

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

ANNUAL FINANCIAL REPORT

***FOR THE YEAR ENDED
DECEMBER 31, 2021***

FIRE DISTRICT NO. 5
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2021

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FIRE DISTRICT NO. 5
Of the Parishes of Terrebonne and Lafourche
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2021

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

FINANCIAL HIGHLIGHTS

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

- Net position of our governmental activities increased by approximately \$275,000 or 23%. At the end of the year assets exceeded liabilities by \$1,469,663 (net position).
- During the year, expenses for fire protection services were \$498,007. \$56,000 was recorded as program income. General revenues of \$716,601 were recognized to end the year with expenses exceeding revenue by \$274,594. This compares to last year when revenues exceeded expenses by \$22,128.
- Governmental funds ended the year with total fund balance of \$830,812 of which; \$157,805 is committed for fund balance reserve and the remainder of \$673,007 is unassigned and available to spend.

USING THIS ANNUAL REPORT

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

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

FIRE DISTRICT NO. 5
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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2021

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

FIRE DISTRICT NO. 5
Of the Parishes of Terrebonne and Lafourche
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2021

FINANCIAL ANALYSIS AS A WHOLE (GWFS)

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

Condensed Statement of Net Position	Dollar		
	2020	2021	Change
Current and Other Assets	\$1,324,952	\$1,606,112	\$ 281,160
Capital Assets	1,630,398	1,649,084	18,686
Total Assets	2,955,350	3,255,196	299,846
Deferred Outflows	46,504	34,860	(11,644)
Current Liabilities	18,090	15,125	(2,965)
Non-current Liabilities	1,152,020	974,170	(177,850)
Total Liabilities	1,170,110	989,295	(180,815)
Deferred Inflows	636,675	831,098	194,423
Net Invested in Capital Assets	650,398	764,084	113,686
Restricted	203,717	-	(203,717)
Unrestricted	340,954	705,579	364,625
Total Net Position	\$1,195,069	\$1,469,663	\$ 274,594

Net position increased by 23% from the prior year. Current assets, mainly cash increased by over \$280,000 about the same as the increase in net position. Capital assets increased slightly for purchases in excess of depreciation. The deferred outflows and inflows increased or decreased due to the changes in the components of the net pension liability and property taxes levied for the next fiscal year. Noncurrent liabilities decreased due to the payment on the bonds. The net invested in capital assets represents the net book value of the capital assets less any debt associated with those assets.

Condensed Statement of Activities	Increase (Decrease)		
	2020	2021	
Total program expenses	\$ (517,672)	\$ (498,007)	\$ (19,665)
Total program revenues	18,550	56,000	37,450
Net program income	(499,122)	(442,007)	(57,115)
General revenues	521,250	716,601	195,351
Change in Net Position	22,128	274,594	252,466
Net Position:			
Beginning of the year	1,172,941	1,195,069	22,128
End of the year	\$1,195,069	\$1,469,663	\$ 274,594

FIRE DISTRICT NO. 5
Of the Parishes of Terrebonne and Lafourche
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2021

Total revenues generated by governmental activities for the year were \$772,601 - most in general revenues-property taxes, and also included the \$50,000 Cooperative Endeavor Agreement with the State. The total cost of all public safety services provided was \$498,007 a slight decrease of 3% because of decreases in other services and charges and repair and maintenance.

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS (FFS)

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

The general fund reported an ending fund balance of \$830,812. This reflects an increase of \$137,705 from last year. Total revenues for the general fund were \$772,601, mainly property taxes \$648,947 which were 84% of total revenues. Current expenditures for fire protection activities were \$389,251, a slight increase from the prior year. The debt service principal payments were \$95,000 and interest of \$24,645 on the outstanding bonds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget for the General Fund was not revised during the year. The total expenditure variance was unfavorable by 17% because the debt service payments were not budgeted. Revenue variances were in compliance with the State Budget Law.

CAPITAL ASSETS

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

	12/31/2020	12/31/2021
NON-DEPRECIABLE ASSETS		
Land	\$125,165	\$125,165
DEPRECIABLE ASSETS:		
Buildings & Improvements	1,498,234	1,498,234
Vehicles, Machinery & Equipment	1,400,475	1,526,475
Total Cost of depreciable assets	<u>2,898,709</u>	<u>3,024,709</u>
Total Cost of assets	3,023,874	3,149,874
Total accumulated depreciation	<u>1,393,476</u>	<u>1,500,790</u>
Net depreciable assets	<u>\$1,505,233</u>	<u>\$1,523,919</u>
Net capital assets	<u>\$1,630,398</u>	<u>\$1,649,084</u>

FIRE DISTRICT NO. 5
Of the Parishes of Terrebonne and Lafourche
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2021

This year there were additions for the purchase of self contained breathing apparatus of \$126,000 and no deletions to capital assets. Depreciation of \$107,314 was recorded on capital assets in the governmental activities. More detailed information about the capital assets is presented in Note 7 to the financial statements.

