

Financial Report

Village East Fire Protection District
Houma, Louisiana

December 31, 2022

Financial Report

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FINANCIAL SECTION

INDEPENDENT AUDITOR’S REPORT

To the Board of Commissioners,
Village East Fire Protection District,
Houma, Louisiana.

Opinion

We have audited the accompanying financial statements of the governmental activities and General Fund of Village East Fire Protection District (the “District”), a component unit of the Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 raise substantial doubt about the District'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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 through 9, the Schedule of the District's Proportionate Share of the New Pension Liability on Page 37, and the Schedule of the District's Contributions on page 38 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 economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information on page 39 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2023 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 the District's internal control over financial reporting and compliance.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
April 28, 2023.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Village East Fire Protection District

December 31, 2022

The Management's Discussion and Analysis of the Village East Fire Protection District's financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2022. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2022 by \$1,522,688 (net position), which represents a 3.19% increase from last fiscal year.

The District's revenue increased by \$9,344 (or 1.65%) primarily due to an increase in ad valorem tax revenue.

The District's expenses increased by \$75,821 (or 16.79%) primarily due to increases in public safety expenses in 2022.

The District did not have a deficit fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business. The Statement of Net Position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The Statement of Activities presents information showing how the District's net position changed during each fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of related cash flows.

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The governmental activity of the District is public safety which is comprised of various programs that includes construction, maintenance and operation of fire protection facilities and the prevention and extinguishing of fires.

Fund Financial Statements

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

Governmental Funds

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

The District maintains an individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund. The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The governmental fund financial statements can be found on pages 10 through 14 of this report.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. As of December 31, 2022, assets exceeded liabilities by \$1,522,688. A large portion of the District's net position (24.47%) reflects its investment in capital assets (e.g., vehicles, machinery and equipment, and building and improvements). Consequently, these assets are not available for future spending.

Condensed Statements of Net Position

	<u>December 31,</u> <u>2022</u>	<u>2021</u>	<u>Dollar</u> <u>Change</u>
Current and other assets	\$ 1,839,257	\$ 2,025,787	\$ (186,530)
Capital assets	372,531	394,520	(21,989)
Deferred outflows of resources	110,296	92,404	17,892
Total assets and deferred outflows of resources	<u>2,322,084</u>	<u>2,512,711</u>	<u>(190,627)</u>
Current liabilities	10,249	10,086	163
Long-term liabilities	218,072	107,296	110,776
Deferred inflows of resources	571,075	919,783	(348,708)
Total liabilities and deferred inflows of resources	<u>799,396</u>	<u>1,037,165</u>	<u>(237,769)</u>
Net position:			
Net investment in capital assets	372,531	394,520	(21,989)
Unrestricted	1,150,157	1,081,026	69,131
Total net position	<u>\$ 1,522,688</u>	<u>\$ 1,475,546</u>	<u>\$ 47,142</u>

Current and other assets decreased due to the decrease in receivables as of December 31, 2022 related to ad valorem taxes. Capital assets decreased primarily due to depreciation exceeding additions for the year ended December 31, 2022. Deferred outflows of resources and long-term liabilities increased due to the District's participation in the Firefighters' State Retirement System of Louisiana. Deferred inflows of resources decreased primarily due to a decrease of ad valorem taxes assessed in November 2022.

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

Governmental activities increased the District's net position by \$47,142. Key elements of this increase are as follows:

Condensed Statements of Activities

	<u>December 31,</u>		<u>Dollar</u>	<u>Total</u>
	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>Percent</u>
				<u>Change</u>
Revenues				
Taxes	\$ 495,922	\$ 390,519	\$ 105,403	26.99%
Intergovernmental:				
State revenue sharing	11,058	11,658	(600)	-5.15%
Fire insurance tax	38,460	20,853	17,607	84.43%
Supplemental pay	6,300	6,000	300	5.00%
Grants	-	22,526	(22,526)	100.00%
Miscellaneous	22,761	113,601	(90,840)	-79.96%
Total revenues	<u>574,501</u>	<u>565,157</u>	<u>9,344</u>	1.65%
Expenses				
General government	55,441	19,353	36,088	186.47%
Public safety	471,918	432,185	39,733	9.19%
Total expenses	<u>527,359</u>	<u>451,538</u>	<u>75,821</u>	16.79%
Change in net position	47,142	113,619	(66,477)	-58.51%
Net position, beginning of year	<u>1,475,546</u>	<u>1,361,927</u>	<u>113,619</u>	8.34%
Net position, end of year	<u>\$ 1,522,688</u>	<u>\$ 1,475,546</u>	<u>\$ 47,142</u>	3.19%

