

***BAYOU BLUE FIRE PROTECTION DISTRICT
Of the Parishes of Terrebonne and Lafourche
State of Louisiana
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2022***

BAYOU BLUE FIRE PROTECTION DISTRICT
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2022

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BAYOU BLUE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2022

This discussion and analysis of the Bayou Blue Fire Protection District's financial performance provides an overview of the financial activities as of and for the fiscal year ended December 31, 2022. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

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

- The net position increased as a result of this year's operations. Net position of our governmental activities increased by \$259,344, or 7%. As a result of this year's operations assets exceeded liabilities by \$3,611,248 (net position).
- During the year, expenses were \$920,796 more than the \$55,402 generated in program revenues for governmental activities. General revenues of \$1.2 million added to the program revenues made up the shortfall to end the year with revenue exceeding expenditures totaling \$259,344.
- Total assets for governmental funds was \$2,536,480; liabilities of accounts payable were \$31,125; and deferred inflows of resources for property taxes levied for the next fiscal year were \$1,174,213.
- Total fund balance for governmental funds was \$1,331,142 – of which \$384,000 is assigned by the Board in the 2023 budget for capital outlay for a net increase in fund balance of \$346,753.

USING THIS ANNUAL REPORT

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

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

BAYOU BLUE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2022

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as an indicator of whether the financial position is improving or deteriorating.

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

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

Fund Financial Statements

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

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

BAYOU BLUE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2022

FINANCIAL ANALYSIS AS A WHOLE (GWFS)

Net position increased by about 7%. In comparison, last year net position increased by \$508,251 or about 15%. Our analysis below focuses on the net position and changes in net position of the governmental-type activities.

Condensed Statement of Net Position

	FY 2021	FY 2022	Dollar Change
Current and Other Assets	\$ 1,952,057	\$2,536,480	\$ 584,423
Capital Assets	2,367,515	2,280,106	(87,409)
Total Assets	4,319,572	4,816,586	497,014
Current Liabilities	49,869	31,125	(18,744)
Deferred Inflows	917,799	1,174,213	256,414
Net Invested in Capital Assets	2,367,515	2,280,106	(87,409)
Unrestricted	984,389	1,331,142	346,753
Total Net Position	\$ 3,351,904	\$3,611,248	\$ 259,344

Current assets increased from the prior year for the increase in cash for compensation for property damages received from FEMA and insurance proceeds. Capital assets and the net invested in capital assets decreased for depreciation expense that exceeded capital outlay. Current liabilities decreased because there was a decrease in accounts payable and payroll accruals at the end of this year. Deferred inflows increased due to the increase in the 2022 levy of property taxes to be collected in 2023. Unrestricted net assets are the part of net assets that can be used to finance day-to-day operations without constraints. The balance in net assets represents the accumulated results of all past years' operations.

Condensed Statement of Activities

			Dollar Change
Total program expenses	\$ (912,412)	\$ (976,198)	\$ 63,786
Total program revenues	117,568	55,402	(62,166)
Net program income	(794,844)	(920,796)	(125,952)
General revenues	1,303,095	1,180,140	(122,955)
Change in Net Position	508,251	259,344	248,907
Net Position:			
Beginning of the year	2,843,653	3,351,904	508,251
End of the year	\$ 3,351,904	\$3,611,248	\$ 259,344

BAYOU BLUE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2022

Program expenses for public safety increased by \$63,786 or about 6.5% due to increases in insurance, other fees, and repair and maintenance from Hurricane Ida. General revenues decreased because the District received less in insurance proceeds and ad valorem taxes in Lafourche Parish than last year.

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS (FFS)

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

The General Fund reported total fund balance of \$984,389. This reflects a decrease of (\$161,616) or 14% from last year.

Total revenues for the General Fund were \$1,331,142 of which \$384,000 was assigned, an increase from the prior year of \$346,753 or 35% - mainly due to compensation from FEMA and Insurance proceeds received but not spent yet. Current expenditures for governmental activities were \$759,108, an increase from prior year of 9%, particularly in salaries and benefits; operating supplies; insurance; building maintenance; and truck maintenance. Capital expenditures for the year were \$129,681 for purchases of station repairs; machinery and equipment and vehicles.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget for the General Fund expenditures were revised during the year. Authorized budget amendments were approved as follows:

Original Budgeted Expenditures	\$1,076,100
Amendments were made for:	
Decreased current expenditures	(116,000)
Decreased Capital Outlay	(180,000)
Total expenditure amendments	(296,000)
Amended Budgeted Expenditures	\$780,100

All variances were in compliance with the Local Government Budget Act (R.S. 39:1301-15) R.S. 39:33, or R.S. 39:1331-1342, as applicable.

