

Financial Report

Terrebonne Parish Fire District No. 10
Theriot, Louisiana

December 31, 2020

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities and each major fund of Terrebonne Parish Fire District No. 10, State of Louisiana (the "District"), a component unit of Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of Terrebonne Parish Fire District No. 10 as of December 31, 2020, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 10, the Schedule of the District's Proportionate Share of the Net Pension Liability on page 43 and the Schedule of the District's Contributions on page 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Terrebonne Parish Fire District No. 10 basic financial statements. The accompanying supplementary information, on page 45, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2021 on our consideration of Terrebonne Parish Fire District No. 10's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
April 30, 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Terrebonne Parish Fire District No. 10

December 31, 2020

Management's Discussion and Analysis of the Terrebonne Parish Fire District No. 10's (the "District") financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2020. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2020 by \$1,991,302 (net position), which represents a 4.05% decrease from last fiscal year.

The District's revenue decreased \$55,091 (or 4.29%) primarily due to a decrease in ad valorem tax and miscellaneous revenues.

The District's expenses increased \$30,336 (or 2.37%) primarily due to increases in repairs and maintenance of vehicles.

The District did not have a deficit fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's financial statements. The District's annual report consists of four parts: (1) management's discussion and analysis (this section); (2) financial statements; (3) supplemental information; and (4) various governmental compliance reports and schedules by certified public accountants and management.

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Government-wide Financial Statements

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

Fund Financial Statements

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

Governmental Funds

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

The District maintained two individual governmental funds during the year. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance for the General Fund, and Debt Service Fund. The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The governmental fund financial statements can be found on pages 11 through 17 of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**Notes to the Financial Statements**

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. As of December 31, 2020, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,991,302. A large portion of the District's net position (130.42%) reflects its net investment in capital assets (e.g., land; buildings and improvements; office furniture, fixtures and equipment; trucks, machinery and equipment). Consequently, these assets are not available for future spending.

Condensed Statements of Net Position

	<u>December 31,</u>		<u>Dollar</u>
	<u>2020</u>	<u>2019</u>	<u>Change</u>
Current and other assets	\$ 1,425,406	\$ 1,435,535	\$ (10,129)
Capital assets	2,836,956	3,016,379	(179,423)
Deferred outflows of resources	318,476	246,900	71,576
Total assets and deferred outflows of resources	<u>4,580,838</u>	<u>4,698,814</u>	<u>(117,976)</u>
Current and other liabilities	85,163	86,445	(1,282)
Long-term liabilities	1,336,128	1,312,993	23,135
Deferred inflows of resources	1,168,245	1,224,093	(55,848)
Total liabilities and deferred inflows of resources	<u>2,589,536</u>	<u>2,623,531</u>	<u>(33,995)</u>
Net position:			
Net investment in capital assets	2,596,956	2,706,379	(109,423)
Restricted	37,623	35,084	2,539
Unrestricted	(643,277)	(666,180)	22,903
Total net position	<u>\$ 1,991,302</u>	<u>\$ 2,075,283</u>	<u>\$ (83,981)</u>

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

Governmental activities decreased the District's net position by \$83,981. Key elements of this decrease are as follows:

Condensed Statements of Activities

	For the Year Ended		Dollar Change	Total Percent Change
	December 31, 2020	2019		
Revenues:				
Taxes	\$ 1,081,254	\$ 1,115,861	\$ (34,607)	-3.10%
Intergovernmental:				
Federal grant	16,007	2,735	13,272	485.27%
State revenue sharing	15,907	15,888	19	0.12%
Fire insurance tax	15,625	15,610	15	0.10%
Supplemental pay	47,085	42,000	5,085	12.11%
Volunteer Fire Assistance Grant	6,112	4,308	1,804	41.88%
Miscellaneous	47,151	88,180	(41,029)	-46.53%
Total revenues	<u>1,229,141</u>	<u>1,284,582</u>	<u>(55,441)</u>	-4.32%
Expenses:				
General government	51,937	43,911	8,026	18.28%
Public safety	1,250,995	1,226,311	24,684	2.01%
Debt service	10,190	12,884	(2,694)	-20.91%
Total expenses	<u>1,313,122</u>	<u>1,283,106</u>	<u>30,016</u>	2.34%
Increase (decrease) in net position	(83,981)	1,476	(85,457)	-5789.77%
Net position beginning of year	<u>2,075,283</u>	<u>2,073,807</u>	<u>1,476</u>	0.07%
Net position, end of year	<u>\$ 1,991,302</u>	<u>\$ 2,075,283</u>	<u>\$ (83,981)</u>	-4.05%

In 2020, the District's tax revenue decreased primarily due to a decrease in collections of ad valorem taxes. Miscellaneous revenue decreased primarily due to workers' compensation dividends being offset to public safety expenses in the current year. Public safety expenses increased primarily due to increases in repairs and maintenance. Debt service expenses decreased due to a decrease in interest expense as the average principal balance of the long-term debt has decreased.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

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

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND (Continued)

Governmental Funds

The focus of the District's governmental funds are to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balance of \$402,791 which is an increase of \$40,398 in comparison with the prior year. Of the total fund balance, \$19,324 is in a non-spendable form, \$40,703 is restricted for debt service, and \$342,764 is available for spending at the District's discretion.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$342,764 while total fund balance was \$362,088. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The fund balance of the District's General Fund increased by \$38,757 during the current fiscal year. This increase was primarily due to increases in proceeds from insurance claims and decreases in capital outlay.

