

***TERREBONNE PARISH FIRE DISTRICT NO. 9  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2019***

**TERREBONNE PARISH FIRE DISTRICT NO. 9**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended December 31, 2019**

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**Terrebonne Parish Fire District No. 9**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2019*

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

**FINANCIAL HIGHLIGHTS**

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

- Total net position at the end of the year was \$2,200,235 – a slight decrease of 1.4% from the prior year.
- Total net position is comprised of the following:
  - (1) Net invested in capital assets of \$1,646,292 including the cost of land, buildings & improvements, trucks and equipment, net of accumulated depreciation.
  - (2) Unrestricted of \$553,943 representing the portion available to maintain the continuing obligations to citizens and creditors.
- Total spending for all public safety activities was \$531,579 for the year, which was approximately \$125,000 more than the prior year.
- The general revenues of mainly ad valorem taxes totaled \$489,908 for the year – a significant decrease from the prior year.
- The governmental fund reported total ending fund balance of \$965,844, of which all was considered unassigned: This compares to the prior year ending fund balance – of \$904,728, showing an increase of \$61,116 during the current year.
- Total revenue reported for the governmental fund was \$499,764, a decrease of approximately 25% from the prior year. Total current expenditures for public safety were \$382,570 – a slight decrease from the prior year. Capital expenditures were \$56,078 including building improvements and other machinery and equipment. This resulted in a net increase in fund balance for the year of \$61,116.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities 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.

**Terrebonne Parish Fire District No. 9**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2019*

Our auditor has provided assurance in his independent auditor's report, located immediately following this MD&A, 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.

**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 a governmental type of fund with the following accounting approach. All 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.

**Terrebonne Parish Fire District No. 9**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2019*

**FINANCIAL ANALYSIS AS A WHOLE (GWFS)**

The Statement of Net Position and the Statement of Activities report governmental activities. Our analysis below focuses on the net assets of the governmental-type activities:

	<b>Condensed Statement of Net Position</b>		Increase
	2018	2019	(Decrease)
Current and Other Assets	\$ 1,432,979	\$ 1,436,599	\$ 3,620
Capital Assets	1,720,090	1,646,292	(73,798)
<b>Total Assets</b>	<b>3,153,069</b>	<b>3,082,891</b>	<b>(70,178)</b>
<b>Deferred Outflows</b>	<b>54,217</b>	<b>107,356</b>	<b>53,139</b>
Current Liabilities	-	-	-
Non-current Liabilities	404,178	464,691	60,513
Total Liabilities	404,178	464,691	60,513
<b>Deferred Inflows</b>	<b>571,058</b>	<b>525,321</b>	<b>(45,737)</b>
Net Invested in Capital Assets	1,720,090	1,646,292	(73,798)
Unrestricted	511,960	553,943	41,983
<b>Total Net Position</b>	<b>\$ 2,232,050</b>	<b>\$ 2,200,235</b>	<b>\$ (31,815)</b>

Net position decreased by \$31,815 or 1.4% because of this year's operations, which indicates that the overall financial position remained relatively stable during the year. The balance in net position represents the accumulated results of all past years' operations. Current assets, primarily cash and investments decreased due to capital purchases. Net invested in capital assets increased due to the excess of capital outlay purchases in excess of depreciation during the year.

Our analysis below focuses on the operations of the governmental-type activities:

	<b>Condensed Statement of Activities</b>		Increase
	2018	2019	(Decrease)
<b>Program Expenses:</b>			
Current	253,454	377,806	124,352
Depreciation - unallocated	153,359	153,773	414
<b>Total program expenses</b>	<b>406,813</b>	<b>531,579</b>	<b>124,766</b>
Program revenues	9,961	9,856	(105)
General revenues	666,232	489,908	(176,324)
<b>Change in Net Position</b>	<b>269,380</b>	<b>(31,815)</b>	<b>(301,195)</b>

**Terrebonne Parish Fire District No. 9**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2019*

**Net Position:**

Beginning of the year	<u>1,962,670</u>	<u>2,232,050</u>	<u>269,380</u>
End of the year	<u>\$ 2,232,050</u>	<u>\$ 2,200,235</u>	<u>\$ (31,815)</u>

Total revenues generated by governmental activities for the year were \$565,651 - most in general revenues. The total cost of all public safety services provided was \$531,579 – an increase of 23%.

**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.

The General Fund reported an ending fund balance of \$965,844, of which all is considered unassigned and available to spend. This amount represents 193% of general fund revenues. The General Fund revenues were primarily ad valorem taxes levied for maintenance and operations for fire protection in the District. These revenues were reduced by current expenditures for fire protection of \$382,570 and capital outlay of \$56,078 for station equipment or improvement and other necessary equipment.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

There were amendments necessary to the original budget for the General Fund during the year. The most significant amendments were to:

- Decrease ad valorem taxes by \$15,000
- Increase other services and charges by over \$42,000.
- Increase for capital purchases by almost \$36,000.