BAYOU BLUE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2022

CAPITAL ASSETS

A summary of capital assets is as follows:

	Ending Balance 12/31/2021	Ending Balance 12/31/2022
LAND	\$295,380	\$295,380
CIP	\$93,418	\$0
Total Cost of non-depreciable assets	\$388,798	\$295,380
DEPRECIABLE ASSETS:		
Stations & Improvements	616,874	753,802
Machinery & Equipment	659,643	576,725
Vehicles	2,279,105	2,253,344
Total Cost of depreciable assets	3,555,622	3,583,871
Total accumulated depreciation	1,576,905	1,599,145
Net depreciable assets	\$1,978,717	\$1,984,726
Total capital assets, net	\$2,367,515	\$2,280,106

During the year there was \$266,609 of additions to capital assets including a transfer of \$136,928 for construction in progress for station improvements. Depreciation of \$216,850 was recorded on capital assets. More detailed information about the capital assets is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Highlights of next year's General Fund budget that was adopted at the December 20, 2022 meeting include:

	<u>FY 2023</u>
Anticipated revenues	\$1,131,758
Expenditures:	
Current – public safety	770,600
Capital outlay	384,000
Anticipated expenditures	<u>1,154,600</u>
Excess of expenditures	(22,842)
Fund Balance:	
Beginning of the year	<u>1,320,395</u>
End of the year	<u><u>\$1,297,553</u></u>

BAYOU BLUE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2022

CONTACTING FINANCIAL MANAGEMENT

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

Mr. Andrew Blanchard, Chairman
Bayou Blue Fire Protection District
1870 Bayou Blue Road
Houma, LA 70364



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Commissioners of
Bayou Blue Fire Protection District
Houma, LA

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Bayou Blue Fire Protection District (the District), a component unit of Lafourche Parish Council,, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the District as of December 31, 2022, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management's for the Financial Statements

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis and the Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.



To the Commissioners of
Bayou Blue Fire Protection District
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We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2023, on our consideration of the internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the internal control over financial reporting and compliance.

Stagni & Company

May 9, 2023
Thibodaux, Louisiana



STAGNI & COMPANY, LLC

BAYOU BLUE FIRE PROTECTION DISTRICT

Statement of Net Position

December 31, 2022

ASSETS

Cash	\$ 460,152
Investments	892,115
Receivables:	
Property taxes receivable	315,747
Due from other governments	858,466
Deposits	10,000
Capital Assets, net of accumulated depreciation	<u>2,280,106</u>
TOTAL ASSETS	<u>4,816,586</u>

LIABILITIES

Accounts payable	<u>31,125</u>
TOTAL LIABILITIES	<u>31,125</u>

DEFERRED INFLOWS OF RESOURCES

Property taxes levied for the next fiscal year	<u>1,174,213</u>
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NET POSITION

Net Invested in capital assets	2,280,106
Unrestricted	<u>1,331,142</u>
TOTAL NET POSITION	<u><u>\$ 3,611,248</u></u>

See notes to financial statements.

BAYOU BLUE FIRE PROTECTION DISTRICT

Statement of Activities - Governmental Activities

For the Year Ended December 31, 2022

		<u>Program Revenue</u>		
	<u>Expenses</u>	<u>Charges for services</u>	<u>Operating Grants</u>	<u>Net Revenue (Expense)</u>
GOVERNMENTAL ACTIVITIES:				
Public safety	\$ 976,198	\$ 55,402	\$ -	\$ (920,796)
Total governmental activities	<u>\$ 976,198</u>	<u>\$ 55,402</u>	<u>\$ -</u>	<u>(920,796)</u>
GENERAL REVENUES				
Property taxes levied for public safety				940,895
State revenue sharing				13,567
Compensation for property damages				195,477
Other income				17,182
Interest earned				13,019
TOTAL GENERAL REVENUES				<u>1,180,140</u>
CHANGE IN NET POSITION				
Beginning of year				259,344
End of year				<u>3,351,904</u>
				<u>\$ 3,611,248</u>

See notes to the financial statements.