In 2022, the District's revenues increased \$9,344. Ad valorem tax revenue increased by \$105,403 due to an increase in the assessed value of the property in the District. Grants and miscellaneous revenue decreased by \$22,526 and \$90,840, respectively, due to one-time funding of grants and insurance proceeds received in fiscal year 2021. Also, during the year ended December 31, 2022, expenses increased \$75,821 primarily due to increases in personal services expenses resulting from increases in retirement expenses contained in the 2022 pension valuation for the Firefighters' State Retirement System of Louisiana.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

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

Governmental Funds

The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the District's General Fund ending fund balance is \$1,319,064 which was an increase of \$76,155 in comparison with the prior year. The fund balance is unassigned and available for spending at the District's discretion.

General Fund Budgetary Highlights

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION**Capital Assets**

The District's investment in capital assets for its governmental activities as of December 31, 2022, amounts to \$372,531 (net of accumulated depreciation). This net investment in capital assets includes vehicles, machinery and equipment, building and improvements (see the table below).

	<u>2022</u>	<u>2021</u>
Vehicles, machinery and equipment	\$ 1,290,742	\$ 1,281,044
Building and improvements	<u>200,597</u>	<u>154,875</u>
Totals	<u>\$ 1,491,339</u>	<u>\$ 1,435,919</u>

Major capital asset events during the current fiscal year included building improvements and the purchase of various equipment. Additional information on the District's capital assets can be found in Note 5, Exhibit F of this report.

CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

Long-term liabilities

As of December 31, 2022 long-term liabilities consisted of compensated absences payable and pension liabilities. The District reported decreases in compensated absences of \$3,607 to an ending balance of \$3,515 and pension liabilities increased \$114,383 to an ending balance of \$214,557.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

- The ad valorem tax revenue budgeted represents the estimated amount of the November 2022 assessment, which the District will receive, for the most part, in January 2023.
- The ad valorem tax rates adopted in 2022 determining 2023 revenue reflected the maximum rolled forward rate of 15 mills. 2023 revenues are expected to decline due to revaluation and storm damage not yet repaired.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Board of Directors of the Village East Fire Protection District, 100 Development St., Houma, Louisiana 70363.

**STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET**

Village East Fire Protection District

December 31, 2022

	General Fund	Adjustments (Exhibit B)	Statement of Net Position
Assets			
Cash and cash equivalents	\$ 1,360,026	\$ -	\$ 1,360,026
Receivables - taxes	103,616	-	103,616
Due from other governmental units	344,787	-	344,787
Prepaid items	-	30,828	30,828
Capital assets - depreciable, net of accumulated depreciation	-	372,531	372,531
Total assets	1,808,429	403,359	2,211,788
Deferred outflows of resources - pension	-	110,296	110,296
Total assets and deferred outflows of resources	\$ 1,808,429	513,655	2,322,084
Liabilities			
Accounts payable and accrued expenditures	\$ 10,249	-	10,249
Long-term liabilities - due after one year	-	218,072	218,072
Total liabilities	10,249	218,072	228,321
Deferred inflows of resources:			
Unavailable revenue - property taxes	479,116	-	479,116
Pension	-	91,959	91,959
Total deferred inflows of resources	479,116	91,959	571,075
Total liabilities and deferred inflows of resources	489,365	310,031	799,396
Fund Balance/Net Position			
Fund balance:			
Unassigned	1,319,064	(1,319,064)	-
Total liabilities, deferred inflows of resources, and fund balance	\$ 1,808,429		
Net position:			
Net investment in capital assets		372,531	372,531
Unrestricted		1,150,157	1,150,157
Total net position		\$ 1,522,688	\$ 1,522,688

See notes to financial statements.

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

Village East Fire Protection District

December 31, 2022

Fund Balance - Governmental Fund		\$ 1,319,064
Amounts reported for governmental activities in the statement of net position are different because:		
Prepaid expenses reported in governmental activities are not financial resources and therefore are not reported in the governmental fund.		
Prepaid insurance		30,828
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.		
Governmental capital assets	\$ 1,491,339	
Less accumulated depreciation	<u>(1,118,808)</u>	372,531
Deferred outflows of resources used in governmental activities are not financial resources and are not reported in governmental funds.		
		110,296
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental fund.		
Compensated absences payable	(3,515)	
Net pension liability	<u>(214,557)</u>	(218,072)
Deferred inflows or resources are not due and payable in the current period and are not reported in governmental funds.		
		<u>(91,959)</u>
Net Position of Governmental Activities		<u><u>\$ 1,522,688</u></u>

See notes to financial statements.