The Debt Service Fund has a total fund balance of \$40,703. The increase in fund balance of \$1,641 was due to increases in ad valorem tax revenue.

General Fund Budgetary Highlights

The budget was amended once during the year. The primary reason for amending the budget was to align budgeted revenues and expenditures with actual.

The major differences between the original General Fund budget and the final amended budget were as follows:

Revenues

- Ad valorem taxes were increased \$54,147 to appropriately reflect actual revenue.
- Fire insurance tax was increased by \$38,577 to account for anticipated increases in income. The increases did not occur in the fiscal year.

Expenditures

- Personal services increased by \$46,581 for anticipated increases in salaries and benefits.
- Repairs and maintenance increased by \$56,716 to reflect increases in vehicle repairs.

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

During the year, revenues were greater than budgetary estimates and expenditures were less than budgetary estimates. See Exhibit E for a comparison of budgeted and actual revenue and expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION**Capital Assets**

The District's investment in capital assets for its governmental activities as of December 31, 2020, amounts to \$2,836,956 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, office furniture, fixtures and equipment, trucks, machinery and equipment are as follows:

	<u>2020</u>	<u>2019</u>
Land	\$ 65,967	\$ 59,500
Buildings and improvements	2,885,786	2,885,786
Office furniture, fixtures, and equipment	17,179	17,907
Trucks, machinery and equipment	<u>1,861,601</u>	<u>1,883,850</u>
Totals	<u>\$ 4,830,533</u>	<u>\$ 4,847,043</u>

Major capital asset events during the current fiscal year included purchase of land in the amount of \$6,467. Also, the District disposed of equipment with a cost of \$22,977 and a net book value of \$350.

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

Long-term Obligations

As of December 31, 2020, the District had \$240,000 in general obligation bonds payable, that were paid down from prior year's balance of \$310,000 by a total of \$70,000 in principal payments. See further explanation of these obligations in Note 8, Exhibit F of this report. The net pension liability was increased by \$96,020 during 2020 to a balance of \$1,148,253 as of December 31, 2020. More detailed information about the District's net pension liability is presented in Note 9, Exhibit F of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

- The ad valorem tax revenue budgeted represents the estimated amount of the November 2020 assessment, which the District will receive, for the most part, in January 2021. The 2020 assessment of 23 mills is construction, maintenance and operation of the fire protection facilities and 2 mills for debt service.
- Salaries and wages to increase due to a 2% state mandated increase for all firemen with three or more years of service.
- Retirement expense will change with the Firefighter's Retirement System projected contribution rates rising from 32.25% to 33.75% for the fiscal year beginning July 1, 2021.
- Group insurance expenses are estimated to increase by 1%.
- Property, auto, and liability insurance is expected to increase by 2.5%.

REQUESTS FOR INFORMATION

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

STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET

Terrebonne Parish Fire District No. 10

December 31, 2020

	General Fund	Debt Service Fund	Totals	Adjustments (Exhibit B)	Statement of Net Position
Assets					
Cash	\$ 318,519	\$ 91,794	\$ 410,313	\$ -	\$ 410,313
Receivables:					
Taxes	210,587	18,312	228,899	-	228,899
Due from other governmental units	706,918	59,952	766,870	-	766,870
Due from other funds	49,510	-	49,510	(49,510)	-
Prepaid insurance	19,324	-	19,324	-	19,324
Capital assets:					
Non-depreciable	-	-	-	65,967	65,967
Depreciable, net of accumulated depreciation	-	-	-	2,770,989	2,770,989
Total current assets	<u>1,304,858</u>	<u>170,058</u>	<u>1,474,916</u>	<u>2,787,446</u>	<u>4,262,362</u>
Deferred Outflows of Resources - Pensions	-	-	-	318,476	318,476
Total assets and deferred outflows of resources	<u>\$ 1,304,858</u>	<u>\$ 170,058</u>	<u>\$ 1,474,916</u>	<u>3,105,922</u>	<u>4,580,838</u>
Liabilities					
Accounts payables and accrued expenditures	\$ 7,083	\$ -	\$ 7,083	3,080	10,163
Due to other funds	-	49,510	49,510	(49,510)	-
Long-term liabilities:					
Due within one year	-	-	-	75,000	75,000
Due after one year	-	-	-	1,336,128	1,336,128
Total liabilities	<u>7,083</u>	<u>49,510</u>	<u>56,593</u>	<u>1,364,698</u>	<u>1,421,291</u>
Deferred inflows of resources					
Unavailable revenue - property taxes	935,687	79,845	1,015,532	-	1,015,532
Pensions	-	-	-	152,713	152,713
Total deferred inflows of resources	<u>935,687</u>	<u>79,845</u>	<u>1,015,532</u>	<u>152,713</u>	<u>1,168,245</u>
Total liabilities and deferred inflows of resources	<u>942,770</u>	<u>129,355</u>	<u>1,072,125</u>	<u>1,517,411</u>	<u>2,589,536</u>
Fund Balances/Net Assets					
Fund balances:					
Non-spendable:					
Prepaid insurance	19,324	-	19,324	(19,324)	-
Restricted:					
Debt service	-	40,703	40,703	(40,703)	-
Unassigned	342,764	-	342,764	(342,764)	-
Total fund balances	<u>362,088</u>	<u>40,703</u>	<u>402,791</u>	<u>(402,791)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,304,858</u>	<u>\$ 170,058</u>	<u>\$ 1,474,916</u>		
Net position:					
Net investment in capital assets				2,596,956	2,596,956
Restricted:					
Debt service				37,623	37,623
Unrestricted				(643,277)	(643,277)
Total net position				<u>\$ 1,991,302</u>	<u>\$ 1,991,302</u>

See notes to financial statements.

