

**FIRE PROTECTION DISTRICT NO. 3  
OF LAFOURCHE PARISH  
Galliano, Louisiana  
June 30, 2022**

**Audit of Financial Statements**

**June 30, 2022**

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Board of Commissioners  
Fire Protection District No. 3  
of Lafourche Parish

INDEPENDENT AUDITOR'S REPORT

**Report on the Audit of the Financial Statements**

*Opinions*

I have audited the accompanying financial statements of the governmental activities of **Fire Protection District No. 3 of Lafourche Parish**, component unit of the Lafourche Parish Council, as of and for the year ended June 30, 2022, and the related notes to the financial statements which collectively comprise the **Fire Protection District No. 3 of Lafourche Parish's** basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of **Fire Protection District No. 3 of Lafourche Parish** as of June 30, 2022, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Basis for Opinions*

I conducted my 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be Independent of the **Fire Protection District No. 3 of Lafourche Parish** and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raises substantial doubt about the **Fire Protection District No. 3 of Lafourche Parish's** 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**

My 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 and *Government 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 judgement made by a reasonable user based on the financial statements.

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## INDEPENDENT AUDITOR'S REPORT

(Continued)

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, I:

- Exercise professional judgement 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 the **Fire Protection District No. 3 of Lafourche Parish's** 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the **Fire Protection District No. 3 of Lafourche Parish's** ability to continue as a going concern for a reasonable period of time.

I am 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 on pages 4 through 8, budgetary comparison information and schedules for employer's share of net pension liability and employer pension contribution and note to retirement schedules on pages 34 through 37, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **Fire Protection District No. 3 of Lafourche Parish's** basic financial statements. The accompanying schedules of Board Members Per Diem and Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer, are presented for purposes of additional analysis and are 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. The 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 my opinion, the schedules of Board Members Per Diem and Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and my auditor's report thereon. My opinions on the basic financial statements do not cover the other information, and I do not express an opinion or any form of assurance thereon.

In connection with my audit of the basic financial statements, my 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, I conclude that an uncorrected material misstatement of the other information exists, I am required to describe it in my report.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued my report dated May 24, 2023 on my consideration of **Fire Protection District No. 3 of Lafourche Parish's** internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of **Fire Protection District No. 3 of Lafourche Parish's** 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 **Fire Protection District No. 3 of Lafourche Parish's** internal control over financial reporting and compliance.



Aldon G. Wahl, Jr.  
Certified Public Accountant

May 24, 2023

## MANAGEMENT DISCUSSION AND ANALYSIS

The management's discussion and analysis of the Fire Protection No. 3 of Lafourche Parish financial performance presents a narrative overview and analysis of the financial activities for the year ended June 30, 2022. This document focuses on the current year's activities, resulting changes and currently known facts. Please read this document in conjunction with the Fire District's financial statements.

### Financial Highlights

- Cash and cash equivalents increased by \$172,996 to \$7,589,120 at June 30, 2022 from June 30, 2021 amount of \$7,416,124 – an increase of 2.33 %.
- Total assets increased by \$144,360 to \$14,202,796 at June 30, 2022 from the June 30, 2021 amount of \$14,058,436 – an increase of 1.03%.
- Total net position increased \$92,015 to \$11,790,071 at June 30, 2022 from the June 30, 2021 amount of \$11,698,056-- an increase of 0.79%.
- Total liabilities decreased \$1,793,265 to \$2,753,196 at June 30, 2022 from the June 30, 2021 amount of \$4,546,461– a decrease of 39.44%.
- Tax revenues decreased \$1,735,709 to \$2,979,135 for the year ended June 30, 2022 from the June 30, 2021 amount of \$4,714,844 – a decrease of 36.81%.
- Total revenues increased \$1,013,659 to \$6,145,795 for the year ended June 30, 2022 from the June 30, 2021 amount of \$5,132,136 – an increase of 19.75%.
- Total expenses decreased \$461,002 to \$6,053,780 for the year ended June 30, 2022 from the June 30, 2021 amount of \$6,514,782 – a decrease of 7.08%.
- Insurance recovery increased \$2,603,173 to \$2,603,173 for the year ended June 30, 2022 from the June 30, 2021 amount of \$0 – an increase of 100%

### Overview of the basic financial statements

This discussion and analysis is intended to serve as an introduction to the Fire District's financial statements, which is comprised of government wide-financial statements, fund financial statements and notes to the financial statements.

## MANAGEMENT DISCUSSION AND ANALYSIS

(Continued)

The government-wide financial statements present financial information for all activities of the Fire District from an economic resources measurement focus using the accrual basis of accounting. They present governmental activities, such as general government and debt service, separately from business-type activities. The Fire District has only governmental activities. Government-wide financial statements for governmental activities include the Statement of Net Position and the Statement of Activities. They provide information about the activities of the Fire District as a whole and present a longer-term view of the Fire District's finances.

The Fire District has one governmental type fund – a General Fund. The fund financial statements are comprised of the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance. These statements report how the Fire District's fire protection services were financed in the short term as well as what remains for future 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 Fire District's general 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 the Fire District's programs. Fund financial statements also report the Fire District's operations in more detail than the government wide statements by providing information about the Fire District's major fund. I describe the relationship (or differences) between the governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental fund in a reconciliation at the bottom of the fund financial statements.

**Financial Analysis of the Fire District**

The following is a summary of the net position at June 30, 2022 and 2021.

	June 30, 2022	June 30, 2021	Change Inc (Dec)
Current Assets	\$7,868,457	\$7,521,725	\$346,732
Capital Assets, net	6,334,339	6,536,711	(\$202,372)
<b>Total Assets</b>	<b>14,202,796</b>	<b>14,058,436</b>	<b>\$144,360</b>
Deferred Outflows of Resources	2,072,307	2,653,166	(\$580,859)
Current Liabilities	500,933	426,140	\$74,793
Long Term Liabilities	2,252,263	4,120,321	(\$1,868,058)
<b>Total Liabilities</b>	<b>2,753,196</b>	<b>4,546,461</b>	<b>(\$1,793,265)</b>
Deferred Inflows of Resources	1,731,836	467,085	\$1,264,751
Net Assets Invested in Capital Assets	6,334,339	6,536,711	(\$202,372)
Reserved for Debt Service	-	-	-
Unrestricted Net Assets	5,455,732	5,161,345	\$294,387
<b>Total Net Position</b>	<b>\$11,790,071</b>	<b>\$11,698,056</b>	<b>\$92,015</b>

The following is a summary of the statement of activities for 2022 and 2021:

Program Revenues:

Capital Grants and Contributions	-	-	
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General Revenues

Taxes	2,979,135	4,714,844	(1,735,709)
Investment	3,489	3,747	(258)
Intergovernmental Revenues			-
State Revenue Sharing	22,495	22,487	8
Insurance rebate	189,739	99,192	90,547
State supplemental pay	185,349	202,668	(17,319)
FEMA	-	-	-
Other	162,415	89,198	73,217
Insurance recovery	2,603,173		2,603,173

<b>Total General Revenues</b>	<b>6,145,795</b>	<b>5,132,136</b>	<b>1,013,659</b>
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<b>Total Revenues</b>	<b>6,145,795</b>	<b>5,132,136</b>	<b>1,013,659</b>
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<b>Total Expenses</b>	<b>6,053,780</b>	<b>6,514,782</b>	<b>(461,002)</b>
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<b>Change in Net Position</b>	<b>\$ 92,015</b>	<b>\$ (1,382,646)</b>	<b>1,474,661</b>
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The Fire District's net position increased by \$92,015 during the fiscal year ended June 30, 2022.

Analysis of Individual Funds of the Fire District

The activity in the individual funds is reflected in the Balance Sheet – Governmental Fund and the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund. The total net position and the change in net position as reflected in the government-wide financial statements (which are condensed above) are reconciled with the fund financial statements at the bottom of the respective statements.

