insurance coverage during the year ended December 31, 2019 totaled \$155,888.

Note 11 - COMPENSATION OF BOARD MEMBERS

The following amounts were paid to Board Members for the year ended December 31, 2019:

Board Members	Number of Meetings Attended	Per Diem
Roland Aucoin	11	\$ 330
Pamela Carlos	10	300
Louis Pitre	*	-
Marty Theriot	9	270
Kirby Verret	11	330
Total		\$ 1,230

* Louis Pitre waived his right to receive a per diem.

Note 12 - STATE OF LOUISIANA TAX ABATEMENTS

The District's ad valorem tax revenue was reduced by \$108,202 under agreements entered into with the State of Louisiana.

Note 13 - SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through July 13, 2020, which is the date the financial statements were available to be issued.

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

REQUIRED SUPPLEMENTARY INFORMATION

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

Terrebonne Parish Fire District No. 4-A

December 31, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	<u>0.243447%</u>	<u>0.253389%</u>	<u>0.231931%</u>	<u>0.220924%</u>	<u>0.164431%</u>
District's proportionate share of the net pension liability	<u>\$ 1,524,443</u>	<u>\$ 1,457,513</u>	<u>\$ 1,329,393</u>	<u>\$ 1,445,043</u>	<u>\$ 887,453</u>
District's covered payroll	<u>\$ 587,773</u>	<u>\$ 601,896</u>	<u>\$ 529,451</u>	<u>\$ 498,066</u>	<u>\$ 377,072</u>
District's proportionate share of the net pension liability as a percentage of its covered payroll	<u>259.36%</u>	<u>242.15%</u>	<u>251.09%</u>	<u>290.13%</u>	<u>235.35%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>73.96%</u>	<u>74.76%</u>	<u>73.55%</u>	<u>68.16%</u>	<u>72.45%</u>

The schedule is provided beginning with the District's year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

SCHEDULE OF DISTRICT CONTRIBUTIONS

Terrebonne Parish Fire District No. 4-A

For the year ended December 31, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$155,896	\$155,267	\$145,759	\$135,723	\$110,293
Contributions in relation to the contractually required contribution	<u>155,896</u>	<u>155,267</u>	<u>145,759</u>	<u>135,723</u>	<u>110,293</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	<u>\$574,555</u>	<u>\$585,914</u>	<u>\$562,185</u>	<u>\$498,066</u>	<u>\$377,072</u>
Contributions as a percentage of covered payroll	<u>27.13%</u>	<u>26.50%</u>	<u>25.93%</u>	<u>29.25%</u>	<u>29.25%</u>

The schedule is provided beginning with the District's year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

SUPPLEMENTARY INFORMATION

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

Terrebonne Parish Fire District No. 4-A

For the year ended December 31, 2019

Agency Head Name: Shawn Bumm, Fire Chief

Purpose	
Salary	\$ 70,868
Benefits - insurance	6,251
Benefits - retirement	19,470
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	325
Conference travel	358
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Meals	-
	<hr/>
	<u>\$ 97,272</u>

Note:

Shawn Bumm is the Fire Chief of the District and functions as the Chief Executive Officer.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Commissioners,
Terrebonne Parish Fire District No. 4-A,
Houma, 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. 4-A (the "District") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise District's financial statements and have issued our report thereon dated July 13, 2020.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as item 2019-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as item 2019-002.

District's Response to Findings

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

Purpose of this Report

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



Certified Public Accountants.

Houma, Louisiana,
July 13, 2020.

SCHEDULE OF FINDINGS AND RESPONSES

Terrebonne Parish Fire District No. 4-A

For the year ended December 31, 2019

Section I - Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? X Yes ___ No

b) Federal Awards

Terrebonne Parish Fire District No. 4-A did not expend federal awards in excess of \$750,000 during the year ended December 31, 2019 and therefore is exempt from the audit requirements under the *Uniform Guidance*.