Total revenue variance was unfavorable by 11% - due to the shortfall of ad valorem taxes received. Total expenditure variances were favorable on the budget comparison schedule presented and are considered in compliance with the State Budget Law. More information on the current year budget can be found in the General Fund Budgetary Comparison Schedule.

**Terrebonne Parish Fire District No. 9**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2019*

**CAPITAL ASSETS**

A summary of capital assets and accumulated depreciation for governmental activities for the current and prior year is as follows:

	2019	2018
Land	\$ 51,000	\$ 51,000
Buildings & Improvements	776,870	750,929
Machinery & Equipment	2,483,717	2,746,975
Total Cost	3,311,587	3,548,904
Accumulated Depreciation	1,665,295	1,828,814
Net Capital Assets	<u>\$ 1,646,292</u>	<u>\$ 1,720,090</u>
Depreciation Expense	<u>\$ 153,773</u>	<u>\$ 153,359</u>

More detailed information about the capital assets is presented in Note 5 to the basic financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Highlights of the 2020 adopted budget for the general fund include:

Beginning Fund Balance	\$ 952,924
Projected Revenue	516,755
Projected Expenditures	<u>(535,100)</u>
Ending Fund Balance	<u>\$ 934,579</u>

**CONTACTING FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the Terrebonne Parish Fire District No. 9 finances and to show accountability for the money it received. If you have questions about this report or need additional financial information, contact:

Board of Directors  
2820 Savanne Road,  
Houma, LA 70360

## ***FINANCIAL SECTION***





# STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,  
Of the Terrebonne Parish Fire District No. 9  
Houma, Louisiana

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities and each major fund of the Terrebonne Parish Fire District No. 9, a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2019, and the notes to the financial statements, which collectively comprise the basic financial statements, as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

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

### ***Opinions***

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

### ***Required Supplementary Information***

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

To the Board of Commissioners,  
Of the Terrebonne Parish Fire District No. 9,  
Page 3

***Other Information***

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

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated May 4, 2020, on our consideration of the internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

*Stagni & Company*

Thibodaux, Louisiana  
May 4, 2020

# **TERREBONNE PARISH FIRE DISTRICT NO. 9**

## **Statement of Net Position**

December 31, 2019

### **ASSETS**

Cash	\$ 54,357
Investments	915,506
Receivables:	
Taxes	222,319
Other	1,000
Due from other governments	231,467
Prepaid Expenses	11,950
Capital Assets, net of accumulated depreciation	<u>1,646,292</u>
<b>TOTAL ASSETS</b>	<u><b>3,082,891</b></u>

### **DEFERRED OUTFLOWS OF RESOURCES**

Related to net pension liability	61,432
Related to net OPEB liability	<u>45,924</u>
	<u><b>107,356</b></u>

### **LIABILITIES, DEFERRED INFLOWS AND NET POSITION**

#### ***Liabilities:***

Accounts Payable and accrued expenditures	-
Non-current liabilities:	
Net Pension liability	251,691
Other postemployment benefit liability	<u>213,000</u>
<i>Total liabilities</i>	<u><b>464,691</b></u>

#### ***Deferred Inflows of Resources-***

Related to net pension liability	45,828
Related to net OPEB liability	8,738
Property taxes - subsequent year	<u>470,755</u>
	<u><b>525,321</b></u>

#### ***Net Position:***

Net Invested in capital assets	1,646,292
Unrestricted	<u>553,943</u>
<i>Total net position</i>	<u><u><b>\$ 2,200,235</b></u></u>

See notes to financial statements.

**TERREBONNE PARISH FIRE DISTRICT NO. 9**

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

	<u>Program Revenue</u>			
	<u>Expenses</u>	<u>Charges for services</u>	<u>Operating Grants</u>	<u>Net Revenue (Expense)</u>
<b>FUNCTIONS/PROGRAMS</b>				
Public safety activities	\$ 531,579	\$ -	\$ 9,856	\$ (521,723)
Total governmental activities	<u>\$ 531,579</u>	<u>\$ -</u>	<u>\$ 9,856</u>	<u>(521,723)</u>
<b>GENERAL REVENUES</b>				
Ad valorem taxes				455,185
State revenue sharing				10,308
Interest earned				24,415
Total General Revenues				489,908
<b>Change in Net Position</b>				(31,815)
<b>NET POSITION:</b>				
Beginning of year				2,232,050
End of year				<u>\$ 2,200,235</u>

See notes to financial statements.