Analysis of Budgeted Amounts

A comparison of budget to actual for the general fund is presented as a required supplemental statement. The annual budget is approved by the Board of Commissioners each year. The budget is then submitted no later than fifteen days prior to the end of each fiscal year for the succeeding fiscal year for review. The original budget was submitted May 24, 2021 and amended on June 28, 2022.

The Fire District prepares the original budget for the subsequent year based on estimates of revenues and expenses for the current year. The Fire District makes assumptions about the subsequent year based on various factors available to management at the time the original budget is prepared. Management relies on these estimates and assumptions to determine how revenues and expenses for the subsequent year may fluctuate from the previous year.

The Fire District's general fund revenues were more than the budgeted amounts by \$1,287,331 while expenditures were less than budgeted amounts by \$1,984,608. The difference in revenue was primarily due to insurance proceeds received exceeding the amount budgeted and ad valorem taxes being less than budgeted. The difference in expenses was due primarily to capital expenditures being less than projected for the year ended June 30, 2022

Economic Factors and Next Year's Budgets

The Fire District does not expect any significant variances for revenue or expenditure accounts between fiscal years ending June 30, 2022 and June 30, 2023.

Capital Assets

As of June 30, 2022 the Fire District had \$ 6,334,339 (net of depreciation) invested in a broad range of capital assets including land, buildings, equipment and fire trucks. During the current year the Fire District recorded \$674,140 of capital expenditures of which \$379,970 were capitalized. Equipment was purchased during the year ended June 30, 2022 with a total cost of \$344,970. In addition, land was purchased for \$35,000. Depreciation expense of \$582,342 was recorded.

Operating Performance

	<u>2022</u>	<u>Year Ended June 30,</u>	<u>2021</u>
Incidents Dispatched			
Fire	1334		1061
Breakdown of Fire Incidents Dispatched/Responded			
Structure Fire Incidents	34		38
Vehicle Fire Incidents	30		34
Other Fire Incidents	255		133
Rescue/Emergency Medical Incidents	382		422
False Alarm Incidents	243		130
Hazardous Incidents	181		107
All Other Incidents	209		197

Contacting the Fire District's Financial Management

This report is designed to provide our citizens, taxpayers and creditors with a general overview of the Fire District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions regarding this report, or need additional financial information, contact:

Fire Protection District No. 3 of Lafourche Parish  
17462 West Main  
Cut Off, LA 70345

**FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH  
STATEMENT OF NET POSITION  
FOR YEAR ENDED JUNE 30, 2022**

**ASSETS**

Cash and cash equivalents	\$	7,589,120
Accounts receivable		279,337
Property and equipment, net		<u>6,334,339</u>
Total assets		<u>14,202,796</u>
Deferred outflows of resources		<u>2,072,307</u>
Total assets and deferred outflows of resources		<u><u>16,275,103</u></u>

**LIABILITIES AND NET ASSETS**

Liabilities		
Accounts payable		\$500,933
Net pension liability		<u>\$2,252,263</u>
Total liabilities		<u>\$2,753,196</u>
Deferred inflows of resources		<u>1,731,836</u>
Net position		
Invested in Capital Assets		6,334,339
Unrestricted		<u>5,455,732</u>
Total net position		<u><u>\$ 11,790,071</u></u>
Total liabilities, deferred inflows of resources and net position		<u><u>16,275,103</u></u>

See accompanying notes to financial statements

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022

Functions/programs	<u>Expenses</u>	<u>PROGRAM REVENUES</u>		Net Revenue and Change in Net Position Governmental Activities
		<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	
Public safety				
Fire protection	\$ 6,053,780	\$ -	\$ -	\$ (6,053,780)
	<hr/>	<hr/>	<hr/>	<hr/>
Total governmental activities	\$ <u>6,053,780</u>	\$ <u>-</u>	\$ <u>-</u>	<u>(6,053,780)</u>
General revenues:				
Taxes				2,979,135
Intergovernmental revenues				
State revenue sharing				22,495
Insurance Rebate				189,739
State Supplemental Pay				185,349
Unrestricted investment earnings				3,489
Miscellaneous				162,415
Insurance Recovery				<u>2,603,173</u>
Total general revenues				<u>6,145,795</u>
Change in net position				92,015
Net position - beginning of the year				<u>11,698,056</u>
Net position - end of the year				\$ <u>11,790,071</u>

See accompanying notes to financial statements

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH  
BALANCE SHEET – GOVERNMENTAL FUND  
June 30, 2022

GENERAL  
FUND

ASSETS

Cash and cash equivalents	\$ 7,589,120	
Accounts receivable	<u>279,337</u>	
Total assets	<u>\$ 7,868,457</u>	

LIABILITIES AND FUND BALANCE

Accounts payable	<u>\$ 500,933</u>	
Total liabilities	<u>500,933</u>	
Fund balance		
Nonspendable		
Restricted		
Committed		
Assigned	2,964,216	
Unassigned	<u>4,403,308</u>	
Total fund balance	<u>7,367,524</u>	<u>7,367,524</u>
Total liabilities and fund balance	<u>\$ 7,868,457</u>	

Amounts reported for governmental activities in the statement of net position are different because:

The purchase of capital assets are reported as expenditures as they are incurred in the governmental funds. The statement of net position reports capital outlays as an asset of the District. These capital assets are depreciated over their estimated useful lives in the statement of activities and are not reported in the governmental funds.

Total cost of capital assets		17,168,979
Accumulated depreciation related to those assets		(10,834,640)
Net pension liability including deferred outflows and inflows		<u>(1,911,792)</u>
Net position of governmental activities		<u>\$11,790,071</u>

See accompanying notes to financial statements  
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FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE  
GOVERNMENTAL FUND  
For the year ended June 30, 2022

	<u>General Fund</u>	
<u>REVENUES</u>		
Ad valorem taxes	\$ 2,979,135	
Intergovernmental	397,583	
Interest income	3,489	
Miscellaneous	<u>2,765,588</u>	
Total revenues	<u>6,145,795</u>	
<u>EXPENDITURES</u>		
Public safety:		
Current:		
Salaries and related benefits	3,311,242	
Professional Services	6,781	
Collection expense	97,558	
Insurance	991,047	
Dues and subscriptions	4,229	
Repairs and maintenance	322,514	
Supplies	43,589	
Telephone	34,523	
Travel and schooling	22,604	
Utilities	68,317	
Uniforms	25,944	
Radio and contracts	129,146	
Equipment – expendables and repair	46,898	
Physicals	6,176	
Fuel	72,998	
Miscellaneous	16,150	
Capital outlay	<u>674,140</u>	
Total expenditures	<u>5,873,856</u>	
Excess (deficiency) of revenues over expenditures	271,939	271,939
Fund balances - July 1	<u>7,095,585</u>	
Fund balances - June 30	<u>7,367,524</u>	

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 capitalized in the statement of net position. This is the amount by which depreciation expense exceeded capital outlays during the year. ( 202,372)

Adjusted for net pension expense 22,448  
Change in net position of governmental activities \$ 92,015

See accompanying notes to financial statements.

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH  
NOTES TO FINANCIAL STATEMENTS

INTRODUCTION

Fire Protection District No. 3 of Lafourche Parish was created by the Policy Jury of the Parish of Lafourche on May 13, 1953. The district serves the area of Lafourche Parish three miles north of the Intracoastal Waterway, south to the Jefferson Parish line, west to the Terrebonne Parish line along LA 24 in the community of Grand Bois. The district provides fire protection services.