BAYOU BLUE FIRE PROTECTION DISTRICT

Balance Sheet - Governmental Fund - General Fund
December 31, 2022

ASSETS

Cash	\$	460,152
Investments		892,115
Property taxes receivable:		
Terrebonne Parish		163,390
Lafourche Parish		152,357
Due from tax collector:		
Terrebonne Parish		322,523
Lafourche Parish		535,943
Deposits		10,000
TOTAL ASSETS	\$	<u>2,536,480</u>

LIABILITIES AND EQUITY

Accounts payable	\$	31,125
TOTAL LIABILITIES		<u>31,125</u>

DEFERRED INFLOWS OF RESOURCES

Property taxes levied for the next fiscal year:		
Terrebonne Parish		485,913
Lafourche Parish		688,300
		<u>1,174,213</u>

FUND BALANCE

Assigned for future capital outlay		384,000
Unassigned		947,142
TOTAL FUND BALANCE		<u>1,331,142</u>

**RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET FOR
GOVERNMENTAL FUNDS TO NET POSITION OF GOVERNMENTAL
ACTIVITIES ON THE STATEMENT OF NET POSITION:**

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

Capital Assets	3,879,251	
Accumulated Depreciation	<u>(1,599,145)</u>	<u>2,280,106</u>
Net position of governmental activities		<u>\$ 3,611,248</u>

BAYOU BLUE FIRE PROTECTION DISTRICT

Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Fund - General Fund
For the Year Ended December 31, 2022

REVENUES

Property Taxes	
Terrebonne Parish	\$ 428,709
Lafourche Parish	512,186
Intergovernmental:	
State Revenue Sharing	13,567
Fire Insurance Tax	55,402
Interest	13,019
Miscellaneous	17,182
TOTAL REVENUES	<u>1,040,065</u>

EXPENDITURES

Current - General government:	
Ad valorem tax adjustments	33,914
Current - Public safety:	
Personal Services	409,136
Supplies and Materials:	
Office supplies	2,885
Gasoline/Diesel/Oil	22,835
Operating supplies	19,065
Uniforms	15,354
Other Services and Charges:	
Utilities	10,752
Telephone	5,401
Insurance	97,360
Professional & Other Fees	27,024
Membership dues	245
Travel & Training	5,714
Community Relations	3,929
E-911 Fire Dispatch Services	14,652
Miscellaneous	971
Repair and Maintenance:	
Building Repairs & Maintenance	25,853
Communication Equipment Repairs	13,207
Truck Repairs & Maintenance	42,013
Equipment Repairs & Maintenance	8,798
Total public safety - current	<u>759,108</u>
Capital expenditures	<u>129,681</u>
TOTAL EXPENDITURES	<u>888,789</u>

OTHER FINANCING SOURCES (USES)

Compensation for property damages	195,477
Net change in fund balance	<u>346,753</u>

FUND BALANCE

Beginning of year	984,389
End of year	<u>\$1,331,142</u>

See notes to financial statements.

BAYOU BLUE FIRE PROTECTION DISTRICT

Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Fund to the Statement of Activities
For the Year Ended December 31, 2022

Net change in fund balances-governmental funds		\$ 346,753
 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	129,681	
The net effect of various transactions involving capital asset disposals	(240)	
Depreciation expense	<u>(216,850)</u>	(87,409)
Change in net position of governmental activities		<u>\$ 259,344</u>

See notes to financial statements.

BAYOU BLUE FIRE PROTECTION DISTRICT
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2022

INTRODUCTION

The Bayou Blue Fire Protection District (the District) encompasses all of the territory within the previously described boundaries of the Lafourche Parish Fire Protection District No. 5 and the Bayou Blue Fire Protection District, now named the “Bayou Blue Fire Protection District of the Parishes of Terrebonne and Lafourche”. In accordance with the provisions of R.S. 40:1496(H), the Board of Commissioners are comprised of seven (7) resident property taxpayers of the District, three of which are electors and residents of said District from Terrebonne Parish and four of which are residents of said District from Lafourche Parish. Each term of office is for a length of two (2) years.