**TERREBONNE PARISH FIRE DISTRICT NO. 9**

## Balance Sheet - Governmental Fund - General Fund

December 31, 2019

**ASSETS**

Cash	\$	54,357
Investments		915,506
Receivables:		
Taxes		222,319
Other		1,000
Due from other governmental units		231,467
Prepaid Expenses		11,950
TOTAL ASSETS	\$	<u>1,436,599</u>

**LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE****Liabilities -**

Accounts Payable and accrued expenditures	\$	-
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**Deferred Inflows of Resources -**

Property taxes - subsequent period		470,755
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**Fund balance -**

Unassigned		965,844
Total fund balance		<u>965,844</u>

**RECONCILIATION TO THE STATEMENT OF NET POSITION:**

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Add - Capital Assets	3,311,587	
Deduct - Accumulated Depreciation	<u>(1,665,295)</u>	1,646,292

Deferred outflows of resources are not available resources and, therefore, are not reported in the funds

Related to net pension liability	61,432	
Related to net OPEB liability	<u>45,924</u>	107,356

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

Other Post Employment Benefit	(213,000)	
Net Pension liability	<u>(251,691)</u>	(464,691)

Deferred inflows of resources are not payable from current expendable resources and, therefore, are not reported in the funds

Related to net pension liability	(45,828)	
Related to net OPEB liability	<u>(8,738)</u>	(54,566)

Net assets of governmental activities	\$	<u>2,200,235</u>
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See notes to financial statements.

**TERREBONNE PARISH FIRE DISTRICT NO. 9**

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

**REVENUES**

Ad Valorem Taxes	\$ 455,185
Intergovernmental:	
State of Louisiana	
State Revenue Sharing	10,308
Fire Insurance Tax	9,856
Interest	24,415
TOTAL REVENUES	<u>499,764</u>

**EXPENDITURES**

Public safety - current:	
Personal Services	218,334
Supplies and Materials	30,643
Other Services and Charges	101,234
Repairs and Maintenance	32,359
Total public safety - current	<u>382,570</u>
Capital expenditures	56,078
TOTAL EXPENDITURES	<u>438,648</u>
NET CHANGE IN FUND BALANCE	61,116
<b>FUND BALANCE</b>	
Beginning of year	904,728
End of year	<u><u>\$965,844</u></u>

See notes to financial statements.

**TERREBONNE PARISH FIRE DISTRICT NO. 9**

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

**Net change in fund balances - governmental fund** **\$ 61,116**

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

Add - Capital outlay	56,078	
Adjustment of trade-in/rebate on truck purchase	9,114	
Deduct - Depreciation expense	<u>(153,773)</u>	(88,581)

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

Increase in Pension Liability	(1,257)	
Change in Deferred Outflows and Inflows-Pension	8,720	
Increase in OPEB Liability	(59,256)	
Change in Deferred Outflows and Inflows-OPEB	<u>47,443</u>	(4,350)

Change in net assets - governmental activities	<u><u>\$ (31,815)</u></u>
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See notes to financial statements.



## **TERREBONNE PARISH FIRE PROTECTION DISTRICT NO. 9**

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

The Terrebonne Parish Fire Protection District No. 9 (the District) has been organized under the provisions of the Louisiana Revised Statute 40:1492, Parish Ordinance #1561 and #5732 adopted February 5, 1997. The District provides fire protection and disaster assistance for the residents and businesses encompassing Fire District No. 9 of the Parish of Terrebonne. The District is established with a District Fire Chief and six (6) Board Members – all appointed by the Parish Council.

### **Note 1**

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

#### **A. Reporting Entity**

As the governing authority, the Terrebonne Parish Consolidated Government is the financial reporting entity for Terrebonne Parish. Because the Terrebonne Parish Consolidated Government could by definition in statute be financially burdened by the Terrebonne Parish Fire District No. 9, the District was determined to be a component unit of the Terrebonne Parish Consolidated Government. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Terrebonne Parish Consolidated Government, the general government services provided by that governmental unit, or any other governmental reporting entity.

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

#### **B. Basis of Presentation**

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

## **TERREBONNE PARISH FIRE PROTECTION DISTRICT NO. 9**

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

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

#### **B.      Basis of Presentation (continued)**

##### **Governmental-wide Financial Statements (GWFS):**

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

##### **Fund Financial Statements (FFS)**

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 governmental fund of the District is the General Fund. The General Fund is used to account for all financial resources and expenditures except those required to be accounted for in other funds. The General Fund is *always* a major fund.

#### **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).

## **TERREBONNE PARISH FIRE PROTECTION DISTRICT NO. 9**

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

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

#### **C.      Measurement Focus / Basis of Accounting (continued)**

Revenues, 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.

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

#### **Fund Financial Statements (FFS)**

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

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

## **TERREBONNE PARISH FIRE PROTECTION DISTRICT NO. 9**

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

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

#### **C.      Measurement Focus / Basis of Accounting (continued)**

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

**Expenditures** – The major expenditures include personal services, insurance and audit and accounting fees are recorded when payable or when the fees are incurred.

#### **D.      Use of Estimates**

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

#### **D.      Operating Budgets**

As required by Louisiana Revised Statutes, The Board of Commissioners adopted a budget for the District's General Fund. The Board must approve any amendment involving the transfer of monies from one function to another, or increases in expenditures. The district amended its budget during the year as required. 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.