NOTE A - Summary of Significant Accounting Policies

In June 1999, the Governmental Accounting Standards Board (GASB) approved Statement No. 34., “*Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*”. The Fire District elected to implement the provisions of this statement for the year ended June 30, 2004. The implementation of this statement has created additional statements, schedules, reports, and note disclosures as follows:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the overall financial position and results of operations.
- Financial Statements are prepared using the full accrual accounting methods:
  - Depreciation is recorded on depreciable assets and property and equipment (including infrastructure) is recorded net of accumulated depreciation.
- The basic financial statements include Government-Wide Statements and Fund Financial Statements, as explained in the following note disclosures:

Reporting Entity

Government Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the reporting entity for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the Parish to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Parish.
2. Organizations for which the Parish does not appoint a voting majority but are fiscally dependent on the Parish.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH  
NOTES TO FINANCIAL STATEMENTS

NOTE A - Summary of Significant Accounting Policies (continued)

Because the Lafourche Parish Council appoints two of the four appointed members of the district's governing board and they in turn select a chairperson who is ratified by the Council and has the ability to impose its will on the Fire District, the Fire District was determined to be a component unit of Lafourche Parish. The accompanying financial statements present information only on the funds maintained by the Fire District and do not present information on Lafourche Parish, the general government services provided by that government unit, or the other governmental units that comprise the financial reporting entity.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*. Major individual governmental funds are reported as separate columns in the fund financial statements.

Policies specific to the government-wide financial statements are as follows:

Eliminating Internal Activity

Interfund receivables and payables are eliminated in the Statement of Net Position except for the net residual amounts due between governmental and business-type activities. These are presented as internal balances. The Fire District has no business-type activities.

Application of FASB Statements and Interpretations

Reporting on governmental-type activities is based on FASB Statements and Interpretations issued after November 30, 1989, except where they conflict or contradict GASB pronouncements.

Capitalizing Assets

Assets used in operation with an initial useful life that extends beyond one year are capitalized. Building, equipment, furniture and fixtures, and infrastructure are depreciated over their estimated useful lives using the straight line method. Depreciation is not calculated on land, land improvements, or construction in progress. Accumulated depreciation is recorded net of depreciable assets in the Statement of Net Position.

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH  
NOTES TO FINANCIAL STATEMENTS

NOTE A - Summary of Significant Accounting Policies (continued)

Program Revenues

The Statement of Activities presents two categories of program revenues – (1) charges for services and (2) capital grants and contributions.

Charges for services – are revenues from exchanges or exchange like transactions with external parties that purchase, use or directly benefit from the program’s goods, services, or privileges. These revenues include fees charged for specific services, licenses and permits, and operating special assessment, and include payments from exchange transactions with other governments.

Capital grants and contributions – are resources that are restricted for operating purposes of a program. They include grants and contributions with restrictions that permit the resources to be used for programs operating of capital needs at the recipient government’s discretion.

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within thirty-one days after the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred as under accrual accounting.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to various governmental funds according to the purpose for which they may or may not be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH  
NOTES TO FINANCIAL STATEMENTS

NOTE A - Summary of Significant Accounting Policies (continued)

The Fire District reports the following major governmental fund:

General Fund

The General Fund is the general operating fund of the Fire District. It is used to account for all financial resources except those required to be accounted for in other funds.

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon thereafter to be used to pay the liabilities of the current fiscal year. For the Fire District, available means expected to be received within thirty-one days of fiscal year-end. Under the modified accrual basis, only interest is considered to be both measurable and available at fiscal year-end.

Non-exchange transactions, in which the Fire District receives value without directly giving value in return, includes grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements including timing requirements, which specify the year when resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Fire District must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the Fire District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

Revenues – Taxes

Ad valorem taxes are assessed on a calendar year basis, become due on November 15th of each year, and become delinquent on December 31st. The taxes are generally collected in December, January and February of the fiscal year. Ad valorem taxes (which are based on population and homesteads in the parish) are recorded in the year the taxes are received. If taxes were recorded when assessed the amount recorded would not be materially different from the amount in the financial statements.

Expenses/Expenditures

On an accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH  
NOTES TO FINANCIAL STATEMENTS

NOTE A - Summary of Significant Accounting Policies (continued)

Other Financing Sources (Uses)

In governmental fund accounting, transfers between funds, which are not expected to be repaid, are accounted for as other financing sources (uses). In those cases where repayment is expected, the advances are accounted for through the various "due from" and "due to" accounts. These amounts are eliminated in the government-wide financial statements.

Proceeds from the issuance of bonds are accounted for as other financing sources in the governmental funds. These amounts are recorded as liabilities in the government-wide financial statements.

Property and Equipment

Property and Equipment are recorded at cost, if purchased or constructed. Assets acquired through contributions are capitalized at their estimated fair value, if available, or at estimated fair value or cost to construct at the date of the contribution. Equipment includes all items valued above \$ 500. Assets are depreciated using the straight-line method over the useful lives of the assets as follows:

<u>Asset</u>	<u>Years</u>
Fire Trucks	15
Other Motor Vehicles	5
Equipment	5-20
Furniture, Office Equipment	5
Buildings and Improvements	40

Under GASB Statement No. 34 the government-wide financial statements and the fund financial statements do not include the General Fixed Asset Account Group.

Long-Term Obligations

Long-term obligations are reported at face value.

Under GASB Statement No. 34 the government-wide financial statements and the fund financial statements do not include the General Long Term Debt Account Group.

Budget Practices

The budget practices of the fire district are prescribed by the Louisiana Local Government Budget Act. The act requires the district to have the budget completed and available for public inspection no later than fifteen days prior to the beginning of each fiscal year.

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH  
NOTES TO FINANCIAL STATEMENTS

NOTE A - Summary of Significant Accounting Policies (continued)

The fire district prepares a budget for its fund. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). The budget was amended during the fiscal year.

Amendments to the budget must be approved by the board.

Appropriations which are not expended lapse at year end.

Encumbrances

Encumbrance accounting is not utilized by the fire district.

Cash And Investments

Cash And Cash Equivalents

Cash and cash equivalents includes demand deposits in banks. It included all cash on deposit at banks, including certificates of deposit with an original maturity of less than 90 days. If the original maturity exceeds 90 days they are classified as investments. Investments consist primarily of time certificates of deposit. At June 30, 2022 the district had no certificates of deposit.

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

Louisiana state law requires deposits (cash and certificates of deposits) of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes the 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 market value of the demand deposits is equal to their cost.

Compensated Absences

Annual And Sick Leave

Full time employees accumulate annual leave at various rates based on their years of service. Full-time employees accumulate sick leave. The liability for leave privileges at June 30, 2022 is estimated to be \$276,416 which is recorded as a liability in the government-wide financial statements.

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH  
NOTES TO FINANCIAL STATEMENTS

NOTE A – Summary of significant accounting policies (continued)

Compensatory Leave

Compensation paid will be based on the employee's hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at June 30, 2022 is estimated to be \$28,065 which is recorded as a liability in the government-wide financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Prepaid Items

Insurance payments made to insurance agencies that will benefit periods beyond the current period are recorded as prepaid items.

Fund Balance Classification Policies and Procedures

GASB 54 requires fund balances to be categorized as nonspendable, restricted, committed, assigned, and unassigned. Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Amounts that are restricted are those in which constraints have been placed on the use of the resource. Committed fund balances are those amounts that can only be used for a specific purpose pursuant to constraints imposed by formal action of the board of commissioners. Assigned amounts are those that are constrained by management and the governing body, intended for a specific purpose, and not imposed by formal action. Unassigned fund balance is a residual classification for those amounts not restricted, committed, or assigned.

The Fire District has an assigned fund balance of \$2,964,216 for capital projects at June 30, 2022.

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH  
NOTES TO FINANCIAL STATEMENTS

NOTE A – Summary of significant accounting policies (continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Commissioners have provided otherwise in its commitment or assignment actions.

Deferred Outflows of Resources and Deterred Inflows of Resources

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

Recently Issued Accounting Pronouncements

The District implemented the following GASB Statements in the current or previous years.

The district was subject to GASB Statement No.63 for the year ending June 30, 2015. Statement No.63 changes the statement of financial position term “net assets” to “net position”.

Statement No 68, “*Accounting and Financial Reporting for Pensions.*” The statement improves financial reporting by state and local governmental pension plans and improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement did not affect the District’s financial statements.

Statement No.71, “*Pension Transition for Contributions made Subsequent to the Measurement Date.*” The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68.