Note 1 ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

A. Basis of Presentation

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

B. Reporting Entity

As the governing authority, the Lafourche Parish Government is the financial reporting entity for Lafourche Parish. Because the Lafourche Parish Government could by definition in statute be financially burdened by the Bayou Blue Fire Protection District, the District was determined to be a component unit of the Lafourche Parish Government. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Lafourche Parish Government, the general government services provided by that governmental unit, or any other governmental reporting entity. The accompanying financial statements will be included in the comprehensive annual financial report (CAFR) of the Lafourche Parish Government.

C. Fund Accounting

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

BAYOU BLUE FIRE PROTECTION DISTRICT
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

C. Fund Accounting (continued)

Governmental Fund Type

Governmental funds account for all the general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance.

In general, fund balance represents the accumulated expendable resources that may be used to finance future period programs or operations. The General Fund is used to account for all financial resources and expenditures except those required to be accounted for in other funds.

D. Measurement Focus / Basis of Accounting

Fund Financial Statements (FFS)

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

The amounts reflected in the fund financial statements, use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available).

Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The court considers all revenues available if they are collected within 60 days after the fiscal year end.

BAYOU BLUE FIRE PROTECTION DISTRICT
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

D. Measurement Focus / Basis of Accounting (continued)

Fund Financial Statements (FFS) (continued)

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

- **Revenues** – Ad valorem taxes and the related state revenue sharing are recorded as revenue in the period for which levied, thus the 2021 property taxes which were levied to finance the 2022 budget are recognized as revenue in 2022. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable or available until actually received.
- **Expenditures** – The major expenditures current public safety supplies, insurance and audit and accounting fees are recorded when payable or when the fees are incurred.

Government-Wide Financial Statements (GWFS)

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

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

BAYOU BLUE FIRE PROTECTION DISTRICT
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

D. Measurement Focus / Basis of Accounting (continued)

- **Program Revenues** - Program revenues on the Statement of Activities include 1) charges that are derived directly from users as a fee for services and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Program revenues reduce the cost of the function to be financed from the general revenues.
- **General Revenues** - Taxes and other items not properly included among program revenues are reported instead as general revenues.

E. 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.

F. Operating Budgets

As required by Louisiana Revised Statutes, The Board of Commissioners adopted a budget for the District's General Fund. The Board must approve any amendment involving the transfer of monies from one function to another, or increases in expenditures. The district amended its budget for the year ended December 31, 2022 as required. All budgeted amounts that are not expended or obligated through contracts lapse at year-end. The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

G. Cash and Investments

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

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955. Investments are stated at fair value as established by open market, except for the Louisiana Asset Management Pool (LAMP). LAMP is an external pool which is operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

BAYOU BLUE FIRE PROTECTION DISTRICT
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
 Notes to the Financial Statements
 For the Year Ended December 31, 2022

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

H. Receivables

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

I. Capital Assets

Capital assets are recorded at historical cost or estimated if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Capital assets are recorded in the GWFS. All capital assets, other than land, are depreciated using the straight-line method over the following estimated useful lives:

<u>CATEGORY</u>	<u>LIFE</u>
BUILDINGS	40 YEARS
TRUCKS	20 YEARS
MACHINERY & EQUIPMENT	5 YEARS

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

J. Fund Equity

For government-wide financial statements net position is classified and displayed in three components:

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

BAYOU BLUE FIRE PROTECTION DISTRICT
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
 Notes to the Financial Statements
 For the Year Ended December 31, 2022

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

K. Fund Equity (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.

Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted, committed, assigned, or unassigned. Non-spendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the Board through approval in minutes. Assigned fund balances is a limitation imposed by a designee of the Board. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories.

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

Note 2 DEPOSITS AND INVESTMENTS

Deposit balances at year end are as follows:

	Per Bank	Reported
Cash	\$471,809	\$460,152
Certificates of Deposit	114,112	108,352
Totals	\$585,921	\$568,504

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

BAYOU BLUE FIRE PROTECTION DISTRICT
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 **DEPOSITS AND INVESTMENTS (continued)**

Custodial credit risk is the risk that in the event of a bank failure, deposits may not be returned to it. At year end \$335,921 of the bank balance was exposed to custodial credit risk. These deposits were covered by securities pledged.