LONG-TERM DEBT

In 2009 general obligation bonds were issued for the purpose of acquiring and improving buildings, machinery and equipment, including both real and personal property. On October 22, 2021 the Board passed a resolution giving preliminary approval to the issuance of not to exceed \$1,100,000 of General Obligation Refunding Bonds and applied for approval to the State Bond Commission and to redeem certain bonds of the District. The refunded Series 2009 Bonds are to be used for the same purpose as the original bonds. These bonds were issued as serial bonds with varying amounts of principal maturing each year at an interest rate of 2.60%.

During the current year \$95,000 was paid for principal and \$24,645 for interest and fees. More detailed information about the long-term debt is presented in Note 8 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Highlights of next year's General Fund budget include:

Condensed Summary of Budgeted Finances	
	2022
Anticipated revenues	\$534,675
Expenditures:	
Current	372,150
Capital outlay	228,668
Anticipated expenditures	600,818
Excess of expenditures	(66,143)
Fund Balance:	
Beginning of the year	606,781
End of the year	\$ 540,638

FIRE DISTRICT NO. 5
Of the Parishes of Terrebonne and Lafourche
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2021

The Board has committed in the 2022 budget to restrict \$157,805 for fund balance reserve and the intent is to reserve 1 year of general fund expenditures.

CONTACTING FINANCIAL MANAGEMENT

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

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

FINANCIAL SECTION



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Fire District No. 5 Of the Parishes of Terrebonne and Lafourche (the District), a component unit of Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the District as of December 31, 2021, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management's 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 statement that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, amount other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not 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.



To the Commissioners of
Fire District No. 5
Of the Parishes of Terrebonne and Lafourche
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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 sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Compensation of Payments to the Agency Heads but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2022, on our consideration of the internal control over financial reporting and on 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 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 internal control over financial reporting and compliance.

Stagni & Company

May 19, 2022
Thibodaux, Louisiana



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

Statement of Net Position
December 31, 2021

ASSETS	
Cash	\$ 670,459
Investments	157,805
Property taxes receivable	731,236
Due from tax collector	42,741
Due from others	3,871
Capital Assets, net of accumulated depreciation	<u>1,649,084</u>
TOTAL ASSETS	<u>3,255,196</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Related to net pension liability	34,860
 LIABILITIES	
Accounts payable	9,372
Accrued interest payable	5,753
Noncurrent liabilities:	
Due within one year	98,000
Due in more than one year	787,000
Net Pension Liability	<u>89,170</u>
<i>Total liabilities</i>	<u>989,295</u>
 DEFERRED INFLOWS OF RESOURCES	
Property taxes levied for the next fiscal year	765,928
Related to net pension liability	<u>65,170</u>
<i>Total deferred inflows</i>	<u>831,098</u>
 NET POSITION	
Net Investment in capital assets	764,084
Unrestricted	<u>705,579</u>
<i>Total net position</i>	<u><u>\$ 1,469,663</u></u>

See notes to financial statements.

FIRE DISTRICT NO. 5
of the PARISHES OF TERREBONNE and LAFOURCHE
Statement of Activities - Governmental Activities
For the Year Ended December 31, 2021

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue
	Expenses	Charges for services	Operating Grants	
Public Safety Activities	\$ 498,007	\$ -	\$ 56,000	\$ (442,007)
Total governmental activities	\$ 498,007	\$ -	\$ 56,000	(442,007)
GENERAL REVENUES				
Property taxes				648,947
State Grants				43,907
Interest earned				176
Miscellaneous				23,571
<i>Total General Revenues</i>				716,601
Change in Net Position				274,594
NET POSITION:				
Beginning of year				1,195,069
End of year				\$ 1,469,663

See notes to the financial statements.

FIRE DISTRICT NO. 5
of the PARISHES OF TERREBONNE and LAFOURCHE
Balance Sheet - Governmental Funds
December 31, 2021