## **TERREBONNE PARISH FIRE PROTECTION DISTRICT NO. 9**

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

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

#### **F.      Cash and Investments**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Under state law, the court 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 stated at fair value as established by open market, except for the Louisiana Asset Management Pool (LAMP). LAMP is an external pool which is operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net position 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.      Prepaid Insurance**

The District has recorded prepaid insurance in the General Fund. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

#### **I.      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.

## **TERREBONNE PARISH FIRE PROTECTION DISTRICT NO. 9**

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

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

#### **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 \$500 or more are recorded 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. Capital assets are recorded in the GWFS. All capital assets, other than land, are depreciated using the straight-line method over the following estimated useful lives:

<b>CATEGORY</b>	<b>LIFE</b>
BUILDINGS AND IMPROVEMENTS	10-40 YEARS
MACHINERY & EQUIPMENT	5-20 YEARS

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. Vacation and Sick Leave**

Full time employees are entitled to eighteen days of vacation after one year of service. Each year the employee must take their vacation time before their anniversary date (day they first began working). If not taken by their anniversary date, the vacation time is forfeited. The vacation period shall be increased one day for each year of service over ten years, up to a maximum 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 no less than fifty-two weeks. A firefighter employed by any fire protection district who draws full pay during sickness or incapacity shall have such pay decreased by the amount of workers' compensation benefits actually received by the employee. A firefighter is entitled to sick leave benefits even though the injury or illness may have occurred while he was off duty. Firefighters are not prohibited from engaging in part-time employment while receiving sick leave.

## **TERREBONNE PARISH FIRE PROTECTION DISTRICT NO. 9**

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

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

#### **K. Vacation and Sick Leave (continued)**

A probationary firefighter who is not a regular or permanent fireman is not entitled to sick leave benefits provided by the District. Sick leave does not accumulate for District employees. Accordingly, there is no accumulated sick leave at year end.

#### **L. Fund Equity**

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

- Net 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 assets and deferred outflows of resources less liabilities and deferred inflow of resources 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.”

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.

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.

# **TERREBONNE PARISH FIRE PROTECTION DISTRICT NO. 9**

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

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

### **L. Fund Equity (continued)**

Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

## **Note 2 DEPOSITS AND INVESTMENTS**

Deposit balances at year end are as follows:

	Per Bank	Reported
Cash	\$57,844	\$54,357

State law requires that deposits be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished, as security must be held by the District or with an unaffiliated bank or trust company for the account of the Terrebonne Parish Fire District No. 9. Under the provision of GASB, pledged securities, which are not in the name of the governmental unit, are considered uncollateralized.

Custodial credit risk is the risk that in the event of a bank failure, deposits may not be returned to it. At year end none of the bank balance was exposed to custodial credit risk.

Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.



## **TERREBONNE PARISH FIRE PROTECTION DISTRICT NO. 9**

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

### **Note 2                      DEPOSITS AND INVESTMENTS (Continued)**

#### **Investments:**

Investment balances and maturities at year end are as follows:

<b>Investment Type</b>	<b>As Reported</b>	<b>Fair Value</b>	<b>Maturity</b>
Louisiana Asset Management Pool (LAMP)	\$915,506	\$915,506	Less than one 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.

Interest rate risk inherent in the portfolio is measured by monitoring the segmented time distribution of the investments in the portfolio. 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.

## **TERREBONNE PARISH FIRE PROTECTION DISTRICT NO. 9**

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

### **Note 2                      DEPOSITS AND INVESTMENTS (Continued)**

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. LAMP has a Standard & Poor's Rating of AAAM.

### **Note 3                      AD VALOREM TAXES**

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the Terrebonne Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 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, 2018 on which the 2019 assessment was \$15.00 per \$1,000 of assessed valuation on property within Terrebonne Parish Fire District No. 9 for constructing, maintaining and operating fire protection facilities within the District and paying the cost of obtaining water for fire protection purposes.

### **Note 4                      DUE FROM OTHER GOVERNMENTAL UNITS**

Amounts due from other governmental units consisted of the following:

<b>Governmental Agency:</b>	<b>For:</b>	<b>Amount</b>
Terrebonne Parish Tax Collector	December tax collections	231,467
		<hr/> \$231,467

**TERREBONNE PARISH FIRE PROTECTION DISTRICT NO. 9**

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

**Note 5 CAPITAL ASSETS**

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

	Beginning Balance	Additions	Deletions & Adjustments	Ending Balance
<b>NON-DEPRECIABLE ASSETS:</b>				
Land	\$51,000			\$51,000
<b>DEPRECIABLE ASSETS:</b>				
Buildings & Improvements	\$750,929	\$26,440	\$(499)	\$776,870
Machinery & Equipment, Furniture & Vehicles	2,746,975	62,103	(325,361)	2,483,717
Total Cost of depreciable assets	3,497,904	<b>88,543</b>	(325,860)	<b>3,260,587</b>
Total Cost of Assets	3,548,904			<b>3,311,587</b>
<b>ACCUMULATED DEPRECIATION:</b>				
Buildings & Improvements	378,629	24,836	\$(499)	402,966
Machinery & Equipment, Furniture & Vehicles	1,450,185	128,937	(316,792)	1,262,329
Total accumulated depreciation	1,828,814	<b>153,773</b>	(317,291)	1,665,295
Net depreciable assets	\$1,669,090			<b>1,595,292</b>
Total capital assets, net	\$1,720,090			<b>\$1,646,292</b>

Depreciation Expense of \$153,773 was recorded in the governmental activities.