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

Investments:

Investment balances and maturities at year end are as follows:

Investment Type	As Reported	Fair Value	Maturity
Certificates of Deposit	\$108,352	\$114,112	4/11/2023
Louisiana Asset Management Pool (LAMP)	783,763	783,763	Less than one year
Totals	\$892,115	\$897,875	

Interest rate risk inherent in the portfolio is measured by monitoring the segmented time distribution of the investments in the portfolio. For an investment, custodial credit risk is the risk that, in the event of a failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

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

BAYOU BLUE FIRE PROTECTION DISTRICT
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 ***DEPOSITS AND INVESTMENTS (continued)***

The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33:2955.

Accordingly, LAMP investments are restricted to securities issued, guaranteed, or back by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with maturity in excess of 397 days.

The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued at amortized cost, which approximates fair value. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required for custodial credit risk. Pooled investments are excluded from the 5 percent disclosure requirement regarding the concentration of credit risk. 2a-7 like investments pools are excluded from the interest rate disclosure requirement, nor is foreign currency risk disclosure applicable.

Note 3 ***PROPERTY TAX REVENUE***

As provided by R.S. 40:1492(C) the existing ad valorem millage rate levied in the District were extended to the expanded area encompassed and described in the Parishes of Terrebonne and Lafourche as provided by said statutory provision.

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 both Parishes. Assessed valued are established by the Terrebonne and Lafourche Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law.

BAYOU BLUE FIRE PROTECTION DISTRICT
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 3 PROPERTY TAXES (continued)

A reevaluation of all property is required to be completed no less than every four years. The Assessor informed the District that as a result of the devastation caused by Hurricane Ida they would be conducting a revaluation as per RS 47:1978.1. The revaluation was completed in February 2022. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes.

The tax rate for the year ended December 31, 2021 – for revenue recognized in 2022 was \$20 per \$1,000 (20 mills) of assessed valuation on property within Bayou Blue Fire Protection District (in both Terrebonne and Lafourche Parishes) for the purpose of acquiring, constructing, maintaining and operating fire protection facilities within the District and paying the cost of obtaining water for fire protection purposes, including fire hydrant rentals and service. The assessed values of real property upon which 2021 property tax were based was \$24,770,990 in Lafourche Parish and \$21,118,935 in Terrebonne.

Note 4 PROPERTY TAXES RECEIVABLE - DUE FROM TAX COLLECTOR

The Lafourche Parish and Terrebonne Parish Sheriffs collect and remit property taxes on behalf of all taxing districts in their respective jurisdictions. Property taxes receivable represents real property taxes, and outstanding delinquencies which are measurable as of December 31, 2022 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by deferred revenue since the current taxes were not levied to finance 2022 operations and the collection of delinquent taxes has been offset by a deferred inflow of resources since the collection of the taxes during the available period is not subject to reasonable estimation. On a modified accrual basis the revenue is reported as a deferred inflow of resources.

The tax rate for the year ended December 31, 2022 – for revenue to be recognized in 2023 was 20 mills of assessed valuation on property within Terrebonne Parish and the same for Lafourche. The assessed values of real property upon which the 2022 property taxes are based on is \$34,414,980 in Terrebonne and \$24,295,635 in Lafourche Parish.

Note 5 COMPENSATION OF BOARD MEMBERS

No compensation was paid to Board Members for the year.

BAYOU BLUE FIRE PROTECTION DISTRICT
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 6 **CAPITAL ASSETS**

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

	Beginning Balance	Additions	Reclass	Ending Balance
LAND	\$295,380	\$-	\$-	\$295,380
CIP	93,418	43,510	(136,928)	-
Total non-depreciable assets	388,798	43,510	(136,928)	295,380
DEPRECIABLE ASSETS:				
Stations & Improvements	616,874	136,928	-	753,802
Machinery & Equipment	659,643	62,657	(145,575)	576,725
Vehicles	2,279,105	23,514	(49,275)	2,253,344
Total Cost of depreciable assets	3,555,622	223,099	(194,850)	3,583,871
Total Cost of assets	3,944,420	266,609	(331,778)	3,879,251
ACCUMULATED DEPRECIATION:				
Stations & Improvements	84,940	32,228	-	117,169
Machinery & Equipment	417,239	64,481	(145,335)	336,385
Vehicles	1,074,726	120,141	(49,275)	1,145,591
Total accumulated depreciation	1,576,905	216,850	(194,610)	1,599,145
Net depreciable assets	\$1,978,717			\$1,984,726
Net Assets	\$2,367,515			\$2,280,106

Depreciation Expense of \$216,850 was recorded in the governmental activities.