ASSETS			
Cash		\$	670,459
Investments			157,805
Property taxes receivable			731,236
Due from tax collector			42,741
Due from others			3,571
Deposits			300
TOTAL ASSETS			<u>\$ 1,606,112</u>
LIABILITIES			
Accounts payable		\$	9,372
DEFERRED INFLOWS OF RESOURCES			
Property taxes levied for the next fiscal year			765,928
FUND BALANCE:			
Committed for fund balance reserve			157,805
Unassigned			673,007
TOTAL FUND BALANCE			<u>830,812</u>
RECONCILIATION TO STATEMENT OF NET POSITION:			
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.			
Capital Assets - Non Depreciable	125,165		
Capital Assets - Depreciable	3,024,709		
Accumulated Depreciation	<u>(1,500,790)</u>		1,649,084
Deferred outflows of resources related to net pension liability are not available resources and, therefore, are not reported in the funds			
			34,860
Long-term liabilities are not due and payable in the current period and therefore are not reported in the government fund.			
Bonds payable due within one year	(98,000)		
Bonds payable due in more than one year	(787,000)		
Accrued interest on bonds payable	(5,753)		
Net pension liability	<u>(89,170)</u>		(979,923)
Deferred inflows of resources related to net pension liability are not payable from current expendable resources and, therefore, are not reported in the funds			
			(65,170)
Net position of governmental activities			<u>\$ 1,469,663</u>

See notes to financial statements.

FIRE DISTRICT NO. 5
of the PARISHES OF TERREBONNE and LAFOURCHE
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Fund - Governmental Funds
For the Year Ended December 31, 2021

REVENUES

Ad Valorem Taxes	\$	648,947
Intergovernmental - State of Louisiana:		
State Revenue Sharing		24,977
State Supplemental Pay		6,000
State CEA Grant - Act 45		50,000
Fire Insurance Rebate Tax		18,930
Interest		176
Insurance Proceeds		5,182
Miscellaneous		18,389
TOTAL REVENUES		772,601

EXPENDITURES

Current - General Government:

Ad Valorem Deductions		18,621
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Current - Public Safety:

Personal Services		233,275
Supplies & Materials		24,717
Other Services & Charges		98,270
Repairs & Maintenance		14,368
<i>Total current</i>		389,251

Capital Outlay

126,000

Debt Service:

Principal payments		95,000
Interest and fees		24,645
<i>Total debt service</i>		119,645

TOTAL EXPENDITURES

634,896

NET CHANGE IN FUND BALANCES

137,705

FUND BALANCES:

Beginning of year		693,107
End of year	\$	830,812

See notes to financial statements.

FIRE DISTRICT NO. 5
of the PARISHES OF TERREBONNE and LAFOURCHE
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2021

Net change in fund balances - total governmental funds		\$	137,705
<p>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.</p>			
Capital outlay	126,000		
Depreciation expense	<u>(107,314)</u>		18,686
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds.</p>			
Principal payment on long term debt	95,000		
Accrued interest payable	<u>(3,895)</u>		91,105
<p>Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows and inflows of resources. Changes in the net pension liability and net OPEB liability are reported as expenses in the statement of activities.</p>			
Pension Expense	82,850		
Changes in deferred outflows and inflows	<u>(55,752)</u>		27,098
Change in net position - governmental activities		\$	<u>274,594</u>

See notes to financial statements.

***FIRE DISTRICT NO. 5 of the
Parishes of Terrebonne and Lafourche***
Notes to the Financial Statements
For the Year Ended December 31, 2021

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

Note 1 *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

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

A. Reporting Entity

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

The accompanying financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ending December 31, 2021.

B. Basis of Presentation

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

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

Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

B. Basis of Presentation (continued)

Governmental Fund Type

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

The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period programs or operations. The General Fund accounts for all financial resources and expenditures except those required to be accounted for in other funds.

C. Measurement Focus / Basis of Accounting

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

Government-Wide Financial Statements (GWFS)

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

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

**FIRE DISTRICT NO. 5 of the
Parishes of Terrebonne and Lafourche**
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

C. Measurement Focus / Basis of Accounting (continued)

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

General Revenues - Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements (FFS)

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

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

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

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

Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

C. Measurement Focus / Basis of Accounting (continued)

Revenues – Ad valorem taxes and the related state revenue sharing are recorded as revenue in the period for which levied, thus the 2020 property taxes which were levied to finance the 2021 budget are recognized as revenue in 2021. The 2021 tax levy is recorded as deferred revenue in the current financial statements. Charges for services are recorded when earned since they are measurable and available. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable or available until actually received.

Expenditures – Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

D. Use of Estimates

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

E. Operating Budgets

As required by Louisiana Revised Statutes, The Board of Commissioners adopted a budget for the General Fund. The Board must approve any amendment involving the transfer of monies from one function to another, or increases in expenditures. The district did not amend its budget for the year ended December 31, 2021. All budgeted amounts that are not expended or obligated through contracts lapse at year-end. The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

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

Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

F. Cash and Investments

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

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955. Investments are stated at fair value as established by open market, except for the Louisiana Asset Management Pool (LAMP). Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or any other federally insured investments, certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations.