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

Terrebonne Parish Fire District No. 10

December 31, 2020

Fund Balances - Governmental Fund		\$ 402,791
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.		
Governmental capital assets	\$ 4,830,533	
Less accumulated depreciation	<u>(1,993,577)</u>	2,836,956
Deferred outflows of resources used in governmental activities are not financial resources and are not reported in governmental funds.		
		318,476
Other assets and liabilities used in governmental activities are not financial resources and are not reported in the governmental funds.		
Accrued interest payable		(3,080)
Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Governmental bonds payable	(240,000)	
Compensated absences	(22,875)	
Net pension liability	<u>(1,148,253)</u>	(1,411,128)
Deferred inflows of resources are not due and payable in the current period and are not reported in governmental funds.		
		<u>(152,713)</u>
Net Position of Governmental Activities		<u>\$ 1,991,302</u>

See notes to financial statements.

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

Terrebonne Parish Fire District No. 10

For the year ended December 31, 2020

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Totals</u>	<u>Adjustments (Exhibit D)</u>	<u>Statement of Activities</u>
Revenues					
Taxes	\$ 994,764	\$ 86,490	\$ 1,081,254	\$ -	\$ 1,081,254
Intergovernmental:					
State of Louisiana:					
Federal grant	16,007	-	16,007	-	16,007
State revenue sharing	15,907	-	15,907	-	15,907
Fire insurance tax	15,625	-	15,625	-	15,625
Supplemental pay	47,085	-	47,085	-	47,085
Volunteer Fire Assistance Grant	6,112	-	6,112	-	6,112
Miscellaneous:					
Interest	752	333	1,085	-	1,085
Insurance proceeds	-	-	-	41,904	41,904
Other	4,442	70	4,512	(350)	4,162
Total revenues	<u>1,100,694</u>	<u>86,893</u>	<u>1,187,587</u>	<u>41,554</u>	<u>1,229,141</u>
Expenditures/Expenses					
Current:					
General Government:					
Ad valorem tax adjustment	14,571	1,277	15,848	-	15,848
Ad valorem tax deductions	33,202	2,887	36,089	-	36,089
Total general government	<u>47,773</u>	<u>4,164</u>	<u>51,937</u>	<u>-</u>	<u>51,937</u>
Public Safety:					
Personal services	819,120	-	819,120	15,854	834,974
Supplies and materials	23,262	-	23,262	-	23,262
Other services and charges	105,867	-	105,867	-	105,867
Repairs and maintenance	101,352	-	101,352	-	101,352
Depreciation	-	-	-	185,540	185,540
Total public safety	<u>1,049,601</u>	<u>-</u>	<u>1,049,601</u>	<u>201,394</u>	<u>1,250,995</u>
Debt Service:					
Principal retirement	-	70,000	70,000	(70,000)	-
Interest and fiscal charges	-	11,088	11,088	(898)	10,190
Total debt service	<u>-</u>	<u>81,088</u>	<u>81,088</u>	<u>(70,898)</u>	<u>10,190</u>

**Exhibit C
(Continued)**

	General Fund	Debt Service Fund	Totals	Adjustments (Exhibit D)	Statement of Activities
Expenditures/Expenses (Continued)					
Capital outlay	6,467	-	6,467	(6,467)	-
Total expenditures/expenses	1,103,841	85,252	1,189,093	124,029	1,313,122
Excess (deficiency) of revenues over expenditures	(3,147)	1,641	(1,506)	(82,475)	(83,981)
Other Financing Sources					
Proceeds from insurance claim	41,904	-	41,904	(41,904)	-
Net Change in Fund Balance	38,757	1,641	40,398	(40,398)	-
Change in Net Position	-	-	-	(83,981)	(83,981)
Fund Balances/Net Position					
Beginning of year	323,331	39,062	362,393	1,712,890	2,075,283
End of year	<u>\$ 362,088</u>	<u>\$ 40,703</u>	<u>\$ 402,791</u>	<u>\$ 1,588,511</u>	<u>\$ 1,991,302</u>

See notes to financial statements.

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

Terrebonne Parish Fire District No. 10

For the year ended December 31, 2020

Net Change in Fund Balances - Governmental Funds		\$ 40,398
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	\$ 6,467	
Depreciation expense	<u>(185,540)</u>	(179,073)
The net effect of miscellaneous transactions involving capital assets, such as dispositions, trade-ins and donations, is to decrease capital assets.		
Disposal of capital assets		(350)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Principal payments		70,000
Some revenues and expenses reported in the Statement of Activities do not provide or require the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.		
Decrease in accrued interest payable		898
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental fund.		
Increase in compensated absences	(2,115)	
Pension expense	<u>(13,739)</u>	<u>(15,854)</u>
Change in Net Position of Governmental Activities		<u>\$ (83,981)</u>

See notes to financial statements.