BAYOU BLUE FIRE PROTECTION DISTRICT
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 7 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. To protect against these risks, the District has purchased commercial or other insurance for the losses to which it is exposed and also participates in the Parish's risk management program for auto liability. The District's premiums for auto liability are based on claims experience, vehicle type and mileage. The Parish handles all claims filed against the District.

BAYOU BLUE FIRE PROTECTION DISTRICT

Budget Comparison Schedule - General Fund
For the Year Ended December 31, 2022

	Budgets		Actual	Variance
	Original	Final (amended)		Favorable (Unfavorable)
REVENUES				
Property Taxes:				
Terrebonne Parish	\$ 422,379	\$ 422,379	\$ 428,709	\$ 6,330
Lafourche Parish	620,000	620,000	512,186	(107,814)
Intergovernmental:				
State Revenue Sharing:				
Terrebonne Parish	10,956	10,956	13,567	2,611
Fire Insurance Tax	23,568	23,568	55,402	31,834
Interest	-	-	13,019	13,019
Miscellaneous	-	-	17,182	17,182
TOTAL REVENUES	<u>1,076,903</u>	<u>1,076,903</u>	<u>1,040,065</u>	<u>(54,020)</u>
EXPENDITURES				
General government - current:				
Ad valorem tax deductions	31,000	-	33,914	(33,914)
Public safety - current:				
Personal Services -				
Salaries & benefits	412,500	327,500	409,136	(81,636)
Supplies and Materials:				
Office supplies	27,900	27,900	2,885	25,015
Gasoline/Diesel/Oil	21,000	21,000	22,835	(1,835)
Operating supplies	1,100	1,100	19,065	(17,965)
Uniforms	50,400	50,400	15,354	35,046
Other Services and Charges:				
Utilities	6,000	6,000	10,752	(4,752)
Telephone	6,000	6,000	5,401	599
Insurance	78,200	78,200	97,360	(19,160)
Professional Fees	16,000	16,000	27,024	(11,024)
Membership dues	500	500	245	255
Travel & Training	5,000	5,000	5,714	(714)
Community relations	6,000	6,000	3,929	2,071
E-911 Fire Dispatch Services	13,000	13,000	14,652	(1,652)
Miscellaneous	-	-	971	(971)
Repair and Maintenance:				
Building Repairs & Maintenance	10,500	10,500	25,853	(15,353)
Communication Equipment Repairs	6,000	6,000	13,207	(7,207)
Truck Repairs & Maintenance	52,000	52,000	42,013	9,987
Equipment Repairs & Maintenance	33,000	33,000	8,798	24,202
Total public safety - current	<u>745,100</u>	<u>660,100</u>	<u>725,194</u>	<u>16,542</u>
Capital expenditures	<u>300,000</u>	<u>120,000</u>	<u>129,681</u>	<u>(9,681)</u>
TOTAL EXPENDITURES	<u>1,076,100</u>	<u>780,100</u>	<u>888,789</u>	<u>(27,053)</u>
OTHER FINANCING SOURCES (USES)				
Compensation for property damages	-	-	195,477	195,477
Net change in fund balance	803	296,803	346,753	49,950
FUND BALANCES				
Beginning of year	<u>984,389</u>	<u>984,389</u>	<u>984,389</u>	<u>-</u>
End of year	<u>\$985,192</u>	<u>\$1,281,192</u>	<u>\$1,331,142</u>	<u>\$49,950</u>

BAYOU BLUE FIRE PROTECTION DISTRICT

Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended December 31, 2022

Agency Head Name: Mr. Andrew Blanchard, Chairman

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

This form is prepared to satisfy the reporting requirement under R.S. 24:513(A)(3).