## **TERREBONNE PARISH FIRE PROTECTION DISTRICT NO. 9**

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

### **Note 6 POST EMPLOYMENT HEALTHCARE BENEFITS**

The Parish administers a single employer defined benefit healthcare plan (the Plan). The Plan provides for the payment of medical, dental and life insurance premiums of eligible employees, retirees and their dependents as approved by the Board of Commissioners. The District funds the entire premium for all benefits on all employees. District employees retiring with at least ten years of permanent full-time creditable service with the District shall be eligible to participate in the Plan approved by the Board of Commissioners under the following vesting schedule: 1 to 15 years of service, 2.75% per year; 16 to 20 years of service, 41.25 % plus 3.75% per year of service between 16 and 20; 21 years or more of service, 60% plus 5% per year of service over 21, limited to 85% of the premium. A retired employee may provide dependent hospitalization coverage at applicable dependent rates. The District does not issue a publicly available financial report on the Plan.

**Plan Description.** The TPCG administers a single employer defined benefit healthcare plan (the Plan). The Plan provides for the payment of medical, dental and life insurance premiums to eligible employees, retirees and their dependents as approved by the Board of Commissioners. The District funds the entire premium for all benefits on all employees.

Terrebonne Parish Consolidated Government contracts with an actuarial consultant to provide an actuarial valuation of the OPEB liability under GASB Statement 75, which requires at least biennial valuations for plans with membership over 200, unless significant changes since the last valuation. The most recent OPEB liability actuarial valuation was completed for the plan year that ended December 31, 2018.

**Benefits Provided.** The Parish maintains the following benefits covering eligible active and retire employees and their dependents.

- Self-funded health coverage
  - Standard plan
  - Premium plan
- Self-funded dental coverage
- Fully insured group term life insurance
- Beginning January 1, 2019, a fully insured Medicare Advantage plan for Medicare-eligible retirees

For hire dates prior to January 1, 2013, to be eligible for coverage after retirement, employees were required to have ten years of service with the Parish and be eligible for retirement under one of the state retirement systems.

## TERREBONNE PARISH FIRE PROTECTION DISTRICT NO. 9

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

### **Note 6 POST EMPLOYMENT HEALTHCARE BENEFITS (continued)**

Effective for all employees hired on or after January 1, 2013, the Parish changed the eligibility requirements. For MPERS and FRS employees, benefits will be available to those eligible with twenty-five years of service and age 55. For all other employees, a retiring employee must have thirty years of service and age 55.

For employees who were hired prior to January 1, 2013 and retired prior to 2005, the Parish implemented a contribution structure that varies based on the years of service at retirement. The current Parish subsidy percentages vary between 10 years of service of 27.50% and 25+ years of 80%. For those who retired after 2005, the Parish subsidy is 80%.

**Employees covered by benefit terms.** At December 31, 2019, the following employees were covered by the benefit terms of the plan:

Inactive employees or beneficiaries currently receiving benefit payments	229
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	963
	<hr/>
	1,192

**Contribution Rates.** Employees do not contribute to their post-employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

**Total OPEB Liability.** The District's total OPEB liability of \$213,000 measured as of December 31, 2019 and was determined by an actuarial valuation as of that date.

### **Actuarial Assumptions and other inputs.**

The total OPEB liability was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	December 31, 2019
Actuarial Valuation Date	January 1, 2018
Inflation	2.5%
Salary increases	3.0%, including inflation
Discount rate	2.75%,
Prior year discount rate	3.71%

# TERREBONNE PARISH FIRE PROTECTION DISTRICT NO. 9

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

## Note 6 POST EMPLOYMENT HEALTHCARE BENEFITS (continued)

The discount rate was based on December 31, 2018 Fidelity General Obligation AA 20-Year Yield. Mortality rates for active employees were based on RPH-2014 Employee Mortality Table, Generational with Projection Scale MP-2018 for males or females, as appropriate.

Mortality rates for retirees were based on RPH-2014 Healthy Annuitant Mortality Table, Generational with Projection Scale MP-2018 for males or females, as appropriate.

**Changes in the Total OPEB Liability (Asset).** The table below reflects the Net Other Post-employment Benefit (OPEB) Obligation (Asset):

Beginning Net OPEB Obligation 12/31/2017	\$153,744
Service Cost	3,324
Interest	4,531
Changes of benefit terms	10,540
Differences between expected and actual experience	6,656
Changes in assumptions	39,688
Benefit payments	(5,484)
Net Change in OPEB Obligation	59,256
Ending Net OPEB Obligation 12/31/2018	\$213,000

**Sensitivity of the total OPEB liability to changes in the discount rate and healthcare trend rates.** The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.75%) or 1-percentage-point higher (3.75%) than the current discount rate.