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

G. Receivables

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

H. Deferred Outflows and Inflows of Resources

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

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

Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

I. Vacation and Sick Leave

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

Every firefighter in the employ of a fire protection district shall be entitled to full pay during sickness or incapacity not brought about by his own negligence or culpable indiscretion for a period of not less than fifty-two weeks. A firefighter employed by any fire protection district who draws full pay during sickness or incapacity shall have such pay decreased by the amount of workers' compensation benefits actually received by the employee. A firefighter is entitled to sick leave benefits even though the injury or illness may have occurred while he was off duty. Firefighters are not prohibited from engaging in part-time employment while receiving sick leave.

A probationary firefighter who is not a regular or permanent fireman is not entitled to sick leave benefits provided by the District. Sick leave does not accumulate for employees; accordingly there is no accrued sick leave as of year-end.

J. Capital Assets

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

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

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

Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

J. Capital Assets (continued)

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

K. Fund Equity

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

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

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

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

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

**FIRE DISTRICT NO. 5 of the
Parishes of Terrebonne and Lafourche**
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 DEPOSITS AND INVESTMENTS (continued)

Investments:

Investment balances and maturities at year end are as follows:

Investment Type	As Reported	Fair Value	Ave Days Maturity
Louisiana Asset Management Pool	\$157,805	\$157,805	Less than 1 year

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

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

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

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

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

Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 3 PROPERTY TAX REVENUE

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

Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2021 was 16.0 mills of assessed valuation on property within Terrebonne and Lafourche Parish Fire District No. 5 for the purpose of constructing, maintaining and operating fire protection facilities within the District and 5.7 mills for repayment of bond principal and interest. The assessed values of real property upon which 2021 property tax were based was \$24,699,393 in Terrebonne and \$3,877,796 in Lafourche Parishes.

Note 4 PROPERTY TAXES RECEIVABLE - DUE FROM TAX COLLECTOR

The Terrebonne and Lafourche Parish Sheriffs collect and remit property taxes on behalf of all taxing districts in their respective jurisdictions. Property taxes receivable represents real property taxes, and outstanding delinquencies which are measurable as of December 31, 2021 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by deferred revenue since the current taxes were not levied to finance 2021 operations and the collection of delinquent taxes has been offset by a deferred inflow of resources since the collection of the taxes during the available period is not subject to reasonable estimation. On a modified accrual basis the revenue is reported as a deferred inflow of resources.

The amount that was collected in December but not yet remitted to the District is considered due from the tax collector; the remaining amount of the total deferred levy is recorded as a property tax receivable. The entire levy is reported as a deferred inflow of resources of \$498,622 for Terrebonne and \$66,117 for Lafourche Parishes.

The tax rate for the year 2021 levy – for revenue to be recognized in 2022 was 16 mills of assessed valuation on property within the District for the purpose of providing fire protection and 5.7 mills for repayment of debt service within the District. The assessed values of real property upon which the 2021 property tax levy is based on is \$31,163,920 in Terrebonne and \$4,132,320 in Lafourche Parishes.

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

Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 5 SUPPLEMENTAL PAY

In addition to the compensation paid to employees, firemen may be eligible to receive supplemental pay. The amount of the compensation is determined by State Law and is revised periodically. During the current year the District has recognized revenue and expenditures of \$6,000 in salary supplements received from the State.

Note 6 RISK MANAGEMENT

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

Note 7 CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions/ Adjustments	Ending Balance
NON-DEPRECIABLE ASSETS				
Land	\$ 125,165	\$ -	\$ -	\$ 125,165
DEPRECIABLE ASSETS:				
Buildings & Improvements	1,498,234	-	-	1,498,234
Vehicles, Machinery & Equipment	1,400,475	126,000	-	1,526,475
Total Cost of depreciable assets	<u>2,898,709</u>	<u>126,000</u>	-	<u>3,024,709</u>
Total Cost of assets	3,023,874	126,000	-	3,149,874
ACCUMULATED DEPRECIATION				
Buildings & Improvements	274,311	37,486	-	311,797
Vehicles, Machinery & Equipment	1,119,165	69,828	-	1,188,993
Total accumulated depreciation	<u>1,393,476</u>	<u>107,314</u>	-	<u>1,500,790</u>
Net depreciable assets	<u>\$1,505,233</u>			<u>\$1,523,919</u>
Net capital assets	<u>\$1,630,398</u>			<u>\$1,649,084</u>

Depreciation Expense of \$107,314 was recorded in the governmental activities.