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

Terrebonne Parish Fire District No. 10

For the year ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 960,000	\$ 966,374	\$ 994,764	\$ 28,390
Intergovernmental:				
State of Louisiana:				
Federal grant	-	-	16,007	16,007
State revenue sharing	15,875	15,906	15,907	1
Fire insurance tax	16,000	54,577	15,625	(38,952)
Supplemental pay	-	-	47,085	47,085
Volunteer Fire Assistance Grant	-	-	6,112	6,112
Miscellaneous:				
Interest	2,500	973	752	(221)
Other	6,112	8,047	4,442	(3,605)
Total revenues	<u>1,000,487</u>	<u>1,045,877</u>	<u>1,100,694</u>	<u>54,817</u>
Expenditures				
Current:				
General Government:				
Ad valorem tax adjustment	-	14,571	14,571	-
Ad valorem tax deductions	-	33,202	33,202	-
Total general government	<u>-</u>	<u>47,773</u>	<u>47,773</u>	<u>-</u>
Public Safety:				
Personal services	795,300	841,881	819,120	22,761
Supplies and materials	11,000	19,579	23,262	(3,683)
Other services and charges	104,850	99,754	105,867	(6,113)
Repairs and maintenance	56,550	113,266	101,352	11,914
Total public safety	<u>967,700</u>	<u>1,074,480</u>	<u>1,049,601</u>	<u>24,879</u>

**Exhibit E
(Continued)**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Expenditures (Continued)				
Capital outlay	9,000	-	6,467	(6,467)
Total expenditures	976,700	1,122,253	1,103,841	18,412
Excess (deficiency) of revenues over expenditures	23,787	(76,376)	(3,147)	73,229
Other Financing Sources				
Proceeds from insurance claim	-	-	41,904	41,904
Net Change in Fund Balances	23,787	(76,376)	38,757	115,133
Fund Balance				
Beginning of year	291,512	323,331	323,331	-
End of year	<u>\$ 315,299</u>	<u>\$ 246,955</u>	<u>\$ 362,088</u>	<u>\$ 115,133</u>

See notes to financial statements.

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

December 31, 2020

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Reporting Entity

The District is a component unit of the Terrebonne Parish Consolidated Government (the "Parish") and as such, these financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ended December 31, 2020.

GASB Statement 14, *The Financial Reporting Entity*, GASB Statement 39, *Determining Whether Certain Organizations Are Component Units-an amendment of GASB Statement 14*, and GASB Statement 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements 14 and 34* established the criterion for determining which component units should be considered part of the District for financial reporting purposes. The basic criteria are as follows:

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Reporting Entity (Continued)

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

b) Basis of Presentation

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

Government-wide Financial Statements:

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

Fund Financial Statements:

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

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting

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

Government-wide Financial Statements:

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

Fund Financial Statements:

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

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Ad valorem taxes and the related state revenue sharing (intergovernmental revenue) are recognized as revenue in the period for which levied, thus the 2020 property taxes which are being levied to finance the 2021 budget will be recognized as revenue in 2021. The 2020 tax levy is recorded as deferred inflows of resources (unavailable revenue) in the District's 2020 financial statements. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable until actually received.

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Use of Estimates

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

e) Operating Budgetary Data

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

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

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

f) Accounts Receivable

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

g) Prepaid Insurance

The District has chosen to record prepaid insurance in its governmental fund. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Capital Assets

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

Government-wide Financial Statements:

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

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

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

Fund Financial Statements:

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

i) Deferred Outflows of Resources

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Long-term Obligations

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

Government-wide Financial Statements:

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

Fund Financial Statements:

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

k) Vacation and Sick Leave

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

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

Every firefighter in the employ of a fire protection district shall be entitled to full pay during sickness or incapacity not brought about by his own negligence or culpable indiscretion for a period of no less than fifty-two weeks. A firefighter employed by any fire protection district who draws full pay during sickness or incapacity shall have such pay decreased by the amount of workers' compensation benefits actually received by the employee. A firefighter is entitled to sick leave benefits even through the injury or illness may have occurred while he was off duty. Firefighters are not prohibited from engaging in part-time employment while receiving sick leave. A probationary firefighter who is not a regular or permanent fireman is not entitled to sick leave benefits provided by the District. Sick leave does not accumulate for District employees. Accordingly, there is no accumulated sick leave for the District as of December 31, 2020.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) Deferred Inflows of Resources

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

m) Pensions

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

n) Equity

Government-wide Statements

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Equity (Continued)

Government-wide Statements (Continued)

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

Fund Financial Statements

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

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

For the classification of governmental fund balances, the District considers an expenditure to be made from the most restrictive classification first when more than one classification is available. The District's fund balance was classified as non-spendable, restricted and unassigned as of December 31, 2020.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) New GASB Statements

During the year ending December 31, 2020, the District implemented the following GASB Statements:

Statement No. 95, "*Postponement for the Effective Dates of Certain Authoritative Guidance*" provides temporary relief to governments and other stockholders in light of COVID-19. That objective is accomplished by postponing the effective dates of certain statements and implementation guides to those dates reported below.

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

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

Statement No. 89, "*Accounting for Interest Cost Incurred before the End of a Construction Period*" establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, "*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*", which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Management has not yet determined the effect of this Statement on the financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) New GASB Statements (Continued)

Statement No. 90, "*Majority Equity Interest*" the primary objectives of this Statement are to improve the consistency and comparability of reporting government's majority equity interest in legally separate organization and to improve the relevance of financial statement information for certain component units. It specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as component unit. The requirements of this Statement are effective for reporting period beginning after December 15, 2020. Management has not yet determined the effect of this Statement on the financial statements.