	1.0% Decrease	Current Discount Rate	1.0% Increase
Total OPEB liability	\$ 256,295	\$213,000	\$179,259
Healthcare Cost	\$ 173,218	\$213,000	\$266,619
Trend Rates			

The District's proportionate share of the aggregate plan OPEB expense (benefit) was \$14,940.

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 5,325	\$(1,095)
Assumption changes	31,751	(7,643)
Deferred Amounts	8,848	-
Total	\$45,924	\$(8,738)

## **TERREBONNE PARISH FIRE PROTECTION DISTRICT NO. 9**

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

### **Note 6 POST EMPLOYMENT HEALTHCARE BENEFITS (continued)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending December 31:

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2020	\$9,617
2021	\$9,617
2022	\$9,617
2023	\$9,617
Thereafter	\$0

### **Note 7 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** – 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. Members in the System consist of full-time firefighters, eligible employees of the retirement system, or any person in a position as defined in the municipal fire and police civil service system that earns at least \$375 per month, excluding state supplemental pay, and is employed by a fire department of any municipality, parish, or fire protection district of the State of Louisiana, except for Orleans Parish and the City of Baton Rouge.

## **TERREBONNE PARISH FIRE PROTECTION DISTRICT NO. 9**

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

### **NOTE 7      FIREFIGHTERS RETIREMENT SYSTEM (continued)**

No person who has attained age fifty or over shall become a member of the System, unless the person becomes a member by reason of a merger or unless the System received an application for membership before the applicant attained the age of fifty. No person who has not attained the age of eighteen years shall become a member of the System.

Any person who has retired from service under any retirement system or pension fund maintained basically for public officers and employees of the state, its agencies or political subdivisions, and who is receiving retirement benefits therefrom may become a member of this System, provided the person meets all other requirements for membership. Service credit from the retirement system or pension plan from which the member is retired shall not be used for reciprocal recognition of service with this System, or for any other purpose in order to attain eligibility or increase the amount of service credit in this System.

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

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



## **TERREBONNE PARISH FIRE PROTECTION DISTRICT NO. 9**

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

### **NOTE 7      FIREFIGHTERS RETIREMENT SYSTEM (continued)**

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

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

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

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

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, 2019 and were excluded from pension expense. Non-employer contributions received by the System was \$25,953,989 and for the District were \$10,775.

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES - As of December 31, 2019, the District reported liabilities in the GWFS of \$251,691 in its governmental activities for its proportionate share of the net pension liabilities of the System. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension obligation was determined by an actuarial valuation as of that date.

## **TERREBONNE PARISH FIRE PROTECTION DISTRICT NO. 9**

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

### **NOTE 7      FIREFIGHTERS RETIREMENT SYSTEM (continued)**

The proportion of the net pension liability was based on a projection of the long-term contributions to the plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the District's proportional share of the System was .0490194% which was a decrease of .003344% from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019 the District recognized a pension expense of \$44,955 in its governmental activities related to its participation in the System.

At December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>FFRS</b>	<b>Deferred outflows of resources</b>	<b>Deferred inflows of resources</b>
Differences between expected and actual experience	\$16,926	\$(18,156)
Changes in assumption	22,898	(18)
Changes in proportion	6,557	(27,654)
Differences between employer contributions and proportionate share of contributions	15,051	-
Totals	\$61,432	\$(45,828)

The deferred outflows of resources related to pensions resulting from contributions after the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended December 31:</b>	
2020	\$5,253
2021	(5,872)
2022	1,636
2023	(464)
	\$553

## TERREBONNE PARISH FIRE PROTECTION DISTRICT NO. 9

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

### **NOTE 7      FIREFIGHTERS RETIREMENT SYSTEM (continued)**

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

Valuation Date	June 30, 2019
Actuarial cost method	Entry Age Normal
<b>Actuarial cost assumptions:</b>	
Expected remaining service lives	7 years, closed period
Investment rate of return	7.15% per annum
Inflation rate	2.50% per annum
Salary increases	Vary from 14.75% in first two years to 4.50% with 25 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 assumption used was set based upon an experience study performed on plan data for the period July 1, 2009 through June 30, 2014. The data was then assigned creditability weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. The RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables, projected to 2031 using Scale AA, were selected for employee, annuitant, and beneficiary mortality. The RP-2000 Disabled Lives Mortality Table set back five years for males and set back three years for females was selected for disabled annuitants. Setbacks in these tables were used to approximate mortality improvement.

The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation, 2.75%.

## TERREBONNE PARISH FIRE PROTECTION DISTRICT NO. 9

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

### NOTE 7 FIREFIGHTERS RETIREMENT SYSTEM (continued)

The resulting long-term expected arithmetic nominal rate of return was 7.94% as of June 30, 2019. Best estimates of arithmetic real rates of return for each major class includes in the System's target asset allocation as of June 30, 2019, are summarized in the following table:

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

SENSITIVITY OF THE CHANGES IN DISCOUNT RATE - The following presents the net pension liabilities of the participating employers calculated using the discount rate of 7.4%, 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.