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

Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 8 LONG TERM DEBT

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

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

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

	BEGINNING BALANCE	ADDITIONS	PAYMENTS	ENDING BALANCE	DUE WITHIN ONE YEAR
GENERAL OBLIGATION BONDS, SERIES 2009	\$ 980,000	\$ -	\$ 95,000	\$ 885,000	\$ 98,000

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

The refunded Series 2009 Bonds are to be used for the same purpose as the original bonds. These bonds were issued as serial bonds with varying amounts of principal maturing each year at an interest rate of 2.60%. The date of the bonds will be January 16, 2020 with payments due on March 1 and September 1 with the average maturity of the bonds to be 5.24 years.

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

YEAR	PRINCIPAL	INTEREST	TOTAL
2022	\$ 98,000	\$ 21,736	\$ 119,736
2023	102,000	19,136	121,136
2024	105,000	16,445	121,445
2025	108,000	13,676	121,676
2026	111,000	10,829	121,829
2027-2029	361,000	14,183	375,183
	\$ 885,000	\$ 96,005	\$ 981,005

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

Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 9 *FIREFIGHTERS RETIREMENT SYSTEM*

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

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

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

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

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

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

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

Notes to the Financial Statements
For the Year Ended December 31, 2021

NOTE 9 FIREFIGHTERS RETIREMENT SYSTEM (continued)

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

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

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

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

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

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

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

Notes to the Financial Statements
For the Year Ended December 31, 2021

NOTE 9 FIREFIGHTERS RETIREMENT SYSTEM (continued)

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

EMPLOYER CONTRIBUTIONS – Employer contributions are actuarially determined each year. For the period July 1, 2020 to June 30, 2021, employer and employee contributions for members above the poverty line were 32.25% and 10.00% respectively, and for members below the poverty line were 34.25% and 8.00% respectively.

NON-EMPLOYER CONTRIBUTIONS – The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue during the year ended June 30, 2021 and were excluded from pension expense. Non-employer contributions received by the District was \$7,188 and the System was \$28,567,787.

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES - As of December 31, 2021, the District reported liabilities in the GWFS of \$20,354 in its governmental activities for its proportionate share of the net pension liabilities of the System. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension obligation was determined by an actuarial valuation as of that date.

The proportion of the net pension liability was based on a projection of the long-term contributions to the plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the District's proportional share of the System was 0.025162% which was an increase of 0.00035% from its proportion measured the prior year.

For the year ended December 31, 2021 the District recognized a pension expense of \$7,241 in its governmental activities related to its participation in the System. At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**FIRE DISTRICT NO. 5 of the
Parishes of Terrebonne and Lafourche**
Notes to the Financial Statements
For the Year Ended December 31, 2021

NOTE 9 FIREFIGHTERS RETIREMENT SYSTEM (continued)

FFRS	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 1,273	\$(8,008)
Investment Earning	-	(54,114)
Changes in assumption	19,323	-
Changes in proportion	2,642	(3,048)
Employer Contribution after Measurement Date	11,622	-
Totals	\$34,860	\$(65,170)

The deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2022	\$(8,513)
2023	(9,547)
2024	(11,745)
2025 & thereafter	(12,127)
	\$(41,932)

ACTUARIAL ASSUMPTIONS - The total pension liabilities in the June 30, 2021, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurements:

**FIRE DISTRICT NO. 5 of the
Parishes of Terrebonne and Lafourche**
Notes to the Financial Statements
For the Year Ended December 31, 2021

NOTE 9 FIREFIGHTERS RETIREMENT SYSTEM (continued)

Valuation Date	June 30, 2021
Actuarial cost method	Entry Age Normal
Actuarial cost assumptions:	
Expected remaining service lives	7 years, closed period
Investment rate of return	6.90% per annum
Inflation rate	2.50% per annum
Salary increases	Vary from 14.10% in the first two years of service to 5.20% with 3 or more years
Cost of Living Adjustments	For the purpose of determining the present value of benefits, COLAs were deemed not to be substantively automatic and only those previously granted were included

The mortality rate assumptions was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees.

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

Best estimates of arithmetic real rates of return for each major class includes in the System's target asset allocation as of June 30, 2021, are summarized in the following table:

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

Notes to the Financial Statements
For the Year Ended December 31, 2021

NOTE 9 FIREFIGHTERS RETIREMENT SYSTEM (continued)

Asset Type	Target Asset Allocation	Long-Term Expected Real Rate of Return
Equities-US Equity	27.50%	5.86%
Equities-Non-US Equity	11.50%	6.44%
Equities-Global Equity	10.00%	6.40%
Equity – Emerging Market	7.00%	8.64%
Fixed Income-US Core	18.00%	.97%
Fixed Income-U.S. TIPS	3.00%	.40%
Fixed Income-Emerging Market Debt	5.00%	2.75%
Multi-Asset Strategies-Global Tactical	0.00%	4.17%
Multi-Asset Strategies-Risk Parity	0.00%	4.17%
Alternatives-Real Estate	6.00%	5.31%
Alternatives-Real Assets	3.00%	***
Alternatives-Private Equity	9.00%	9.53%
Totals	100.00%	
Discount Rate		6.9%

SENSITIVITY OF THE CHANGES IN DISCOUNT RATE - The following presents the net pension liabilities of the participating employers calculated using the discount rate of 6.90%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net Pension Liability	\$171,067	\$89,170	\$20,870

Note 10 COMPENSATION OF BOARD MEMBERS

No compensation was paid to Board Members for the year.