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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

To the Commissioners of
Bayou Blue Fire Protection District
Houma, LA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Bayou Blue Fire Protection District, a component unit of Lafourche Parish Government as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents and have issued our report thereon dated May 9, 2023.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Stagni & Company

May 9, 2023
Thibodaux, Louisiana



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***BAYOU BLUE FIRE
PROTECTION DISTRICT***

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

***As of and for the Year Ending
December 31, 2022***



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

STATEWIDE AGREED-UPON PROCEDURES REPORT

Bayou Blue Fire Protection District

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period January 1, 2022 – December 31, 2022

To the Board of Commissioners
Bayou Blue Fire Protection District and
Louisiana Legislative Auditor:

We have performed the procedures enumerated below, on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2022 through December 31, 2022. Bayou Blue Fire Protection District's (District's) management is responsible for those C/C areas identified in the SAUPs.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2022 through December 31, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated results are as follows:

Written Policies and Procedures

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

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

Results: *Findings noted include:*

- *The District has not adopted an Information Technology Disaster Recovery/Business Continuity policy.*
- *The District has not adopted a Sexual Harassment policy.*

Management's Response: *The Board will consider adopting the policies.*



Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - d) Observe that the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Results: *There are no findings for these procedures tested.*

Bank Reconciliations

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



Results: *Findings noted include:*

- *For the bank account we inspected the December 2022 bank statement and reconciliation and observed that there was no evidence of review by a member of management/board member.*
- *There were outstanding reconciling items over 12 months with no evidence that research had been done to clear them.*

Management's Response: *Bank reconciliations will be dated and initialed by a member of the Board or management when completed. Research will be documented for reconciling items over 12 months to clear off the bank reconciliations.*

Collections (excluding electronic funds transfers)

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



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- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
- e) Trace the actual deposit per the bank statement to the general ledger.

Results: *There are no findings for these procedures tested.*

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

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
 - e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
- 11. Using the entity's main operating account and the month selected in "Bank Reconciliations" procedure #3, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy,

Results: *There are no findings for these procedures tested.*



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

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

Results: *There are no findings for these procedures tested.*

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

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



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

Results: *There are no findings for these procedures tested.*

Contracts

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

Results: *These procedures are not applicable.*

Payroll and Personnel

- 17. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- 18. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #17 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
- 19. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select



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two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity policy on termination payments. Agree the hours to the employee or officials' cumulate leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

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

Results: *There are no findings for these procedures tested.*

Ethics

21. Using the 5 randomly selected employees/officials from procedure #17 under "Payroll and Personnel" above: obtain ethics documentation from management, and:
- Observe that the documentation demonstrates that each employee/official completed one hour of ethics training during the fiscal period as required by R.S. 42:1170.
 - Observe that the entity maintains documentation which demonstrates that each employee/official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
22. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Results: *Findings noted include:*

- There was no documentation for 1 of the 5 employees tested for completion of the one hour of ethics training during the calendar year as required by R.S. 42:1170.*

Management's Response: *The Board will strongly urge that all officials (Board Members) and employees obtain the required ethics training during the year.*

Debt Service

23. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
24. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results: *These procedures are not applicable.*



Fraud Notice

25. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
26. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: *There are no findings for these procedures tested.*

Information Technology Disaster Recovery/Business Continuity

27. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
 - a. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
 - b. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - c. Obtain a listing of the entity's computers currently in use, and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
28. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #19 under "Payroll and Personnel" above. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Results: *We performed the procedure and discussed the results with management. There are no findings for these procedures tested.*



Prevention of Sexual Harassment

29. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
30. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).
31. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344:
 - a. Number and percentage of public servants in the agency who have completed the training requirements;
 - b. Number of sexual harassment complaints received by the agency;
 - c. Number of complaints which resulted in a finding that sexual harassment occurred;
 - d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e. Amount of time it took to resolve each complaint.

Results: *Findings noted include:*

- *There was no sexual harassment training documentation of any of the 5 employees selected.*
- *There was no sexual harassment report filed for the current fiscal period.*

Management’s Response: *The Board will strongly urge that all officials (Board Members) and employees obtain the required sexual harassment training during the year. The Board will complete the required report that includes the applicable requirements and keep a copy on file at the District’s office before February 1st.*



We were engaged by the District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Stagni & Company

Thibodaux, LA
June 5, 2023



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