Statement No.72,“*Fair Value Measurement and Application.*” This Statement addresses accounting and financial reporting issues related to fair value measurement. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

Statement No. 73, “*Accounting and Financial Reporting for Pensions and Related Assets that are not within the scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.*” The Statement completes the suite of pension standards and establishes requirements for those

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH

NOTES TO FINANCIAL STATEMENTS

Recently Issued Accounting Pronouncements (continued)

pensions and pension plans that are not administered through a trust meeting specified criteria (in other words, those not covered by Statements 67 and 68).

Statement No.76, "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.*" The objective of this Statement is to identify the hierarchy of generally accepted accounting principles (GAAP).

Statement No 77, "*Tax Abatement Disclosures*" defines tax abatements as reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments. This Statement requires disclosures of the government's own tax abatement agreements and those tax abatement agreements of other governments that reduce the government's revenue. This Statement did not affect the District's financial statements.

Statement No.78, "*Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*" amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above.

Statement No.79, "*Certain External Investment Pools and Pool Participants*" establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This Statement also establishes accounting and financial reporting standards for state and local governments that participate in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost. The provisions in paragraphs 18, 19, 23-26 and 40 are effective for periods beginning after December 15, 2015. This Statement did not affect the District's financial statements.

## FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH

### NOTES TO FINANCIAL STATEMENTS

#### Recently Issued Accounting Pronouncements (continued)

Statement No.74, "*Financial Reporting for Postemployment Benefit Plans other than Pension Plans.*" The Statement addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria and follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments and also sets forth note disclosure requirements for defined contribution OPEB plans. The statement is effective for periods beginning after June 15, 2016. This Statement did not affect the District's financial statements.

Statement No.80, "*Blending Requirement for Certain Component Units*" improves financial reporting by clarifying the financial statement presentation requirements for certain component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. This requirement enhances comparability and decision usefulness of financial statements among governments. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. This Statement did not affect the District's financial statements.

Statement No.82, "*Pension Issues*" addresses several issues raised with respect to Statements No.67, "*Financial Reporting for Pension Plans,*" No.68, "*Accounting and Financial Reporting for Pensions,*" and No.73, "*Accounting and Financial Reporting for Pensions and Related Assets that are Not within the Scope of GASB Statement 68, and Amendments to Certain Provision of GASB Statements 67 and 68.*" Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. This Statement did not affect the District's financial statements.

Statement No.75, "*Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions.*" replaces the requirements of GASB Statement No.45. This Statement requires governments to report a liability on the face of the financial statements for the OPEB that they provide: governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability, governments that participate in a cost-sharing OPEB plan that is administered

## FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH

### NOTES TO FINANCIAL STATEMENTS

#### Recently Issued Accounting Pronouncements (continued)

through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan and governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. This statement did not affect the district's financial statements.

Statement No.81, "*Irrevocable Split Interest Agreements*" provided recognition and measurement guidance for situation in which a government is a beneficiary of an irrevocable split interest agreement. This Statement requires that a government that receives resources pursuant to an irrevocable split interest agreement recognize assets, liabilities and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in agreements administered by third parties. Governments are required by this Statement to recognize revenue when the resources become applicable to the reporting period. This Statement enhances comparability and decision usefulness of financial statements among governments. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2016. This statement did not affect the district's financial statements.

Statement No. 85, "Omnibus 2017." On March 20, 2017, GASB issued "Omnibus 2017" covering four main topics: blending component units; goodwill, fair value measurement and application; and postemployment benefits. "Omnibus 2017" is effective for fiscal years beginning after June 15, 2017. However, due to the nature of topic covered, GASB is allowing the option of early implementation for single topics.

Statement No. 86, "Certain Debt Extinguishment Issues" improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. The Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is decreased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. This statement did not affect the district's financial statements.

## FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH

### NOTES TO FINANCIAL STATEMENTS

#### Recently Issued Accounting Pronouncements (continued)

Statement No.83, “*Certain Asset Retirement Obligations*” addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. This statement did not affect the district’s financial statements.

Statement No.84, “*Fiduciary Activities*” improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. This statement did not affect the district’s financial statements.

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 December 15, 2019. Statement No. 95 postponed the effective date for 18 months. New effective date is fiscal years beginning after June 15, 2021. Earlier application is encouraged. This statement did not affect the District’s financial statements.

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH

NOTES TO FINANCIAL STATEMENTS

NOTE B – DEPOSITS – (Cash and Certificates of Deposits )

Cash and Cash Equivalents

The carrying amounts of the district's deposits are as follows for the year ended June 30, 2022:

Demand deposits	\$ 7,589,120
Certificates of deposits	
	<u>\$ 7,589,120</u>

Cash and cash equivalents are stated at cost, which approximates market.

Custodial Credit Risk

Under State law, deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the district in a custodial bank.

GASB Statement No. 40, which amended GASB Statement No. 3, only requires disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either:

- 1) uninsured and uncollateralized,
- 2) uninsured and collateralized with securities held by the pledging financial institution or
- 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name

At June 30, 2022, the Fire District had no deposits that were required to be reported in any of the three categories listed above.

NOTE C – CAPITAL ASSETS

PROPERTY, PLANT AND EQUIPMENT

At June 30, 2022, the Fire District reported the following capital assets. A summary of changes in capital assets is as follows:

The following changes occurred in the property and equipment account:

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH  
NOTES TO FINANCIAL STATEMENTS

NOTE C- CAPITAL ASSETS

PROPERTY, PLANT AND EQUIPMENT (continued)

	Balance June 30 <u>2021</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30 <u>2022</u>
<u>Capital Assets Not Being Depreciated</u>				
Land	\$ 152,019	\$ 35,000	\$	\$ 187,019
Construction in Progress	<u>---</u>	<u>35,000</u>	<u>---</u>	<u>187,019</u>
	<u>152,019</u>	<u>35,000</u>	<u>---</u>	<u>187,019</u>
<u>Capital Assets, Being Depreciated:</u>				
Buildings and Improvements	\$ 5,549,398	\$	\$	\$ 5,549,398
Equipment	<u>11,757,683</u>	<u>344,970</u>	<u>670,091</u>	<u>11,432,562</u>
Total Capital Assets				
Being Depreciated	<u>\$17,307,081</u>	<u>\$ 344,970</u>	<u>\$ 670,091</u>	<u>\$16,981,960</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 1,411,816	\$ 135,878	\$	\$ 1,547,694
Equipment	<u>9,510,573</u>	<u>446,464</u>	<u>670,091</u>	<u>9,286,946</u>
Total Accumulated Depreciation	<u>10,922,389</u>	<u>582,342</u>	<u>670,091</u>	<u>10,834,640</u>
Total Capital Assets Being Depreciated, Net	<u>6,384,692</u>	<u>( 237,372)</u>	<u>---</u>	<u>6,147,320</u>
Total Capital Assets, Net	<u>\$ 6,536,711</u>	<u>(\$ 202,372)</u>	<u>---</u>	<u>\$ 6,334,339</u>

Depreciation expense for the year ended June 30, 2022 was \$582,342.

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH

NOTES TO FINANCIAL STATEMENTS

NOTE D – COOPERATIVE ENDEAVOR AGREEMENTS

During the year the Fire District was party to a Cooperative Endeavor agreement with Ambulance Service District No. 1 of Lafourche Parish to provide communication services, including dispatching of calls, on a twenty-four hour a day basis, seven days a week for the Ambulance District at a fee of \$4,871 per month for the first eight months of the year and then \$5,114 for the last four months of the year.

NOTE E – POST EMPLOYMENT BENEFITS

The Fire District has no Post Employment Benefits.

NOTE F – PER DIEM PAID BOARD MEMBERS

Per diem payments are presented on Schedule IV. The per diem payments are authorized by Louisiana Revised Statute 40:1498A.

NOTE G RETIREMENT PLAN

Substantially all full-time employees of Fire Protection District No. 3 of Lafourche Parish are members of the Louisiana Firefighters Retirement System (System), a cost-sharing, multi-employer public employee retirement system (PERS), controlled and administered by a separate board of trustees.