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) New GASB Statements (Continued)

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

Statement No. 94, "*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*" improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for the years beginning after June 15, 2022. Management has yet to determine the effect of this Statement on the financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) New GASB Statements (Continued)

Statement No. 96, "*Subscription-based Information Technology Arrangements*" provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for the years beginning after June 15, 2022. Management has yet to determine the effect of this Statement on the financial statements.

Statement No. 97, "*Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*" provides objectives to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement are effective for the years beginning after June 15, 2021. Management has yet to determine the effect of this Statement on the financial statements.

Note 2 - DEPOSITS

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

Note 2 - DEPOSITS (Continued)

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

The year-end balances of deposits are as follows:

	<u>Bank Balances</u>	<u>Reported Amounts</u>
Cash	<u>\$ 436,457</u>	<u>\$ 410,313</u>

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a written policy for custodial credit risk. As of December 31, 2020, \$186,457 of the District's bank balance of \$436,457 was exposed to custodial credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, and are deemed to be held in the District's name by state statutes.

As of December 31, 2020, cash in excess of the FDIC insurance collateralized by securities held by an unaffiliated bank for the account of the District. The GASB, considers these securities subject to custodial credit risk. Even though the deposits are considered subject to custodial credit risk under the provisions of GASB Statement No. 40, Louisiana Revised Statute 39: 1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Note 3 - PROPERTY TAXES

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the District. 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 statewide reevaluation of all property is required to be completed no less than every four years. The last statewide 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, 2020 was \$23.00 per \$1,000 of assessed valuation on property within Terrebonne Parish Fire District No. 10 for the purpose of constructing, maintaining, and operating fire protection facilities within the District and paying the cost of obtaining water for fire protection purposes including charges for fire hydrant rentals and services, and \$2.00 per \$1,000 of assessed valuation for the payment of debt and interest. As indicated in Note 1c, taxes levied November 1, 2020 are for budgeted expenditures in 2021 and will be recognized as revenues in 2021.

Note 4 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units as of December 31, 2020 consisted of the following:

	General Fund	Debt Service Fund	Totals
State of Louisiana:			
State revenue sharing	\$ 11,650	\$ -	\$ 11,650
Terrebonne Parish Tax Collector - December 2020 collections remitted to the District in January, 2021:			
Ad valorem taxes	689,443	59,952	749,395
State revenue sharing	5,825	-	5,825
Totals	\$ 706,918	\$ 59,952	\$ 766,870

Note 5 - CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020 was as follows:

	Balance January 1, 2020	Additions	Deletions	Balance December 31, 2020
Capital assets not being depreciated:				
Land	\$ 59,500	\$ 6,467	\$ -	\$ 65,967
Total capital assets not being depreciated	<u>59,500</u>	<u>6,467</u>	<u>-</u>	<u>65,967</u>
Capital assets being depreciated:				
Buildings and improvements	2,885,786	-	-	2,885,786
Trucks	1,515,837	-	-	1,515,837
Machinery and equipment	368,013	-	(22,249)	345,764
Office furniture, fixtures, and equipment	17,907	-	(728)	17,179
Total capital assets being depreciated	<u>4,787,543</u>	<u>-</u>	<u>(22,977)</u>	<u>4,764,566</u>
Less accumulated depreciation for:				
Buildings and improvements	(664,677)	(75,578)	-	(740,255)
Trucks	(854,853)	(95,608)	-	(950,461)
Machinery and equipment	(295,254)	(13,474)	21,899	(286,829)
Office furniture, fixtures, and equipment	(15,880)	(880)	728	(16,032)
Total accumulated depreciation	<u>(1,830,664)</u>	<u>(185,540)</u>	<u>22,627</u>	<u>(1,993,577)</u>
Total capital assets being depreciated, net	<u>2,956,879</u>	<u>(185,540)</u>	<u>(350)</u>	<u>2,770,989</u>
Total capital assets, net	<u>\$ 3,016,379</u>	<u>\$ (179,073)</u>	<u>\$ (350)</u>	<u>\$ 2,836,956</u>

Depreciation amounting to \$185,540 was recorded as public safety expenses for the year ended December 31, 2020.

Note 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenditures as of December 31, 2020 are presented below:

	<u>General Fund</u>	<u>Adjustments</u>	<u>Totals</u>
Governmental fund:			
Salaries and benefits	\$ 7,083	\$ -	\$ 7,083
Governmental activities:			
Accrued interest on long-term debt	-	3,080	3,080
Totals	\$ 7,083	\$ 3,080	\$ 10,163

Note 7 - DUE TO/FROM OTHER FUNDS

Due to/from other funds are listed by fund for the year ended December 31, 2020:

	<u>Receivable Fund</u>	<u>Payable Fund</u>
General Fund	\$ 49,510	\$ -
Debt Service Fund	\$ -	\$ 49,510

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

Note 8 - LONG-TERM OBLIGATIONS

As of December 31, 2020, the District had outstanding general obligation bonds (series 2008) totaling \$240,000 bearing interest at 3.85% payable through March 1, 2023. This bond series is payable from the pledge of unlimited ad valorem tax of which the District recognized \$1,081,254 as revenues during the year ended December 31, 2020.