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

Internal Control Over Financial Reporting

2019-001 Reporting Cash

Criteria - Internal controls over financial reporting requires complete and accurate reporting of cash and cash equivalent accounts.

Condition - The District failed to keep accurate records of cash accounts.

Cause - Cash account balance was not properly reconciled to the corresponding bank statement and the District failed to follow up on long outstanding reconciling items.

**Section II - Internal Control Over Financial Reporting and Compliance and Other Matters
Material to the Financial Statements (Continued)**

Internal Control Over Financial Reporting (Continued)

2019-001 Reporting Cash (Continued)

Effect - Cash was understated due to transactions posted to the cash account for which payments were not issued, resulting in reconciling items between bank and books going back prior years.

Recommendation - It is recommended that the District perform accurate monthly reconciliations of cash, with outstanding items consisting only of deposits and checks that are expected to clear the account.

Views of responsible officials of the auditee when there is disagreement with the findings, to the extent practical. - None.

Compliance and Other Matters

2019-002 Public Notices

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

Condition - Multiple board minutes from 2019's meetings were not published in the official journal (The Courier).

Cause - An oversight by the administrative staff.

Effect - Board minutes were not available to the public.

Recommendation - It is recommended that the District publish all minutes for 2019 that were not previously published in the official journal (The Courier) and continue to publish minutes immediately after adoption by the Board.

Views of responsible officials of the auditee when there is disagreement with the findings, to the extent practical. - None.

Section III - Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Terrebonne Parish Fire District No. 4-A

For the year ended December 31, 2019

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

Internal Control Over Financial Reporting

2018-001 Public Notices

Recommendation - It is recommended the District publish Board meeting minutes for all meetings that occurred between August and December of the year ended December 31, 2018, in the official journal (The Courier) and continue to publish minutes immediately after adoption by the Board.

Management's Response - The District will publish all Board meeting minutes that occurred between August and December of the year ended December 31, 2018, and continues to publish minutes immediately after adoption by the Board.
Unsolved, see findings 2019-002.

Section II - Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Fire District No. 4-A did not expend federal awards in excess of \$750,000 during the year ended December 31, 2018 and therefore is exempt from the audit requirements under the *Uniform Guidance*.

Section III - Management Letter

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

MANAGEMENT'S CORRECTIVE ACTION PLAN

Terrebonne Parish Fire District No. 4-A

For the year ended December 31, 2019

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

Internal Control Over Financial Reporting

2019-001 Reporting Cash

Recommendation - It is recommended that the District perform accurate monthly reconciliations of the cash, with outstanding items consisting only of deposits and checks that are expected to clear the account.

Management's Response - The District will complete reconciliations of the cash balance monthly, and review outstanding items for accuracy and completeness.

Compliance and Other Matters Material

2019-002 Public Notices

Recommendation - It is recommended the District publish Board meeting minutes for meetings that occurred on April 2, 2019 and May 7, 2019, in the official journal (The Courier) and continue to publish minutes immediately after adoption by the Board.

Management's Response - The District will publish Board meeting minutes that occurred on April 2, 2019 and May 7, 2019, and continue to publish minutes immediately after adoption by the Board.

Section II - Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Fire District No. 4-A did not expend federal awards in excess of \$750,000 during the year ended December 31, 2019 and therefore is exempt from the audit requirements under the *Uniform Guidance*.

Section III - Management Letter

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

STATEWIDE AGREED-UPON PROCEDURES

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners,
Terrebonne Parish Fire District No. 4-A,
Theriot, Louisiana.

We have performed the procedures described in Schedule 2, which were agreed to by Terrebonne Parish Fire District No. 4-A, State of Louisiana (the "District") and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the year ended December 31, 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 the attestation standards established by the AICPA and applicable standards of *Governmental Auditing Standards*, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures referred to above, either for the purpose for which this report has been requested, or for any other purpose.

The procedures and associated findings are described in Schedule 2.