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

Village East Fire Protection District

For the year ended December 31, 2022

	<u>General Fund</u>	<u>Adjustments (Exhibit D)</u>	<u>Statement of Activities</u>
Revenues			
Taxes	\$ 495,922	\$ -	\$ 495,922
Intergovernmental:			
State of Louisiana:			
State revenue sharing	11,058	-	11,058
Fire insurance tax	38,460	-	38,460
Supplemental pay	6,300	-	6,300
Miscellaneous:			
Interest	21,528	-	21,528
Other	1,233	-	1,233
Total revenues	<u>574,501</u>	<u>-</u>	<u>574,501</u>
Expenditures/Expenses			
Current:			
General government:			
Ad valorem tax adjustments and deductions	<u>55,441</u>	<u>-</u>	<u>55,441</u>
Public safety:			
Personal services	236,078	15,164	251,242
Supplies and materials	13,975	-	13,975
Other services and charges	128,214	(8,140)	120,074
Repairs and maintenance	9,218	-	9,218
Depreciation	-	77,409	77,409
Total public safety	<u>387,485</u>	<u>84,433</u>	<u>471,918</u>
Capital outlay	<u>55,420</u>	<u>(55,420)</u>	<u>-</u>
Total expenditures/expenses	<u>498,346</u>	<u>29,013</u>	<u>527,359</u>
Excess of Revenues Over Expenditures	76,155	(76,155)	-
Change in Net Position	-	47,142	47,142
Fund Balance/Net Position			
Beginning of year	<u>1,242,909</u>	<u>232,637</u>	<u>1,475,546</u>
End of year	<u>\$ 1,319,064</u>	<u>\$ 203,624</u>	<u>\$ 1,522,688</u>

See notes to financial statements.

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

Village East Fire Protection District

For the year ended December 31, 2022

Net Change in Fund Balance - Governmental Fund		\$ 76,155
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	\$ 55,420	
Depreciation expense	(77,409)	
Excess of depreciation expense over capital outlay		(21,989)
Some expenditures reported in the governmental fund do not require the use of current financial resources and are reported as expenses in the statement of activities.		
Increase in prepaid insurance	8,140	
Decrease in compensated absences payable	3,607	
Pension expense	(18,771)	
		(7,024)
Change in Net Position of Governmental Activities		\$ 47,142

See notes to financial statements.

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

Village East Fire Protection District

For the year ended December 31, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 495,922	\$ 480,000	\$ 495,922	\$ 15,922
Intergovernmental:				
State of Louisiana:				
State revenue sharing	11,657	11,058	11,058	-
Fire insurance tax	20,853	38,000	38,460	460
Supplemental pay	6,000	6,000	6,300	300
Miscellaneous:				
Interest	3,000	13,659	21,528	7,869
Other	-	-	1,233	1,233
Total revenues	<u>537,432</u>	<u>548,717</u>	<u>574,501</u>	<u>25,784</u>
Expenditures				
Current:				
General government:				
Ad valorem tax deductions and adjustments	15,200	25,910	55,441	(29,531)
Public safety:				
Personal services	245,006	240,313	236,078	4,235
Supplies and materials	21,450	19,700	13,975	5,725
Other services and charges	108,750	135,545	128,214	7,331
Repairs and maintenance	22,000	18,000	9,218	8,782
Total public safety	<u>397,206</u>	<u>413,558</u>	<u>387,485</u>	<u>26,073</u>
Capital outlay	85,000	73,000	55,420	17,580
Total expenditures	<u>497,406</u>	<u>512,468</u>	<u>498,346</u>	<u>14,122</u>
Excess of Revenues Over Expenditures	40,026	36,249	76,155	39,906
Fund Balance				
Beginning of year	930,842	1,242,909	1,242,909	-
End of year	<u>\$ 970,868</u>	<u>\$ 1,279,158</u>	<u>\$ 1,319,064</u>	<u>\$ 39,906</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Village East Fire Protection District**

December 31, 2022

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Village East Fire Protection District (the “District”) conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

a) Reporting Entity

The District is a component unit of the Terrebonne Parish Consolidated Government (the “Parish”) and as such, these financial statements will be included in the annual comprehensive financial report (ACFR) of the Parish for the year ended December 31, 2022.