Through December 31, 2020, the District has recognized obligations in the amount of \$22,875 for compensated absences as further described in Note 1k.

Note 8 - LONG-TERM OBLIGATIONS (Continued)

Through December 31, 2020, the District has recognized obligations in the amount of \$1,148,253 for the defined benefit pension plan as further described in Note 9.

The following is a summary of the long-term debt transactions of the District for the year ended December 31, 2020:

	<u>Payable January 1, 2020</u>	<u>Issuances</u>	<u>Obligations Retired</u>	<u>Payable December 31, 2020</u>
Compensated absences	\$ 20,760	\$ 2,115	\$ -	\$ 22,875
General obligation bonds Series 2008	310,000	-	70,000	240,000
Defined benefit pension plan	<u>1,052,233</u>	<u>96,020</u>	<u>-</u>	<u>1,148,253</u>
 Total long-term obligations	 <u>\$ 1,382,993</u>	 <u>\$ 98,135</u>	 <u>\$ 70,000</u>	 <u>\$ 1,411,128</u>

The annual requirements to amortize all long-term debt outstanding as of December 31, 2020 are as follows:

<u>Year Ending December 31,</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 75,000	\$ 7,796
2022	80,000	4,812
2023	<u>85,000</u>	<u>1,636</u>
Totals	<u>\$ 240,000</u>	<u>\$ 14,244</u>

Note 9 - DEFINED BENEFIT PLAN

Plan Description - The District contributes to the Firefighters' Retirement System of Louisiana (the "System"), a cost-sharing multiple-employer defined benefit public retirement system, which is controlled and administered by a separate Board of Trustees. The System is governed by Louisiana Revised Statutes 11:2251 through 11:2272, specifically, and other general laws of the State of Louisiana.

Note 9 - DEFINED BENEFIT PLAN (Continued)

Eligibility - 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 district of the state of Louisiana, except for Orleans Parish and the City of Baton Rouge.

No person who has attained age 50 or over shall become a member of the System unless the person becomes a member by reason of a merger or unless the System receives an application for membership before the applicant attained the age of 50. No person who has not attained the age of 18 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.

Benefits Provided - The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Benefit provisions are authorized within Act 434 of 1979 and amended by Louisiana Revised Statutes 11:2251 through 11:2272. Annual benefits to which retired members are entitled are equal to 3.33% of their final average compensation based on the thirty-six consecutive months of highest pay multiplied by years of service, not to exceed 100%. The State Legislature authorized the System to establish a deferred retirement option plan (DROP). After completing 20 years of creditable service and age 50 or 25 years at any age, a member may elect to participate in DROP for up to 36 months. When a member enters DROP their status changes from active to retired even though they continue to work and draw their salary. Upon commencement of participation in the deferred retirement option plan, employer and employee contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the deferred retirement option plan account. Upon termination of employment, a participant in the program shall receive, at his option, a lump-sum payment from the account or an annuity based on the deferred retirement option plan account balance in addition to his regular monthly benefit. If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to the System. No payments may be made from the deferred retirement option plan account until the participant retires.

Note 9 - DEFINED BENEFIT PLAN (Continued)

Contributions - Employer contributions are actuarially determined each year. For the year ended June 30, 2020, the employer contribution rate for employees above the poverty line/below the poverty line for the period January 1, 2020 through June 30, 2020 was 27.75%/29.75% and 32.25%/34.25% for the period July 1, 2020 through December 31, 2020. Plan members above the poverty line are required to contribute 10.00% of their annual covered payroll, and 8.00% for those below the poverty line.

The District's contributions to the System for the year ending December 31, 2020, were \$113,631, equal to the required contributions for the year.

Pension Liabilities - As of December 31, 2020, the District reported a liability of \$1,148,253 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of the contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the District's proportion was 0.1657% which was a decrease of 0.0023% from its proportion measured as of June 30, 2019.

Pension Expense - For the year ended December 31, 2020, the District recognized pension expense of \$127,383.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - As of December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (73,465)
Changes in assumptions	111,000	-
Change in proportion	21,995	(79,248)
Net difference between projected and actual earnings on pension plan investments	126,453	-
Contributions subsequent to the measurement date:		
Current year	59,028	-
	\$ 318,476	\$ (152,713)

Note 9 - DEFINED BENEFIT PLAN (Continued)

The District reported \$59,028 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 9,510
2022	31,921
2023	44,939
2024	21,507
2025	(2,054)
2026	<u>912</u>
Totals	<u>\$ 106,735</u>

Actuarial Assumptions - The actuarial assumptions used in the June 30, 2020 valuation were based on the assumptions used in the June 30, 2020 actuarial funding valuation. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2020 are as follows:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Estimated Remaining Service Life	7 years, closed period
Investment Rate of Return	7.00% per annum (net of investment expenses, including inflation)
Inflation Rate	2.50% per annum
Salary Increases	14.10% in the first two years of service and 5.20% with 3 or more years of service; includes inflation and merit increases
Cost of Living Adjustments	Only those previously granted.