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

Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 11 COOPERATIVE ENDEAVOR AGREEMENT

On February 11, 2021 the District entered into a Cooperative Endeavor Agreement with the Louisiana Department of the Treasury. Act 45 of the 2020 Second Extraordinary Legislative Session appropriated State Funds of \$50,000 for the benefit of Terrebonne Parish Fire District 5 for the purpose of purchasing fire equipment to replace expiring and/or outdated equipment. The purchase of this new equipment will allow for enhanced safety for firefighters and community.

***REQUIRED SUPPLEMENTAL
INFORMATION***

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

Budget Comparison Schedule - General Fund
For the Year Ended December 31, 2021

	Budgets		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES	(No amendments)			
Ad Valorem Taxes	\$415,189	\$415,189	\$648,947	\$ 233,758
State Revenue Sharing	8,000	8,000	24,977	16,977
State Supplemental Pay	6,000	6,000	6,000	-
State of Louisiana Grant	-	-	50,000	50,000
Fire Insurance Rebate	20,000	20,000	18,930	(1,070)
Insurance Proceeds	-	-	5,182	5,182
Miscellaneous	10,500	10,500	18,389	7,889
Interest	2,500	2,500	176	(2,324)
TOTAL REVENUES	<u>462,189</u>	<u>462,189</u>	<u>772,601</u>	<u>310,412</u>
EXPENDITURES				
General Government - current:				
Ad Valorem Deductions	-	-	18,621	(18,621)
Public safety - current:				
Personal Services	222,700	222,700	233,275	(10,575)
Supplies & Materials	38,500	38,500	24,717	13,783
Other Services & Charges	95,650	95,650	98,270	(2,620)
Repairs & Maintenance	31,000	31,000	14,368	16,632
Capital Grant for Fire Truck Purchase	-	-	-	-
Total public safety - current	<u>387,850</u>	<u>387,850</u>	<u>389,251</u>	<u>(1,401)</u>
Capital expenditures	51,834	51,834	126,000	(74,166)
Debt Service	-	-	119,645	(119,645)
TOTAL EXPENDITURES	<u>439,684</u>	<u>439,684</u>	<u>634,896</u>	<u>(75,567)</u>
NET CHANGE IN FUND BALANCES	<u>22,505</u>	<u>22,505</u>	<u>137,705</u>	<u>115,200</u>
FUND BALANCES				
Beginning of year	523,076	489,390	693,107	203,717
End of year	<u>\$ 545,581</u>	<u>\$ 511,895</u>	<u>\$ 830,812</u>	<u>\$ 318,917</u>

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

**Year Ended June 30	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset) (a)	Employer's Covered Employee Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	0.025162%	\$ 89,170	\$ 63,343	140.77%	86.78%
2020	0.024170%	\$ 172,020	\$ 89,890	191.37%	72.61%
2019	0.025197%	\$ 157,781	\$ 58,555	269.46%	73.96%
2018	0.025100%	\$ 144,377	\$ 56,597	255.10%	74.76%
2017	0.025177%	\$ 144,311	\$ 51,244	281.62%	73.50%
2016	0.026071%	\$ 170,528	\$ 51,245	332.77%	68.20%
2015	0.025252%	\$ 136,288	\$ 53,666	253.96%	72.45%

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

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

Notes to Retirement System Schedules:

Changes of Benefit Terms

6/30/2016 NO CHANGE
6/30/2017 NO CHANGE
6/30/2018 NO CHANGE
6/30/2019 NO CHANGE
6/30/2020 NO CHANGE
6/30/2021 NO CHANGE

Changes of Assumptions

	Actuarial cost method	Inflation rate	Discount rate-Investment ROR	Salary increases vary from	Expecting remaining service lives
6/30/2015	Entry Age Normal	2.875%	7.50%	15.0% in first two years to 4.75% with 25 or more years	7 years
6/30/2016	Entry Age Normal	2.875%	7.50%	no change	7 years
6/30/2017	Entry Age Normal	2.775%	7.40%	no change	7 years
6/30/2018	Entry Age Normal	2.700%	7.30%	no change	7 years
6/30/2019	Entry Age Normal	2.500%	7.15%	14.75% in the first two years of service to 4.75% after 25 years	7 years
6/30/2020	Entry Age Normal	2.50%	7.00%	14.10% in first two years to 5.20% with 3 or more years	7 years, closed period
6/30/2021	Entry Age Normal	2.50%	6.90%	no change	7 years, closed period