The District implemented Governmental Accounting Standards Board (GASB) Statement 68 on Accounting and Financial Reporting for Pensions and Statement 71 on Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB 68. These standards require the District to record its proportional share of each of the pension plans' net pension liability and report the following disclosures.

Plan Description: The Firefighters' Retirement System is a cost-sharing multiple-employer defined benefit pension plan established by Act 4734 of 1979 to provide retirement, disability and survivor benefits to firefighters in Louisiana.

Eligibility Requirements: Membership in the System is a condition of employment for any full time firefighters who earn at least \$375 per month and are employed by any municipality, parish, or fire protection district of the State of Louisiana in addition to employees of the Firefighters' Retirement System. Any person who becomes an employee as defined in RS 11:2252 on and after January 1, 1980 shall become a member as a condition of employment. No person who has attained age fifty or over shall become a member of the System unless the person becomes a member by reason of a merger or unless the System received an application for membership before the applicant attained the age of fifty. No person who has not attained the age of eighteen years shall become a member of the System.

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH

NOTES TO FINANCIAL STATEMENTS

NOTE G RETIREMENT PLAN (continued)

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

Retirement Benefits: Benefit provisions are authorized within Act 434 of 1979 and amended by LRS 11:2251-11:2272. Any member of the System who has completed at least twenty-five years of creditable service, who has been a member of this system for at least one year, regardless of age, or any member who has completed at least twenty years of creditable service, who has been a member of this system for at least one year, and who has attained the age of fifty years, or any member who has completed at least twelve years of service, who has been a member of this system for at least one year, and who has attained the age of fifty-five shall be entitled to retire from service.

Upon such retirement, the member shall be paid an annual retirement allowance equal to three and one-third percent of average final compensation multiplied by total years of creditable service. However, the annual retirement allowance shall not exceed one hundred percent of average final compensation.

Deferred Retirement Option Plan (DROP): After completing 20 years of creditable service and age 50 or 25 years at any age, a member may elect to participate in the deferred retirement option plan (DROP) for up to 36 months. Upon commencement of participation in the 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.

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH

NOTES TO FINANCIAL STATEMENTS

NOTE G RETIREMENT PLAN (continued)

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

Death and Disability Benefits: The System also provides death and disability benefits. Benefits are established by state statute.

Employer Contributions: Employer contributions are actuarially determined each year. For the year ended June 30, 2021, employer and employee contributions for members above the poverty line were 32.25% and 10.0%, respectively. The employer and employee contribution rates for those members below the poverty line were 34.25% and 8.0% respectively.

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources: At June 30, 2022, The District reported liabilities in its government-wide financial statements of \$2,252,263 in its governmental activities for its proportionate share of the net pension liabilities of the System. The net pension liabilities were measured as of June 30, 2021 and the total pension liability used to calculate the net pension obligation was determined by separate actuarial valuations performed on each of the retirement systems as of that date. Under each retirement system, the District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the District's proportional share of the System was 0.635541% which was an increase of 0.041111%.

For the year ended June 30, 2022, the District recognized pension expense for the System totaling \$689,359. Added to the pension expense is the employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions totaling \$467,489 for the System.

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH

NOTES TO FINANCIAL STATEMENTS

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Governmental Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 32,141	\$ 202,258
Changes in Assumption	488,049	-
Net difference between projected and actual earnings on Pension plan investments	-	1,366,805
Changes in proportion and differences between employer Contributions and proportionate share of contributions	1,020,728	162,773
Employer contributions subsequent to the measurement date	<u>531,389</u>	<u>-</u>
	<u>\$ 2,072,307</u>	<u>\$ 1,731,836</u>

The \$531,389 reported as deferred outflows of resources related to pensions resulting from the District's contribution to the System subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

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</u>	
2022	254,427
2023	70,592
2024	( 276,113)
2025	( 390,415)
2026	83,497
2027	<u>67,094</u>
	<u>\$( 190,918)</u>

Actuarial Assumptions: A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021 are as follows.

	<u>Firefighters' Retirement System</u>
Valuation Date	June 30, 2021
Actuarial cost method	Entry Age Normal
Actuarial cost assumptions:	
Expected remaining service lives	7 years
Investment rate of return	6.90% per annum (net fees)
Inflation rate	2.50% per annum
Projected salary increases	14.10% in the first two year of service and 5.20% with 3 or more years of service
Cost of Living Adjustments	Only those previously granted

The mortality rate assumption used was set based upon an experience study performed on plan data for the period July 1, 2014 through June 30, 2019. The date was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the system's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set-back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH

NOTES TO FINANCIAL STATEMENTS

The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The long term expected nominal rate of return was 6.90% as of June 30, 2021. Best estimates of real rates of return for each major asset class included in FRS' target asset allocation as of June 30, 2021. Are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
US Core Fixed Income	18.00%	0.97%
U.S. TIPS	3.00%	0.40%
Emerging Market Debt	5.00%	2.75%
US Equity	27.50%	5.86%
Non-US Equity	11.50%	6.44%
Global Equities	10.00%	6.40%
Emerging Market Equity	7.00%	8.64%
Real Estate	6.00%	5.31%
Real Assets	3.00%	***
Private Equity	<u>9.00%</u>	<u>9.53%</u>
Totals	<u>100.00%</u>	<u>4.63%</u>
Inflation		2.50%
Expected Arithmetic Nominal Return		<u>6.90%</u>

\*\*\*Subsequent to the actuary's calculation of the long term expected real rate of return in January 2021, the Board voted to amend the target asset allocation (which included a target weight in private real assets).

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate: The following presents the net pension liability of the participating employers calculated using the discount rate of 6.90%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.90% or one percentage point higher 7.90% than the current rate as of June 30, 2021.

Changes in Discount Rate:

	<u>Firefighters' Retirement System</u>		
	1% Decrease	Current Discount Rate	1% Increase
Net Pension Liability	<u>\$4,320,801</u>	<u>\$2,252,263</u>	<u>\$527,125</u>

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH

NOTES TO FINANCIAL STATEMENTS

Support of Non-Employer Contributing Entities: Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The District recognizes revenue in an amount equal to its proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended June 30, 2022, the District recognized revenue as a result of support received from the non-employer contributing entities of \$181,560 for its participation in the System.

Pension Plan Fiduciary Net Positions: Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the System available at [www.lafirefightersret.com](http://www.lafirefightersret.com).

NOTE H-JUDGMENTS, CLAIMS AND SIMILAR CONTINGENCIES

At June 30, 2022, the fire district was a defendant in various lawsuits. In the opinion of legal counsel for the district, the liability, if any, would not exceed insurance coverage.

NOTE I – RISK MANAGEMENT

The District is exposed to various risks of loss related to workers compensation; torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. No settlements were made during the year that exceeded the District's insurance coverage.

NOTE J - ACCOUNTS PAYABLE

Accounts payable at June 30, 2022 consisted of the following:

Accounts payable	\$ 103,645
Payroll liabilities	92,807
Compensated absences	<u>304,481</u>
	\$ <u>500,933</u>

NOTE K - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2022 consisted of the following:

Advalorem taxes	\$ 89,598
Insurance rebate	189,739
Communication services	<u>          </u>
	\$ <u>279,337</u>

NOTE L - SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, May 24, 2023 and determined that no events occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH

NOTES TO FINANCIAL STATEMENTS

NOTE M - CAPITALIZED INTEREST

For the year ended June 30, 2022 the district has \$0 interest to capitalize.

NOTE N – ON-BEHALF PAYMENTS FOR SALARIES:

Supplemental salary payments are made by the state to certain eligible full-time employees of the District, in addition to the compensation they receive from the District. The amount of the supplemental pay is determined by State Law and is revised periodically. The state paid supplemental salaries for the employees of the district in the amount of \$185,349 for the year ended June 30, 2022. These intergovernmental funds are reflected in the financial statements of the District for the year ended June 30, 2022.