Note 9 - DEFINED BENEFIT PLAN (Continued)

The mortality rate assumptions were updated in fiscal year 2020 to reflect changes from the recent experience study and rates set in the Pub-2010 Public Retirement Plans Mortality tables, as compared to the RP-2000 Combined Healthy and Disabled Lives tables that were used for the previous valuation. For the June 30, 2020 valuation, assumptions for mortality rates were based on the following:

- For active members, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees.
- For annuitants and beneficiaries, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees.
- For disabled retirees, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees.
- In all cases the base table was multiplied by 105% for males and 115% for females, each with full generational projection using the appropriate MP2019 scale.

The estimated long-term expected rate of return on pension plan investments was determined by the System's actuary using the System's target asset allocation and the G.S. Curran & Company Consultant Average study for 2020. The consultant's average study included projected nominal rates of return, standard deviations of returns, and correlations of returns for a list of common asset classes collected from a number of investment consultants and investment management firms. Each consultant's response included nominal expected long term rates of return. In order to arrive at long-term expected arithmetic real rates of return, the actuary normalized the data received from the consultant's responses in the following ways. Where nominal returns were geometric, the actuary converted the return to arithmetic by adjusting for the long-term standard deviation and then reduced the assumption by the long-term inflation assumption. Using the target asset allocation for the System and average values for expected real rates of return, standard deviation of returns, and correlation of returns, an arithmetic expected nominal rate of return and standard deviation for the portfolio was determined. The System's long-term assumed rate of inflation of 2.50% was used in this process for the fiscal year ended June 30, 2020.

The long-term expected real rate of return is an important input into the actuary's determination of the reasonable range for the discount rate which is used in determining the total pension liability. Prior year's financial reports presented the long-term expected real rate of return provided by the System's investment consultant, whereas this year's report presents this information for both fiscal years 2020 and 2019 from the System's actuary. The actuary's method incorporates information from multiple consultants and

Note 9 - DEFINED BENEFIT PLAN (Continued)

investment firms regarding future expected rates of return, variances, and correlation coefficients for each asset class. The actuary's method integrates data from multiple sources to produce average values thereby reducing reliance on a single data source.

Best estimates of real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2020 are summarized in the following table presented as follows:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Equity:		
U.S. Equity	26.00%	5.72%
Non-U.S. Equity	12.00%	6.24%
Global Equity	10.00%	6.23%
Emerging Market Equity	6.00%	8.61%
Fixed Income:		
U.S. Core Fixed Income	26.00%	1.00%
Emerging Market Debt	5.00%	3.40%
Alternatives:		
Real Estate	6.00%	4.20%
Private Equity	9.00%	10.29%
Multi-Asset Strategies:		
Global Tactical Asset Allocation	0.00%	4.22%
Risk Parity	0.00%	4.22%
	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined rates taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 9 - DEFINED BENEFIT PLAN (Continued)

Sensitivity of the District's Proportionate Share of the Collective Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the participating employers calculated using the discount rate of 7.00%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage-point higher (8.00%) than the current rate as of June 30, 2020.

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
District's proportionate share of the net pension liability	<u>\$ 1,658,640</u>	<u>\$ 1,148,253</u>	<u>\$ 722,230</u>

Pension Plan Fiduciary Net Position - The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Firefighters' Retirement System, 3100 Brentwood Drive, Baton Rouge, Louisiana 70809 or on the System's website, www.ffret.com.

Note 10 - SUPPLEMENTAL PAY

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

As per Louisiana Revised Statute 33:2003, any full-time, regular employee of the parish fire protection district who is hired after March 31, 1986, who has passed a certified firemen's training program equal to the National Fire Protection Association Standard 1001 and who is paid three hundred dollars per month from public funds is eligible for supplemental pay. These full-time employees are carried on the payroll paid from funds of the district obtained through lawfully adopted bond issues or lawfully assessed taxes, either directly or through a board or commission set up by law or ordinance. Employees

Note 10 - SUPPLEMENTAL PAY (Continued)

employed by a fire district are not eligible for supplemental pay if they are presently drawing a retirement or disability pension, clerical employees and mechanics and for those employees who have not passed a certified firemen's training program but are hired after March 31, 1986. State supplemental pay for firefighters must be taken into account in calculating firefighters longevity pay, holiday pay, and overtime pay. The period of service for computing additional compensation includes prior service of employees who have returned or who hereafter return to such service provided that service in any parish or fire protection district fire department shall be used in computing such prior service which includes full-time employees of a volunteer fire department.

As of December 31, 2020, the District has recognized revenue and expenditures of \$47,085 in salary supplements that the State of Louisiana has paid directly to the District's employees.

Note 11 - RISK MANAGEMENT

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

The Parish is self-insured for the first \$175,000 of each claim relating to group health insurance. The aggregate deductible of all group claims relating to group insurance for 2019 was \$16,375,093. Insurance contracts cover excess liability on individual claims. Coverage for group health claim liabilities are to be funded first by the assets of the Parish's group health internal services fund, \$2,290,142 as of December 31, 2019, then secondly by the District. As of December 31, 2020, the District had no claims in excess of the above coverage limits. Expenditures for premiums to the Parish for insurance coverage during the year ended December 31, 2020 totaled \$111,780.