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

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

Bourgeois Bennett, L.L.C.

Certified Public Accountants

Houma, Louisiana,
July 13, 2020.

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

Terrebonne Parish Fire District No. 4-A

For the year ended December 31, 2019

The required procedures and our findings are as follows:

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

1. Obtain the District's written policies and procedures and report whether those written policies and procedures address each of the following categories and subcategories:

a) Budgeting, including preparing, adopting, monitoring, and amending the budget.

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

Exceptions: There were no exceptions noted.

b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Performance: Obtained and read the written policy for purchasing.

Exceptions: The policy does not include a provision about the preparation and approval process of purchase requisitions and purchase orders.

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

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

Exceptions: There were no exceptions noted.

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

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

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

Exceptions: There were no exceptions noted.

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

Performance: Obtained and read the written policy for payroll/personnel.

Exceptions: The policy does not contain a provision about how leave is reviewed and approved.

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

Performance: Obtained and read the written policy for contracting.

Exceptions: The policy does not contain a provision about standard terms and conditions.

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

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

Exceptions: There were no exceptions noted.

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

Performance: Obtained and read the written policy for travel and expense reimbursement.

Exceptions: The policy does not contain a provision about dollar thresholds by category of expense.

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

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

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

Exceptions: There were no exceptions noted.

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

Performance: Inquired of management as to a written debt service policy.

Exceptions: The District does not have a debt service policy.

- 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 critical event.

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

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

Procedures Performed on the District's Board:

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

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

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

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

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

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

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

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

Procedures Performed on the District's Bank Reconciliations:

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

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

Exceptions: There were no exceptions noted.

- a) Bank reconciliation includes evidence that it was prepared within two months of the related statement closing date (e.g., initialed and dated, electronically logged);

Performance: Observed that bank reconciliation was prepared within two months of the related statement closing date.

Exceptions: The bank reconciliation was not prepared within two months of the related statement closing date.

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

Performance: Observed that a member of management or a board member reviewed each bank reconciliation.

Exceptions: The bank reconciliation contained no evidence of being reviewed.

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

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

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

Exceptions: There were reconciling items that have been outstanding for more than 12 months from the statement closing date none of which had research documentation.

Procedures Performed on the District's Collections:

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

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

Exceptions: There were no exceptions noted.

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

Performance: Obtained the listing of collection locations from management and received management's representation in a separate letter. The District only has one collection location for its one deposit site.

Exceptions: There were no exceptions noted.

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

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

Exceptions: There were no exceptions noted.

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

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

Exceptions: There were no exceptions noted.

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

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

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

Exceptions: There were no exceptions noted.

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

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

Exceptions: There were no exceptions noted.

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

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

Exceptions: There were no exceptions noted.

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

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

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

Exceptions: Not applicable.

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

Performance: Traced supporting documentation to the deposit slip.

Exceptions: There were no exceptions noted.

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

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

Exceptions: There were no exceptions noted.

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

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

Performance: Observed that the deposit was made within one business day of receipt.
Exceptions: There was no documentation indicating when checks were received.

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

Performance: Traced the actual deposit per the bank statement to the general ledger.
Exceptions: There were no exceptions noted.

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

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

Performance: Obtained the listing of locations that process payments, and received management's representation in a separate letter. The District only has one location that processes payments.

Exceptions: There were no exceptions noted.

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

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

Exceptions: There were no exceptions noted.

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

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

Exceptions: There were no exceptions noted.

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

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

Exceptions: There were no exceptions noted.

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

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

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

Exceptions: There were no exceptions noted.

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

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

Exceptions: There were no exceptions noted.

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

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

Exceptions: There were no exceptions noted.

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

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

Exceptions: There were no exceptions noted.

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

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

Exceptions: None of the five disbursements observed had any indication of who initiated or approved the purchase.

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

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

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

Exceptions: There were no exceptions noted.