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

**Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2021	\$ 20,354	\$ 18,906	\$ 1,448	\$ 63,343	29.85%
2020	\$ 17,145	\$ 24,212	\$ (7,067)	\$ 89,890	26.94%
2019	\$ 16,138	\$ 16,178	\$ (40)	\$ 56,597	28.58%
2018	\$ 15,836	\$ 15,793	\$ 43	\$ 56,597	27.90%
2017	\$ 12,958	\$ 12,958	\$ -	\$ 51,244	25.29%
2016	\$ 12,604	\$ 12,604	\$ -	\$ 51,245	24.60%
2015	\$ 15,697	\$ 15,697	\$ -	\$ 53,666	29.25%

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

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

Notes to Retirement System Schedules:

Changes of Benefit Terms

- 6/30/2016 NO CHANGE
- 6/30/2017 NO CHANGE
- 6/30/2018 NO CHANGE
- 6/30/2019 NO CHANGE
- 6/30/2020 NO CHANGE
- 6/30/2021 NO CHANGE

Changes of Assumptions

	Actuarial cost method	Inflation rate	Discount rate- Investment ROR	Salary increases	Expecting remaining service lives
6/30/2015	Entry Age Normal	2.875%	7.50%	vary from 15.0% in first two years to 4.75% with 25 or more years	7 years
6/30/2016	Entry Age Normal	2.875%	7.50%	no change	7 years
6/30/2017	Entry Age Normal	2.775%	7.40%	no change	7 years
6/30/2018	Entry Age Normal	2.700%	7.30%	no change	7 years
6/30/2019	Entry Age Normal	2.500%	7.15%	vary from 14.75% in the first two years of service to 4.75% after 25 years	7 years
6/30/2020	Entry Age Normal	2.50%	7.00%	14.10% in first two years to 5.20% with 3 or more years	7 years, closed period
6/30/2021	Entry Age Normal	2.50%	6.90%	no change	7 years, closed period

OTHER INFORMATION

FIRE DISTRICT NO. 5
of the PARISHES OF TERREBONNE and LAFOURCHE
Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended December 31, 2021

Agency Head Name: Tony Pellegrin, Jr.

Purpose	Amount
Salary	\$65,773
Benefits-insurance	\$22,389
Benefits-retirement	\$21,585
Deferred compensation (contributions made by the agency)	\$0
Benefits- Cell Phone	\$900
Car allowance	\$0
Vehicle provided by government (enter amount reported on W-2 adjusted for various fiscal years)	\$0
Cell phone	\$0
Dues	\$0
Vehicle rental	\$0
Per diem	\$0
Reimbursements	\$0
Travel	\$0
Registration fees	\$0
Conference travel	\$0
Housing	\$0
Unvouchered expenses (expample: travel advances, etc.)	\$0
Special meals	\$0
Other (including payments made by other parties on behalf of the agency head)	\$0

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

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



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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

To the Commissioners of
Terrebonne Parish Fire District No. 5
Bourg, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Terrebonne Parish Fire District No. 5 (the District), a component unit of Terrebonne Parish Consolidated Government as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents and have issued our report thereon dated May 19, 2022.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Stagni & Company

May 9, 2022
Thibodaux, Louisiana



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

***As of and for the Year Ending
December 31, 2021***



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

AGREED-UPON PROCEDURES REPORT

Terrebonne Parish Fire District #5

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period January 1, 2021 – December 31, 2021

To the Board of Commissioners
Terrebonne Parish Fire District #5 and
Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Terrebonne Parish Fire District #5 (District) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. The District's management is responsible for those C/C areas identified in the SAUPs.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated results are as follows:

Written Policies and Procedures

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

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: *The policies of District address all the applicable functions listed with the exception of the following:*

- 1) *The Receipts and Collections policy does not address management's actions to determine completeness of collections; however reconciliations on revenue collected are performed monthly.*
- 2) *The Payroll/Personnel policy does not address the approval process for employee pay rates or maintenance of pay rate schedules.*
- 3) *The District does not have adopted a Debt Service policy.*
- 4) *The District did not adopt an Information Technology Disaster Recovery/Business Continuity policy in 2021. The policy is in the process of being drafted and the Board plans to adopt it at the June 9, 2022 Board meeting.*



- 5) *The District's Sexual Harassment policy makes no mention of annual employee training or annual reporting.*

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned 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 unassigned fund balance in the general fund.