NOTE O – LONG-TERM LIABILITIES

The District includes net pension liability of \$2,252,263 in the government-wide financial statements.

NOTE P – FAIR VALUE MEASUREMENTS

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are unadjusted quoted prices in active markets for identical assets that the District has the ability to access. Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets and/or based on inputs that are derived principally from or corroborated by observable market data. Level 3 inputs are unobservable and are based on assumptions that market participants would utilize in pricing the asset. The District uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. The asset's fair value measurement level with the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. When available, valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. For negotiable certificates of deposit, management categorizes these investments as Level 2 based on quoted prices for similar instruments with consideration of actively quoted interest rates, credit ratings and spreads, prepayment models and collateral data. The district had no certificates of deposit at June 30, 2022.

NOTE Q – CORONAVIRUS

The recent global outbreak of the Coronavirus (COVID-19) has raised concerns regarding business and the financial markets have recently experienced significant volatility. While the district has not been immediately impacted by the adverse conditions in the financial markets, the long-term impact on the District's activities is uncertain at this time.

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH  
SCHEDULE I  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE BUDGET (GAAP BASIS) AND ACTUAL  
GENERAL FUND  
For the year ended June 30, 2022

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>				
Ad valorem taxes	\$ 4,437,964	\$ 4,437,964	\$2,979,135	(\$ 1,458,829)
Intergovernmental	357,000	357,000	397,583	40,583
Interest income	10,000	10,000	3,489	( 6,511)
Miscellaneous	<u>53,500</u>	<u>53,500</u>	<u>2,765,588</u>	<u>2,712,088</u>
Total revenues	<u>4,858,464</u>	<u>4,858,464</u>	<u>6,145,795</u>	<u>1,287,331</u>
<u>EXPENDITURES</u>				
Public safety:				
Current:				
Salaries and related benefits	3,121,000	3,121,000	3,311,242	( 190,242)
Professional services	20,000	20,000	6,781	13,219
Collection expense	150,000	150,000	97,558	52,442
Insurance	1,051,500	1,051,500	991,047	60,453
Dues and subscriptions	5,000	5,000	4,229	771
Repairs and maintenance	207,000	195,000	322,514	( 127,514)
Supplies	38,000	50,000	43,589	6,411
Telephone	40,000	50,000	34,523	15,477
Travel and schooling	55,000	55,000	22,604	32,396
Utilities	78,964	78,964	68,317	10,647
Uniforms	42,000	42,000	25,944	16,056
Radio and contracts	110,000	110,000	129,146	( 19,146)
Equipment – expendables and repair	50,000	50,000	46,898	3,102
Physicals	15,000	15,000	6,176	8,824
Fuel	70,000	60,000	72,998	( 12,998)
Miscellaneous	25,000	25,000	16,150	8,850
Capital outlay	<u>2,780,000</u>	<u>2,780,000</u>	<u>674,140</u>	<u>2,105,860</u>
Total expenditures	<u>7,858,464</u>	<u>7,858,464</u>	<u>5,873,856</u>	<u>1,984,608</u>
Excess (deficiency) of revenues over expenditures	( 3,000,000)	( 3,000,000)	271,939	3,271,939
Fund balances - July 1	<u>8,000,000</u>	<u>8,000,000</u>	<u>7,095,585</u>	( 904,415)
Fund balances - June 30	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>	<u>\$ 7,367,524</u>	<u>\$ 2,367,524</u>

See accompanying notes to financial statements.

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH

SCHEDULE II

EMPLOYER'S SHARE OF NET PENSION LIABILITY

For the year ended June 30, 2022

Year Ended June 30	Employer Proportion of the Net Pension Liability (Assets)	Employer Proportionate Share of the Net Pension Liability (Asset) (a)	Employer's Covered Employee Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	0.241487%	\$ 1,579,543	\$ 545,568	290.00%	68.16%
2017	0.612826%	\$ 3,512,626	\$1,422,618	246.91%	73.55%
2018	0.640374%	\$ 3,683,481	\$1,524,627	241.60%	74.76%
2019	0.587774%	\$ 3,680,588	\$1,423,120	258.63%	73.96%
2020	0.594430%	\$ 4,120,321	\$1,478,713	278.64%	72.61%
2021	0.635541%	\$ 2,252,263	\$1,601,429	140.64%	86.78%

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

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH

SCHEDULE III

EMPLOYER'S CONTRIBUTIONS

For the year ended June 30, 2022

Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2016	\$ 148,667	\$ 148,667	\$ -	\$ 545,568	27.25%
2017	\$ 359,211	\$ 359,211	\$ -	\$ 1,422,618	25.25%
2018	\$ 404,026	\$ 404,026	\$ -	\$ 1,524,627	26.50%
2019	\$ 377,127	\$ 377,127	\$ -	\$ 1,423,120	26.50%
2020	\$ 410,343	\$ 410,343	\$ -	\$ 1,478,713	27.75%
2021	\$ 516,461	\$ 516,461	\$ -	\$ 1,601,429	32.25%
2022	\$ 531,389	\$ 531,389	\$ -	\$ 1,574,485	33.75%

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

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH

Note to Retirement System Schedules

Year Ended June 30, 2022

Firefighters' Retirement System

Changes of benefit terms – There were no changes of benefit terms for the year ended June 30, 2021.

Changes of assumptions – Changes of assumptions for the year ended June 30, 2021 were as follows for the valuation date June 30, 2021:

- a) Investment rate of return used was 6.90%, a decrease from 7.00% in 2020.
- b) Inflation rate used was 2.500%. no change from 2020.

**OTHER SUPPLEMENTARY INFORMATION**

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH  
SCHEDULE IV  
PER DIEMS PAID COMMISSIONERS

For The Year Ended June 30, 2022

	<u>AMOUNT</u>
Dean Savoie	\$ 0
Morris Guidry	0
Aaron Montez	0
Reggie Pitre	0
Troy Dufrene	<u>0</u>
Total	<u><u>0</u></u>

**FIRE PROTECTION DISTRICT NO. 3  
OF LAFOURCHE PARISH**

**SCHEDULE V**

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

**For the year ended June 30, 2022**

Agency Head Name: Devin Dedon

<u>Purpose</u>	<u>Amount</u>
Salary	\$106,142
State Supplemental Pay	6,000 (1)
Benefits – insurance	24,153
Benefits – retirement	38,655
Benefits – social security/medicare	9,154
Car allowance	-
Vehicle provided by government	- (2)
Per diem	-
Reimbursements – mileage	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-

(1)- State Supplemental Pay is paid directly to the employee by the State of Louisiana. It is included in the employee's taxable wages and federal and state payroll taxes are paid on these wages.

(2)- The district provides the Fire Chief with a take-home vehicle, however, no amount is considered taxable under the IRS rules for vehicles provided to firefighters. The use of the vehicle is considered to be a "working condition benefit". The vehicle meets the definition of "qualified non-personal use vehicle". Use of the vehicle is limited to in-parish travel and personal use is typically only made up of commuting. The truck is primarily used for public safety purposes. The vehicle is also clearly marked with insignias and painted as a fire fighter vehicle.

**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**

Board of Commissioners  
Fire Protection District No. 3  
of Lafourche Parish

I 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 of **FIRE PROTECTION DISTRICT NO. 3 of LAFOURCHE PARISH**, component unit of Lafourche Parish, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Fire District's basic financial statements and have issued my report thereon dated May 24, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered **FIRE PROTECTION DISTRICT NO. 3 of LAFOURCHE PARISH's** internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH's** internal control. Accordingly, I do not express an opinion on the effectiveness of the **FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH'S** internal control.

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit, I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**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**

(continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether **FIRE PROTECTION DISTRICT NO. 3 of LAFOURCHE PARISH's** financial statements are free from material misstatement, I 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.



Aldon G. Wahl, Jr.  
Certified Public Accountant

May 24, 2023

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2022

I have audited the financial statements of the governmental activities of the Fire Protection District No. 3 of Lafourche Parish as of and for the year ended June 30, 2022, and have issued my report thereon dated May 24, 2023, I conducted my 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. My audit of the financial statements as of June 30, 2022 resulted in an unmodified opinion.