	1% Decrease 6.15%	Current Discount Rate 7.15%	1% Increase 8.15%
Net Pension Liability	\$364,466	\$251,691	\$157,037

## **TERREBONNE PARISH FIRE PROTECTION DISTRICT NO. 9**

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

### **Note 8      RISK MANAGEMENT**

The District is exposed to various risks of loss related to workers' compensation; torts; theft of, damage to and destruction of assets; errors and omissions; 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 workers' compensation and group health. No settlements were made during the year that exceeded the District's insurance coverage. The premiums for workers' compensation are based on a fixed percentage of payroll. The premiums for group insurance are based on a fixed rate per employee.

### **Note 9      COMPENSATION OF BOARD MEMBERS**

The following amounts were paid to Board Members:

Michael Armit, Sr.	\$ 330
Terry Breaux	360
Charles Dusenberry	360
Lynn Giroir	360
Riley Gros	360
Total	<u>\$ 1,770</u>

***REQUIRED SUPPLEMENTAL  
INFORMATION***

**TERREBONNE PARISH FIRE DISTRICT NO. 9**

Budget Comparison Schedule - General Fund

For the Year Ended December 31, 2019

	Budgets		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Ad Valorem Taxes	\$ 528,251	\$ 513,000	\$ 455,185	\$ (57,815)
Intergovernmental:				
State of Louisiana:				
State Revenue Sharing	10,300	10,308	10,308	-
Fire Insurance Tax	9,700	9,857	9,856	(1)
Interest	19,000	25,500	24,415	(1,085)
Miscellaneous	1,000	-	-	-
<b>TOTAL REVENUES</b>	<u>568,251</u>	<u>558,665</u>	<u>499,764</u>	<u>(58,901)</u>
<b>EXPENDITURES</b>				
Public safety - current:				
Personal Services	215,550	225,300	218,334	6,966
Supplies and Materials	20,500	18,500	30,643	(12,143)
Other Services and Charges	196,300	143,669	101,234	42,435
Repairs and Maintenance	44,000	31,000	32,359	(1,359)
Total public safety - current	<u>476,350</u>	<u>418,469</u>	<u>382,570</u>	<u>35,899</u>
Capital expenditures	<u>27,000</u>	<u>92,000</u>	<u>56,078</u>	<u>35,922</u>
<b>TOTAL EXPENDITURES</b>	<u>503,350</u>	<u>510,469</u>	<u>438,648</u>	<u>71,821</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>64,901</u>	<u>48,196</u>	<u>61,116</u>	<u>12,920</u>
<b>FUND BALANCES</b>				
Beginning of year	863,505	904,728	904,728	-
End of year	<u>\$928,406</u>	<u>\$952,924</u>	<u>\$965,844</u>	<u>\$12,920</u>

# TERREBONNE PARISH FIRE DISTRICT NO. 9

## 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
2019	0.040194%	\$ 251,691	\$ 97,144	259%	73.96%
2018	0.043538%	\$ 250,434	\$ 103,657	242%	74.80%
2017	0.041994%	\$ 240,703	\$ 91,600	263%	73.50%
2016	0.045227%	\$ 295,825	\$ 100,654	294%	68.20%
2015	0.046353%	\$ 250,172	\$ 135,685	184%	72.45%

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

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

### Notes to Retirement System Schedules:

#### Changes of Benefit Terms

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

#### Changes of Assumptions

	Actuarial cost method	Inflation rate	Discount rate- Investment ROR	Salary increases 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 first two years to 4.50% with 25 or more years	7 years



# TERREBONNE PARISH FIRE DISTRICT NO. 9

## Schedule of Employer Contributions

<b>**Year Ended June 30</b>	<b>Statutorily Required Contribution</b>	<b>Contributions in Relation to Statutorily Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Agency's covered Employee Payroll</b>	<b>Contributions as a % of Covered Employee Payroll</b>
2019	\$ 25,743	\$ 25,743	\$ -	\$ 97,144	26.50%
2018	\$ 27,459	\$ 27,469	\$ (10)	\$ 103,657	26.50%
2017	\$ 25,548	\$ 25,548	\$ -	\$ 91,600	27.89%
2016	\$ 25,692	\$ 25,692	\$ -	\$ 123,028	20.88%
2015	\$ 27,893	\$ 27,893	\$ -	\$ 100,654	27.71%