Results: *The Board meets quarterly in accordance with its policy. There were no exceptions in this area.*

Bank Reconciliations

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



Results: Management confirmed that there were 3 bank accounts and identified which was the main operating account. We inspected the December 2021 bank statements and reconciliations and observed two of the 3 were not reconciled within 2 months of the statement closing date. The bank statements had no evidence of approval that a Board member had reviewed the reconciliation or had researched the items over 12 months that were on the reconciliation.

Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Results: A listing of deposit sites (1) was obtained with management's representation that the listing was complete. The 1 deposit site was selected.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

Results: There are no cash collections. All collections are made by check mailed to the District office or direct deposit. The procedure does not apply.

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.

Results: A copy of the bond or insurance policy for theft was obtained by management and appeared to be enforced during the fiscal period.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.



- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- e) Trace the actual deposit per the bank statement to the general ledger.

Results: *We randomly selected two deposit dates for the bank account selected for procedure #3 under "Bank Reconciliations" above. We obtained supporting documentation for each of the 2 deposits and:*

- a) *Sequentially pre-numbered receipts is not applicable. All receipts are mailed in or direct deposited.*
- b) *All of the documentation were traced to the deposit slips, no exceptions noted.*
- c) *All of the deposit slip details agreed to the deposit per the bank, no exceptions noted.*
- d) *All of the deposits were made within one business day of receipt, no exceptions noted.*
- e) *All of the actual deposits per the bank statement agreed to the general ledger, no exceptions noted.*

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

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Results: *We obtained management's representation that there is one disbursement location.*

- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Results: *We obtained a listing of employees who perform non-payroll disbursement functions and the policies that address the four areas listed above. No exceptions resulted from these procedures.*

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



- a) Observe that the disbursement matched the related original itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity.
- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results: *We obtained the general ledger population of non-payroll disbursements and management's representation that the population was complete.*

- a) *Five disbursements were randomly selected and matched the invoices and supporting documentation with no exception.*
- b) *The documentation included evidence that showed duties were segregated according to the written policy.*

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.

Results: *We obtained management's representation that there was one active credit card.*

- 12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.

Results: *We observed no evidence of approval as per the policy. Finance charges and late fees were not assessed on this credit card statement.*

- 13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by
 - (1) an original itemized receipt that identifies precisely what was purchased,
 - (2) written documentation of the business/public purpose, and
 - (3) documentation of the individuals participating in meals (for meal charges only).



For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Results: *All transactions listed on the credit card were properly supported and approved.*

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: *The general ledger was reviewed for travel and travel-related expense reimbursements. None were noted.*

Contracts

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



- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: *There was 1 contract initiated during the fiscal period. The contract was subject to public bid law and was bid according to such law. It was approved by the Board and was not amended. The payment agreed to the terms of the contract. No exceptions were noted from these procedures.*

Payroll and Personnel

16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Results: *We obtained a listing of employees/officials and management's representation that the listing is complete. We randomly selected 5 employees/officials to agree their paid salaries to authorized pay rates.*

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees or officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Results: *No exceptions were noted for these procedures.*

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity policy on termination payments. Agree the hours to the employee or officials' cumulate leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

Results: *There were no employees terminated during the fiscal year*

19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g. payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.



Results: We obtained management's representation that third-party payroll related amounts had been paid by the required deadlines.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe that the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Results: Documentation was maintained that 1 of the 5 employees/officials did not complete the required ethics training during the fiscal period. There were no changes to the ethics policies during the fiscal period.

Debt Service

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

Results: The District did not issue any bonds/notes during the fiscal period. A listing of outstanding bonds was traced to supporting documentation and agreed to all applicable covenants.

Fraud Notice

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

Results: Management has represented that there were no misappropriations of public funds or assets during the fiscal period.

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

Results: The notice is posted on the premises as required by R.S. 24:523.1



Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**

- a. Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
- b. Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- c. Obtain a listing of the entity’s computers currently in use, and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Results: *We performed the procedure and discussed the results with management. No exceptions were noted.*

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

Results: *Management has asserted that the employees/officials selected have completed sexual harassment training during the calendar year as required.*

27. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).

Results: *The District does have a sexual harassment policy or complaint procedure posted on its premises as required.*

28. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344:

- a. Number and percentage of public servants in the agency who have completed the training requirements;
- b. Number of sexual harassment complaints received by the agency;



- c. Number of complaints which resulted in a finding that sexual harassment occurred;
- d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e. Amount of time it took to resolve each complaint.

Results: *The District did not file an annual sexual harassment report. However, no incidents of harassment were noted during the fiscal year.*

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

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

Stagni & Company

Thibodaux, LA
June 7, 2022



STAGNI & COMPANY, LLC