GASB No. 14, *The Financial Reporting Entity*, GASB No. 39, *Determining Whether Certain Organizations Are Component Units-an amendment of GASB Statement No. 14*, and GASB No. 61, *The Financial Reporting Entity: Omnibus and amendment of GASB Statements No. 14 and No. 34* established the criterion for determining which component units should be considered part of the District for financial reporting purposes. The basic criteria are as follows:

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of Presentation

The District's financial statements consist of the government-wide statements on all activities of the District and the governmental fund financial statements.

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

c) Measurement Focus and Basis of Accounting

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

Government-Wide Financial Statements

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting (Continued)

Fund Financial Statements

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

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Ad valorem taxes and the related state revenue sharing (intergovernmental revenue) are recognized as revenue in the period for which levied, thus the 2022 property taxes which are being levied to finance the 2023 budget will be recognized as revenue in 2023. The 2022 tax levy is recorded as deferred inflows of resources (unavailable revenue) in the District's 2022 financial statements. Miscellaneous revenues are recorded as revenues when received by the District because they are generally not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Allocations of cost such as depreciation are not recognized in the governmental funds.

d) Use of Estimates

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

e) Operating Budgetary Data

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Operating Budgetary Data (Continued)

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

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

f) Accounts Receivable

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

g) Investments

Investments are stated at fair value as established by open market, except for the Louisiana Asset Management Pool (LAMP). LAMP is an external pool which is operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net position to compute share prices if certain conditions are met.

Investments during the year consisted of LAMP and are reported as cash equivalents as of December 31, 2022.

h) Prepaid Insurance

The District has recorded prepaid insurance in its government-wide financial statements. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

i) Capital Assets

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Capital Assets (Continued)

Government-Wide Financial Statements

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

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

Vehicles, machinery, and equipment	5 - 25 years
Building and improvements	5 - 25 years

Fund Financial Statements

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

j) Deferred Outflows of Resources

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time. The governmental fund reports unavailable revenues from property taxes as a deferred inflow of resources and the government-wide financial statements also report pension related deferred inflows of resources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District reports unavailable revenue when resources associated with imposed non exchange revenue transactions are received or reported as a receivable before (a) the period for which property taxes are levied; or (b) the period when resources are required to be used or when use is first permitted for all other imposed non exchange revenues in which the enabling legislation includes time requirements.

l) Vacation and Sick Leave

The District provides vacation benefits to all full-time employees, after one year of continuous employment. Unused vacation does not carry forward to the next year. Eligible employees earn two weeks of vacation after one year of employment, three weeks after five years and four weeks after ten years.

Every firefighter in the employ of a fire protection district shall be entitled to full pay during sickness or incapacity not brought about by his own negligence or culpable indiscretion for a period of no less than fifty-two weeks. A firefighter employed by any fire protection district who draws full pay during sickness or incapacity shall have such pay decreased by the amount of workers' compensation benefits actually received. A firefighter is entitled to sick leave benefits even though the injury or illness may have occurred while off duty. Firefighters are not prohibited from engaging in part-time employment while receiving sick leave. A probationary firefighter who is not a regular or permanent firefighter is not entitled to sick leave benefits provided by the District. Sick leave does not accumulate for District employees. Accordingly, there is no accumulated sick leave for the District as of December 31, 2022.

Compensatory time will be given to employees in lieu of overtime. The rate of accrual is one and a half hours per hour of overtime worked. Compensatory time accumulates until termination at which point it will be paid to the employee.

The liability for compensatory time is recorded as a long-term obligation in the government-wide statements. In the fund financial statements, government funds report only compensated absence liability payable from expendable available financial resources.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Equity

Government-Wide Statements

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

- a. Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets, if any. As of December 31, 2022 the District had no outstanding borrowings.
- b. Restricted net position - consists of assets and deferred outflow of resources less liabilities and deferred inflow of resources (net position) with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - all other net position that do not meet the definition of “restricted” or “net investment in capital assets”.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed. As of December 31, 2022 and for the year then ended, the District did not have or receive restricted resources.