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

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

### Notes to Retirement System Schedules:

#### Changes of Benefit Terms

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

#### Changes of Assumptions

	Actuarial cost method	Inflation rate	Discount rate- Investment ROR	Salary increases	Expecting remaining service lives
				vary from 15.0% in first two years to 4.75% with 25 or more years	
6/30/2015	Entry Age Normal	2.88%	7.50%	no change	7 years
6/30/2016	Entry Age Normal	2.88%	7.50%	no change	7 years
6/30/2017	Entry Age Normal	2.78%	7.40%	no change	7 years
6/30/2018	Entry Age Normal	2.70%	7.30%	no change	7 years
				vary from 14.75% in first two years to 4.50% with 25 or more years	
6/30/2019	Entry Age Normal	2.500%	7.15%	no change	7 years

**TERREBONNE PARISH FIRE DISTRICT NO. 9**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**Schedule of Changes in the Total OPEB Liability and Related Ratios**

<b>Total OPEB Liability</b>	<b>2018</b>	<b>2019</b>
Service Cost	\$ 7,115	\$ 3,324
Interest	\$ 10,368	\$ 4,531
Change in benefit terms	\$ (155,427)	\$ 10,541
Differences between expected and actual experience	\$ (1,538)	\$ 6,656
Changes in assumptions or other inputs	\$ (10,729)	\$ 39,688
Benefit payments	\$ (4,313)	\$ (5,484)
Net Change in Total OPEB Liability	<u>\$ (154,524)</u>	<u>\$ 59,256</u>
<b>Total OPEB Liability-beginning</b>	<u>\$ 308,268</u>	<u>\$ 153,744</u>
<b>Total OPEB Liability-ending</b>	<u><u>\$ 153,744</u></u>	<u><u>\$ 213,000</u></u>
 Covered Employee Payroll	 \$ 126,392	 \$ 131,717
 Total OPEB Liability as a percentage of covered employee payroll	  121.64%	  161.71%

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

**Notes to Retirement System Schedules:**

**Changes of Benefit Terms.** None None

**Changes of Assumptions.**

effects of changes in the discount rate each period.

Discount rate used 3.710% 2.750%

## ***OTHER INFORMATION***

**TERREBONNE PARISH FIRE DISTRICT NO. 9**  
Schedule of Compensation, Benefits and Other Payments to Agency Head  
For the Year Ended December 31, 2019

**Agency Head Name: Anthony Bercegeay, District Fire Chief**

<b>Purpose</b>	<b>Amount</b>
Salary	\$6,955
Benefits-insurance	\$0
Benefits-retirement	\$0
Deferred compensation (contributions made by the agency)	\$0
Benefits-other (describe)	\$0
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/Call Out Pays	\$45
Reimbursements-Training Class Hedl 10-25 & 26	\$292
Travel	\$0
Registration fees	\$0
Conference travel	\$0
Housing	\$0
Unvouchered expenses (example: 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 supplemental reporting requirement of R.S. 24:513(A)(3)*

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



# STAGNI & COMPANY, LLC

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

To the Board of Commissioners,  
Of the Terrebonne Parish Fire District No. 9  
Houma, LA

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 the Terrebonne Parish Fire District No. 9, a component unit of the Terrebonne Parish Consolidated Government as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents and have issued our report thereon dated May 4, 2020.

### ***Internal Control Over Financial Reporting***

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

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

To the Board of Commissioners  
Terrebonne Parish Fire District No. 9  
Page 2

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 4, 2020  
Thibodaux, Louisiana

***TERREBONNE PARISH  
FIRE DISTRICT NO. 9***

**Statewide Agreed Upon  
Procedures Report  
With Schedule of Findings  
and Management's Responses**

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





# STAGNI & COMPANY, LLC

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## AGREED-UPON PROCEDURES REPORT

Terrebonne Parish Fire District No. 9

Independent Accountant's Report  
On Applying Agreed-Upon Procedures

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

To the Board Members of the  
Terrebonne Parish Fire District No. 9 and  
Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Terrebonne Parish Fire District No. 9 (the District) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019. The District's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated results are as follows:

### ***Written Policies and Procedures***

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

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

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

#### **Board or Finance Committee**

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- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund



and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

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

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

### **Bank Reconciliations**

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

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

### **Collections**

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- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.



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- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* 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).
  - e) Trace the actual deposit per the bank statement to the general ledger.

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

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.



- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
- a) Observe that the disbursement matched the related original invoice/billing statement.
  - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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

#### **Credit Cards/Debit Cards/Fuel Cards/P-Cards**

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11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [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.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

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



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

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14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://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:** *These procedures are not applicable.*

### ***Contracts***

---

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

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



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## ***Payroll and Personnel***

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16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
  - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
  - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

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

## ***Ethics***

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

**Results:** *Two of the 5 employees selected had no documentation to demonstrate that required ethics training was completed. There was no evidence of signature verification that any of the 5 tested read the entity's policy during the fiscal period.*



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**Management's response:** *The Board's policy requires all Board members and employees to obtain the ethics training annually. The Board will consider revising the Ethics policy to include the requirement to provide written verification that the policy is read annually.*

### ***Debt Service***

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

**Results:** *These procedures are not applicable.*

### ***Other***

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

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

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

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

*Stagni & Company*

Thibodaux, LA  
May 4, 2020



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