Note 12 - COMPENSATION OF BOARD MEMBERS

The following amounts were paid to Board Members for the year ended December 31, 2020:

<u>Board Members</u>	<u>Number of Meetings Attended</u>	<u>Per Diem</u>
Holly Liner	11	\$ 330
Jimmy Verret, Jr.	10	300
Regina Pierron	11	330
Davon Charles	10	300
Sam Small, Jr.	11	<u>330</u>
Total		<u>\$ 1,590</u>

Note 13 - STATE OF LOUISIANA TAX ABATEMENTS

The District's ad valorem tax revenues were reduced by \$38,069 (\$35,024 General Fund and \$3,046 Debt Service Fund) under agreements entered into by the State of Louisiana.

Note 14 - SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through April 30, 2021, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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

Terrebonne Parish Fire District No. 10

December 31, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	<u>0.1657%</u>	<u>0.1680%</u>	<u>0.1764%</u>	<u>0.1775%</u>	<u>0.1712%</u>	<u>19.3600%</u>
District's proportionate share of the net pension liability	<u>\$1,148,253</u>	<u>\$1,052,233</u>	<u>\$1,014,908</u>	<u>\$1,017,162</u>	<u>\$1,120,077</u>	<u>\$1,044,994</u>
District's covered-employee payroll	<u>\$412,419</u>	<u>\$406,122</u>	<u>\$420,079</u>	<u>\$414,340</u>	<u>\$386,115</u>	<u>\$419,122</u>
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<u>278.42%</u>	<u>259.09%</u>	<u>241.60%</u>	<u>245.49%</u>	<u>290.09%</u>	<u>249.33%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>72.61%</u>	<u>73.96%</u>	<u>74.76%</u>	<u>73.55%</u>	<u>68.16%</u>	<u>72.45%</u>

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

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS

Terrebonne Parish Fire District No. 10

December 31, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 113,631	\$ 115,488	\$ 104,580	\$ 111,854	\$ 105,873	\$ 122,593
Contributions in relation to the contractually required contribution	<u>113,631</u>	<u>115,488</u>	<u>104,580</u>	<u>111,854</u>	<u>105,873</u>	<u>122,593</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 379,798</u>	<u>\$ 425,632</u>	<u>\$ 394,643</u>	<u>\$ 432,015</u>	<u>\$ 403,492</u>	<u>\$ 431,960</u>
Contributions as a percentage of covered-employee payroll	<u>29.92%</u>	<u>27.13%</u>	<u>26.50%</u>	<u>25.89%</u>	<u>26.24%</u>	<u>28.38%</u>

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

SUPPLEMENTARY INFORMATION

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

Terrebonne Parish Fire District No. 10

December 31, 2020

Agency Head Name: Quint Liner, Fire Chief

Purpose

Salary	\$ 95,298
Benefits - insurance	17,041
Benefits - retirement	4,683
Benefits - other	-
Car allowance	-
Vehicle provided by government	801
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Meals	-
	<hr/>
	<u>\$ 117,823</u>

Note:

The Fire Chief of the District functions as Chief Executive Officer.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Terrebonne Parish Fire District No. 10 (the "District") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise District's financial statements and have issued our report thereon dated April 30, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Response to Findings

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

Purpose of this Report

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

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
April 30, 2021.

SCHEDULE OF FINDINGS AND RESPONSES

Terrebonne Parish Fire District No. 10

For the year ended December 31, 2020

Section I - Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes No

b) Federal Awards

Terrebonne Parish Fire District No. 10 did not expend federal awards in excess of \$750,000 during the year ended December 31, 2020 and therefore is exempt from the audit requirements under the *Uniform Guidance*.

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

Internal Control Over Financial Reporting

There were no internal control over financial reporting findings for the year ended December 31, 2020.

Compliance and Other Matters

There were no compliance findings material to the financial statements noted for the year ended December 31, 2020.

Section III - Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Terrebonne Parish Fire District No. 10

For the year ended December 31, 2020

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

Internal Control Over Financial Reporting

No material weaknesses were reported during the audit for the year ended December 31, 2019.

No significant deficiencies were reported during the audit for the year ended December 31, 2019.

Compliance and Other Matters

2019-001 Local Government Budget Act

Recommendation - We recommend the District ensure that budget policies and procedures are adequate and are being followed. We recommend the District adopt and publish original, amended and final budgets for 2020 and 2021. These policies and procedures should be approved by management and/or the Board of Commissioners and should be in place for the full year.

Management's Response – Resolved. The District adhered to the requirements of the Local Government Budget Act by publishing budgets in the official journal (The Houma Courier) for 2020.

2019-002 Public Notices

Recommendation - We recommend the Board publish minutes for November 2019 in the official journal (The Houma Courier) and continue to publish minutes immediately after adoption by the Board of Commissioners.

Management's Response - Resolved. The District published November 2019 Board meeting minutes and all subsequent minutes in the official journal (The Houma Courier).

Section II - Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Fire District No. 10 did not expend federal awards in excess of \$750,000 during the year ended December 31, 2019, and therefore is exempt from the audit requirements under the *Uniform Guidance*.

Section III - Management Letter

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

MANAGEMENT'S CORRECTIVE ACTION PLAN

Terrebonne Parish Fire District No. 10

For the year ended December 31, 2020

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

Internal Control Over Financial Reporting

No material weaknesses were noted during the audit for the year ended December 31, 2020.

No significant deficiencies were noted during the audit for the year ended December 31, 2020.

Compliance and Other Matters

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2020

Section II - Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Fire District No. 10 did not expend federal awards in excess of \$750,000 during the year ended December 31, 2020, and therefore is exempt from the audit requirements under the *Uniform Guidance*.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2020.