**SECTION I – SUMMARY OF AUDITOR’S REPORTS**

A) Report on Internal Control and Compliance material to the Financial Statements:

Internal control:

Material Weakness – **NO**  
Significant Deficiencies - **NO**  
Other Conditions - **NO**

Compliance:

Noncompliance Material to the Financial Statements – **NO**

B) Federal Awards

The Fire District received no federal awards for the year ended June 30, 2022.

**SECTION II FINANCIAL STATEMENT FINDINGS**

Not applicable.

**SECTION III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

Not applicable.

**SECTION IV MANAGEMENT LETTER**

A management letter was not issued in connection with the audit for the year ended June 30, 2022.

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH

SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2022

**SECTION I – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE  
FINANCIAL STATEMENTS**

2021-01: Resolved

2021-02: Resolved

2021-03: Resolved

**SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO  
FEDERAL AWARDS**

Fire Protection District No. 3 did not receive federal awards during the year ended June 30, 2021.

**SECTION III MANAGEMENT LETTER**

A management letter was not issued in connection with the audit for the year ended June 30, 2021.

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH

**MANAGEMENT'S CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2022**

**SECTION I – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE  
FINANCIAL STATEMENTS**

No findings were reported which required response from management.

**SECTION II – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO  
FEDERAL AWARDS**

Fire Protection District NO. 3 did not receive federal awards during the year ended June 30, 2022.

**SECTION III – MANAGEMENT LETTER**

A management letter was not issued in connection with the audit for the year ended June 30, 2022.

Fire Protection District No. 3  
of Lafourche Parish

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

*As of and for the Year  
Ending June 30, 2022*

**STATEWIDE AGREED-UPON PROCEDURES**

INDEPENDENT ACCOUNTANT'S REPORT ON  
APPLYING AGREED-UPON PROCEDURES

To: Fire Protection District No. 3  
of Lafourche Parish  
and  
The Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (*CIC*) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021 through June 30, 2022. The District's management is responsible for those *CIC* 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 July 1, 2021 through June 30, 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 findings are described on pages two (2) through eighteen (18).

We were engaged by the District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with the 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, the objective of which would be the expression of an opinion or conclusion, respectively, on those *CIC* 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 solely to describe the scope of testing performed on those *CIC* 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.



Aldon G. Wahl, Jr.  
Certified Public Accountant

Larose, Louisiana  
May 24, 2023

**Fire Protection District No. 3  
of Lafourche Parish  
Schedule of Procedures and Associated Findings of the  
Statewide Agreed-Upon Procedures  
For the Year Ended June 30, 2022**

The procedures and associated findings are as follows:

***Written Policies and Procedures***

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1. Obtain and inspect the entity's written policies and procedures and observe whether 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

***Performance:*** Obtained and read the written policy for budgeting and found it to address all the functions listed above, even though the district is a proprietary fund and not required under state law to adopt a budget.  
***Exceptions:*** There were no exceptions noted.
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

***Performance:*** Obtained and read the written policy for purchasing.  
***Exceptions:*** The policy did not contain a provision about adding vendors.
  - c) ***Disbursements***, including processing, reviewing, and approving

***Performance:*** Obtained and read the written policy for disbursements and found it to address all the functions listed above.  
***Exceptions:*** There were no exceptions noted.
  - 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).

***Performance:*** Obtained and read the written policy for receipts and found it to address all the functions listed above.  
***Exceptions:*** The policy does not contain a provision regarding management's actions to determine completeness of all collections.

**Fire Protection District No. 3  
of Lafourche Parish  
Schedule of Procedures and Associated Findings of the  
Statewide Agreed-Upon Procedures  
For the Year Ended June 30, 2022**

- 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 rate of pay or approval and maintenance of pay rate schedules.

***Performance:*** Obtained and read the written policy for payroll and.

***Exceptions:*** The policy does not contain a provision regarding the approval process for employee rate of pay or approval and maintenance of pay rate schedules.

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

***Performance:*** Obtained and read the written policy for contracting.

***Exceptions:*** Management's policy does not address legal review and monitoring.

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

***Performance:*** Obtained and read the written policy for credit cards and found it to address all the functions listed above.

***Exceptions:*** There were no exceptions noted.

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

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

***Exceptions:*** There were no exceptions.

- 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) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

***Performance:*** Obtained and read the written policy for ethics.

***Exceptions:*** There were no exceptions noted.

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

**Fire Protection District No. 3  
of Lafourche Parish  
Schedule of Procedures and Associated Findings of the  
Statewide Agreed-Upon Procedures  
For the Year Ended June 30, 2022**

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

**Exceptions:** Management confirmed there is no debt service policy.

- 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.

**Performance:** Inquired of management as to its procedures and processes for disaster recovery, business continuity, and related data security and backup.

**Exceptions:** No storage of backups in a separate physical location isolated from the network.

- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

**Performance:** Inquired of management as to a written sexual harassment policy.

**Exceptions:** Management has a written sexual harassment policy. The policy does not include all the requirements of R.S. 42:342-344.

***Board or Finance Committee***

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

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

**Performance:** Obtained and read the written minutes of board meetings.

**Exceptions:** There were no exceptions noted.

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund,

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quarterly budget-to-actual at a minimum on proprietary funds, and semi-annual budget-to-actual at a minimum, on all special revenue funds.

**Performance:** Inspected meeting minutes for budget to actual comparisons.

**Exceptions:** There were no exceptions noted.

- 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.

**Performance:** Reviewed prior year audit report.

**Exceptions:** Not applicable.

***Bank Reconciliations***

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3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for 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);

**Performance:** Selected 3 bank accounts out of a total of 3 accounts. Inspected bank reconciliations prepared for randomly selected month of January.

**Exceptions:** There were no exceptions noted.

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

**Performance:** Inspected bank reconciliations (or statements for bank accounts that reconciliation were not prepared) for written approvals.

**Exceptions:** There were no written approvals on the bank reconciliations.

- 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.

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**Performance:** Inspected bank reconciliations for items outstanding for more than 12 months.

**Exceptions:** There were no exceptions noted.

***Collections***

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

**Performance:** Obtained the listing of deposit sites from management, and received management's representation in a separate letter.

**Exceptions:** There were no exceptions noted.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. 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:

**Performance:** Obtained the listing of collection locations from management and received management's representation in a separate letter.

**Exceptions:** There were no exceptions noted.

- a) Employees that are responsible for cash collections do not share cash drawers/registers.
- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee or official verifies the reconciliation.

**Performance:** Inspected policy manuals, inquired of management and observed receipts and general ledger transactions.

**Exceptions:** There were no exceptions noted.

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

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

**Exceptions:** There were no exceptions noted.

7. Randomly select two deposit dates for each of the 3 bank accounts selected for procedure #3 under “Bank Reconciliations” above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 8 deposits and:

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

**Performance:** Obtained supporting documentation for the selected deposits and observed that receipts were sequentially pre-numbered.

**Exceptions:** There were no exceptions noted.

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

**Performance:** Traced supporting documentation to the deposit slip.

**Exceptions:** There were no exceptions noted.

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

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

**Exceptions:** There were no exceptions noted.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

**Performance:** Observed that the deposits tested were made within one business day of receipt.

**Exceptions:** Deposits were not made within one business day of receipt.

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

**Performance:** Traced the actual deposit per the bank statement to the general ledger.

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*Exceptions:* There were no exceptions noted.

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

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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).

*Performance:* Obtained the listing of locations and received management's representation that it was complete. The district only has one location..

*Exceptions:* There were no exceptions noted.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the 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.

*Performance:* Obtained and inspected the written policies and inquired of management as to separation of duties.

*Exceptions:* There were no exceptions noted.

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 whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

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

**Performance:** Obtained the entity's non-payroll disbursements and management's representation that the population is complete. Randomly selected 5 disbursements from the entity's only location. Observed disbursement matched invoice and observed documentation includes segregation of duties.