Fund Financial Statements

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

- a. Non-spendable - amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to maintain intact.
- b. Restricted - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed - amounts that can be used only for specific purposes determined by a formal action of the District’s Board of Commissioners. Commitment may be established, modified, or rescinded only through resolutions approved by the District’s Board of Commissioners.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Equity (Continued)

Fund Financial Statements (Continued)

- d. Assigned - amounts that do not meet the criteria to be classified as either restricted or committed but are intended to be used for specific purposes. Assignment may be established, modified or rescinded by the Chairman of the Board of Commissioners or his representative.
- e. Unassigned - all other spendable amounts.

For the classification of government fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available. The District's fund balance was classified as unassigned as of December 31, 2022.

n) New GASB Statements

During the year ended December 31, 2022, the District implemented the following GASB 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 financing 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. This Statement did not affect the financial statements.

Statement No. 91, "*Conduit Debt Obligations*" provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement did not affect the financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) New GASB Statements (Continued)

Statement No. 92, “*Omnibus 2020*” establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance related activities of public entity risk pools, fair value measurements, and derivative instruments. This Statement did not affect the financial statements.

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) New GASB Statements (Continued)

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

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) New GASB Statements (Continued)

Statement No. 99, “*Omnibus 2022*” provides objectives to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements and accounting and financial report for financial guarantees. The requirements of this Statement apply to all financial statements at dates varying from upon issuance to fiscal periods beginning after June 15, 2023. Management has yet to determine the effect of this Statement on the financial statements.

Statement No. 100, “*Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*” provides guidance to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management has yet to determine the effect of this Statement on the financial statements.

Statement No. 101, “*Compensated Absences*” provides guidance to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management has yet to determine the effect of this Statement on the financial statements.

Note 2 - DEPOSITS AND INVESTMENTS

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

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

Bank Deposits:

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

The year-end balances of deposits are as follows:

	<u>Bank Balances</u>	<u>Report Amount</u>
Cash	<u>\$ 78,154</u>	<u>\$ 78,154</u>

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a written policy for custodial credit risk, which reflects state law. As of December 31, 2022, none of the District's bank balances of \$78,154 were exposed to custodial credit risk. These deposits were insured and collateralized with FDIC insurance.

Investments:

State statutes authorize the District to invest in obligations of the U.S. Treasury, agencies and instrumentalities; guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations; repurchase agreements; and LAMP.

As a means of limiting its exposure to fair value losses arising from interest rates, the District's investment policy emphasizes maintaining liquidity to match specific cash flows.

The District's investment policy requires the application of the prudent person rule. The policy states, investments shall be made with the judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. Primary emphasis shall be placed upon the safety of principal secondly to maintain liquidity to meet operating requirements and finally to obtain the most favorable rate of return. The District's investment policy limits investments to those discussed earlier in this note. LAMP has a Standard & Poor's Rating of AAAM.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

Investments: (Continued)

For an investment, custodial credit risk is the risk that in the event of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in external investment pools are not exposed to custodial credit risk because of their natural diversification and the diversification required by the Securities and Exchange Commission.

LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed or backed by the U.S. Treasury, the U.S. Government or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participant's shares, investments are valued at amortized cost. The fair value of participant's position is the same as the value of the pool shares. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. Investments in LAMP as of December 31, 2022 amounted to \$1,281,872 and are considered cash equivalents for reporting purposes.

Reconciliation

A reconciliation of deposits and investments to the financial statements is as follows:

Bank deposits	\$ 78,154
Investment in LAMP	<u>1,281,872</u>
Total cash and cash equivalents	<u>\$ 1,360,026</u>

Note 3 - PROPERTY TAXES

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the District. Assessed values are established by the Terrebonne Parish Assessor’s Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A statewide reevaluation of all property is required to be completed no less than every four years. The last statewide reevaluation was completed for the list of January 1, 2020. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2022 was \$15.00 per \$1,000 of assessed valuation on property within Village East Fire Protection District for the purpose of acquiring, constructing, maintaining and operating fire protection facilities within the District and paying the cost of obtaining water for the fire protection purposes, including fire hydrant rentals and services. As indicated in Note 1c, taxes levied November 1, 2022 are for budgeted expenditures in 2023 and will be recognized as revenues in 2023.