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

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

Performance: Obtained one monthly credit card statement for the three cards along with supporting documentation and observed for proper approval. The Fire Chief is responsible for reviewing and approving all credit card transactions.

Exceptions: The Fire Chief's credit card statement and supporting documentation is reviewed and approved by him.

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

Performance: Obtained one monthly statement for the four cards selected and observed for finance charges and/or late fees. There were no finance charges and/or late fees.

Exceptions: There were no exceptions noted.

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

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

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

Performance: Traced each transaction to an original itemized receipt.

Exceptions: Of the transactions tested, three did not contain an itemized receipt.

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

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

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

Exceptions: Of the transactions tested, seven did not contain written documentation of the business/public purpose.

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

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

Exceptions: Of the transactions tested, two did not contain documentation of the individuals participating in the meals.

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

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

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

Exceptions: There were no exceptions noted.

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

Performance: Selected five reimbursements and obtained the supporting documentation.

Observed that the reimbursement rate agreed to those rates established either by the State of Louisiana or the U.S. General Services Administration

Exceptions: There were no exceptions noted.

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

Performance: Selected five reimbursements and obtained the supporting documentation.

Observed that the reimbursement was supported by original itemized receipt. There were no actual costs reimbursements in the travel and expense reimbursements.

Exceptions: There were no exceptions noted.

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

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

Performance: Selected five reimbursements and obtained the supporting documentation.

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

Exceptions: There were no exceptions noted.

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

Performance: Selected five reimbursements and obtained the supporting documentation.

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

Exceptions: The Fire Chief approves his own travel advance.

Procedures Performed on the District's Contracts:

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

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

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

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

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

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

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

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

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

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

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

Procedures Performed on the District's Payroll and Personnel:

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

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

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

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

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

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

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

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

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

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

- 18. Obtain from management a list of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. 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 employees'/officials' cumulative leave records, and agree the pay rates to the employees'/officials' authorized pay rates in the employees'/officials' personnel files.

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

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

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

Procedure Performed on the District's Ethics:

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

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

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

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

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

Procedures Performed on the District's Debt Service:

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

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

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

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

Other Procedures Performed on the District:

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

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

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

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

Management's Overall Response to Exceptions:

1. As a response to exception reported at 1b), management will consider adding provision for preparation and approval for purchase requisitions or purchase orders to the existing policy.
2. As a response to exception reported at 1e), management will consider adding provision for how leave is reviewed and approved to the existing payroll/personnel policy.

Management's Overall Response to Exceptions: (Continued)

3. As a response to exception reported at 1f), management will consider adding provision for standard terms and conditions to the existing contracting policy.
4. As a response to exception reported at 1h), management will consider adding provision for dollar thresholds to the existing travel and expense reimbursement policy.
5. As a response to exception reported at 1j), management will consider implementing a debt service policy.
6. As a response to exception reported at 1k), management is working on drafting a Disaster Recovery/Business Continuity policy to be approved before the end of fiscal year 2020.
7. As a response to exception reported at 3a), management will perform timely bank reconciliation and include evidence of date completed.
8. As a response to exception reported at 3b), management will document evidence of the review of bank reconciliations by a member of management or a board member who does not handle cash.
9. As a response to exception reported at 3c), management will document researching items outstanding for more than 12 months and make the necessary adjustments.
10. As a response to exception reported at 7d), management will consider dating when checks are received on supporting documentation.
11. As a response to exception reported at 10b), management will consider implementing the use of purchase orders in order to properly document the purchase process. Management will also consider requiring a person who did not initiate the purchase to approve the purchase order.
12. As a response to exception reported at 12a), management will consider having the card holder's statement and supporting documentation reviewed and approved by someone other than the card holder.
13. As a response to exceptions reported at 13a), management will require that all credit card transactions include itemized receipts and written documentation of the business purpose of the purchase. Management will also require the documentation of individuals present at meals paid for with District credit cards.
14. As a response to exception reported at 14d), management will obtain board authorization for travel and training for the Fire Chief.