**Exceptions:** There were no exceptions noted.

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

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

**Performance:** Obtained all active cards for the fiscal period, including the card numbers and the names of the persons who maintain possession of the cards, and received management's representation in a separate letter.

**Exceptions:** There were no exceptions noted.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

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

**Performance:** Observed evidence that the statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

**Exceptions:** There were no exceptions noted.

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

**Performance:** Observed finance charges and/or late fees were not assessed on the selected statements.

**Exceptions:** There were no late fees assessed.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each

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statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

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

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

**Performance:** Examined if the transactions from the monthly statements were supported by original itemized receipts that identifies precisely what was purchased.

**Exceptions:** There were no exceptions noted.

2) Written documentation of the business/public purpose.

**Performance:** Examined the transactions from the monthly statements to determine if they were supported with written documentation of the business/public purpose.

**Exceptions:** There were no exceptions noted.

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

**Performance:** Examined the transactions from the monthly statements. None of the purchases were for meals.

**Exceptions:** There were no exceptions noted.

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

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14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

**Performance:** Obtained a list of all travel and travel related expense reimbursements and received management’s representation in a separate letter. Selected five reimbursements and obtained the supporting documentation.

**Exceptions:** There were no exceptions noted.

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- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).

**Performance:** Compared transaction detail to the written policies; and to the per diem and mileage rates established by the U.S. General Services Administration.

**Exceptions:** There were no exceptions noted.

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

**Performance:** Traced each expense to the original itemized receipt with detail of reimbursement.

**Exceptions:** There were no exceptions noted.

- 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).

**Performance:** Traced each expense to the original itemized receipt with detail of reimbursement and documentation of business/public purpose.

**Exceptions:** There were no exceptions noted.

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

**Performance:** Inspected all transactions for documentation of review and approval in writing other than the person receiving the reimbursement.

**Exceptions:** There were no exceptions noted.

***Contracts***

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15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

**Performance:** Obtained a listing of all agreements/contracts for professional

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services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period and management's representation in a separate letter.

**Exceptions:** There were no exceptions noted.

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

**Performance:** Observed that the contracts selected did not require the bids to be obtained.

**Exceptions:** There were no exceptions noted.

- 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).

**Performance:** Examined board meetings minutes and confirmed the board approved the contracts requiring board approval.

**Exceptions:** There were no exceptions noted.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g. if approval is required for any amendment, was approval documented).

**Performance:** Observed the contracts selected.

**Exceptions:** There were no exceptions noted.

- 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.

**Performance:** Examined payments for each of the five contracts, obtained supporting invoices, agreed invoiced to the contract terms, and observed invoices related to the payment agreed to terms and conditions of the contract.

**Exceptions:** There were no exceptions noted.

***Payroll and Personnel***

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

**Performance:** Obtained the listing of employees with their related salaries from

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management.

**Exceptions:** There were no exceptions noted.

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

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

**Performance:** Selected one pay period to test leave taken during that period, examined all daily attendance and leave records for proper documentation.

**Exceptions:** There were no exceptions noted.

- b. Observe whether supervisors approved the attendance and leave of the selected employees or officials.

**Performance:** Examined the approval of attendance and leave by the supervisors for the selected employee or officials.

**Exceptions:** There were no exceptions noted.

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

**Performance:** Examined any leave accrued or taken during the pay period was reflected in the cumulative leave records.

**Exceptions:** There were no exceptions noted.

- d. Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

**Performance:** We agreed the salary/pay rate for each employee selected to be documented in each personal file.

**Exceptions:** There were no exceptions noted.

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

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**Performance:** Obtained a list from management of those employees or officials that terminated during the fiscal period and management's representation that the list is complete.

**Exceptions:** There were no exceptions noted.

- a) Verify that hours and pay rates used in management's termination calculations are accurate.

**Performance:** For the terminated employees, we agreed the hours and pay rate to the payroll records and cumulative leave documentation.

**Exceptions:** There were no exceptions noted.

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

**Performance:** Obtained management's representation that all taxes and insurance premiums were paid and all forms were filed by their due dates.

**Exceptions:** There were no exceptions noted.

***Ethics***

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20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:

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

**Performance:** Examined personnel files and ethics course completion certificates for the five employees tested.

**Exceptions:** There were no exceptions noted.

- b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to entity's ethics policy during the fiscal period as applicable.

**Performance:** Reviewed the District's policies for changes to the ethics policy. No changes noted.

**Exceptions:** There were no exceptions noted.

***Debt Service***

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

**Performance:** Inquired of management regarding a listing of bonds/notes issued during the fiscal period. No new bonds/notes were issued.

**Exceptions:** There were no exceptions noted.

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

**Performance:** Obtained listing of outstanding debt at the end of the fiscal period and managements' representation that the list of complete. Observed that reserve balances and payments are in agreement with the debt covenant. There was no debt during or at the end of the fiscal period.

**Exceptions:** There were no exceptions noted.

***Fraud Notice***

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

**Performance:** Inquired of management of any misappropriations of public funds and assets during the fiscal period, none were noted.

**Exceptions:** There were no exceptions noted.

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

**Performance:** Inspected the fraud notice posted on the website concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

**Exceptions:** There were no exceptions noted.

***Information Technology Disaster Recovery/Business Continuity***

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

- a. Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

***Performance:*** Obtained the District’s most recent backup documentation and observed that a backup occurred within the past week. We performed the procedure and discussed the results with management.

***Exceptions:*** There were no exceptions noted.

- 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.

***Performance:*** Obtained the District’s documentation regarding restoring backups and observed that test of backups were successfully performed within the past 3 months.

***Exceptions:*** There were no exceptions noted.

- 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.

***Performance:*** Obtained a listing of the computers in use and managements’ representation that the list is complete. Selected five computers and observed that current and active antivirus software was present.

***Exceptions:*** There were no exceptions noted.

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

*Performance:* Examined personnel files and sexual harassment training documentation for the five employees tested.

*Exceptions:* There were no exceptions noted.

27. Observe 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).

*Performance:* Observed the sexual harassment policy and complaint procedure.

*Exceptions:* There were no exceptions noted.

28. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe 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;

*Performance:* Inquired of management regarding the entity’s annual sexual harassment report for the fiscal period

*Exceptions:* There were no reports filed during the fiscal period.

b. Number of sexual harassment complaints received by the agency;

*Performance:* Inquired of management regarding the entity’s annual sexual harassment report for the fiscal period.

*Exceptions:* There were no reports filed during the fiscal period.

c. Number of complaints which resulted in a finding that sexual harassment occurred;

*Performance:* Inquired of management regarding the entity’s annual sexual harassment report for the fiscal period.

*Exceptions:* There were no reports filed during the fiscal period.

d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

*Performance:* Inquired of management regarding the entity’s annual sexual harassment report for the fiscal period.

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*Exceptions:* There were no reports filed during the fiscal period.

- e. Amount of time it took to resolve each complaint.

*Performance:* Inquired of management regarding the entity's annual sexual harassment report for the fiscal period.

*Exceptions:* There were no reports filed during the fiscal period.

***Management's Responses to Exceptions Noted in Our Procedures:***

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- 1c Management will consider adding a policy about adding vendors
- 1d Management will consider adding a provision regarding management's actions to determine completeness of all collections
- 1e Management will consider adding a provision regarding the approval process for employee rate of pay or approval and maintenance of pay rate schedules.
- 1f Management will consider updating the contracting policy to address legal review and monitoring process.
- 1j Management will consider drafting a debt service policy.
- 1k Management will consider storage of backups in a separate physical location isolated from the network.
- 1j Management will be adding the requirements of R.S. 42:342- 344 to its sexual harassment policy.
- 3 Management will review and have written approvals on all bank reconciliations
- 7 Managemet will require that deposits are made within one day of receipt.
- 28 Next year management will prepare and submit the annual sexual harassment report containing the applicable requirements of R.S. 42:344 on or before the February 1 deadline.