Note 4 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units as of December 31, 2022 consisted of the following:

State of Louisiana - State revenue sharing	\$ 7,054
Terrebonne Parish Tax Collector - December 2022 collections remitted to the District in January 2023:	
Ad valorem taxes	334,206
State revenue sharing	<u>3,527</u>
Total	<u><u>\$ 344,787</u></u>

Note 5 - CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022 was as follows:

	<u>Balance January 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2022</u>
Capital assets being depreciated:				
Vehicles, machinery, and equipment	\$ 1,281,044	\$ 9,698	\$ -	\$ 1,290,742
Building and improvements	<u>154,875</u>	<u>45,722</u>	<u>-</u>	<u>200,597</u>
Total capital assets being depreciated	<u>1,435,919</u>	<u>55,420</u>	<u>-</u>	<u>1,491,339</u>
Less accumulated depreciation for:				
Vehicles, machinery, and equipment	(983,949)	(66,231)	-	(1,050,180)
Building and improvements	<u>(57,450)</u>	<u>(11,178)</u>	<u>-</u>	<u>(68,628)</u>
Total accumulated depreciation	<u>(1,041,399)</u>	<u>(77,409)</u>	<u>-</u>	<u>(1,118,808)</u>
Total capital assets, net	<u>\$ 394,520</u>	<u>\$ (21,989)</u>	<u>\$ -</u>	<u>\$ 372,531</u>

There are numerous assets, land, vehicles and equipment, used by the District which were purchased by a not-for-profit volunteer fire company. These assets remain in the name of the volunteer fire company and accordingly are not included in the capital assets of the District. In 2022, the District made improvements to the station and purchased equipment.

Note 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES

Accounts payable and accrued expenditures as of December 31, 2022 consisted of the following:

	<u>Governmental Activities</u>
Accrued salaries and related payables	<u>\$ 10,249</u>

Note 7 - LONG-TERM OBLIGATIONS

Long-term obligations consist of accumulated earned and unpaid compensatory time and net pension liability. The following is a summary of changes in the long-term obligations as of December 31, 2022:

	Balance January 1, 2022	Increase	Decrease	Balance December 31, 2022
Accumulated compensatory time	\$ 7,122	\$ -	\$ 3,607	\$ 3,515
Net pension liability	100,174	114,383	-	214,557
Totals	<u>\$ 107,296</u>	<u>\$ 114,383</u>	<u>\$ 3,607</u>	<u>\$ 218,072</u>

Note 8 - SUPPLEMENTAL PAY

In addition to the compensation paid by Village East Fire Protection District, employees who are firefighters may be eligible to receive supplemental pay. The amount of compensation is determined by state law and is revised periodically.

As per Louisiana Revised Statute 33:2003, any full-time, regular employee of the parish fire protection district who is hired after March 31, 1986, who has passed a certified firemen’s training program equal to the National Fire Protection Association Standard 1001 and who is paid three hundred dollars per month from public funds is eligible for supplemental pay. These full-time employees are carried on the payroll paid from funds of the District obtained through lawfully adopted bond issues or lawfully assessed taxes, either directly or through a board or commission set up by law or ordinance. Employees employed by a fire district are not eligible for supplemental pay if they are presently drawing a retirement or disability pension, clerical employees and mechanics and for those employees who have not passed a certified firemen’s training program but are hired after March 31, 1986. State supplemental pay for firefighters must be taken into account in calculating firefighters longevity pay, holiday pay, and overtime pay. The period of service for computing additional compensation includes prior service of employees who have returned or who hereafter return to such service provided that service in any parish or fire protection district fire department shall be used in computing such prior service which includes full-time employees of a volunteer fire department.

As of December 31, 2022, the District has recognized revenue and expenditures of \$6,300 in salary supplements that the State of Louisiana has paid directly to the District’s employees.

Note 9 - 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; natural disasters for which the District carries commercial insurance. No settlements were made during the year that exceeded the District's insurance coverage.

Note 10 - DEFINED BENEFIT PENSION PLAN

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

Eligibility - Membership in the System is a condition of employment for any full-time firefighter employed by any municipality, parish, or fire protection district in the state in addition to System employees. 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 from there may become a member of this System, provided the person meets all other requirements for membership. Service credit from the retirement system or pension plan from which the member is retired shall not be used for reciprocal recognition of service with this System, or for any other purpose in order to attain eligibility or increase the amount of service credit in this System.

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

Note 10 - DEFINED BENEFIT PENSION PLAN (Continued)

Contributions - Employer contributions are actuarially determined each year. For the year ended June 30, 2022, the employer contribution rate for the period January 1, 2022 through June 30, 2022 was 33.75% and 33.25% for the period July 1, 2022 through December 31, 2022. Plan members above the poverty line are required to contribute 10% of their annual covered payroll, and 8.00% for those below the poverty line.

The District's contributions to the System for the year ending December 31, 2022 were \$26,561, equal to the required contributions for the year.

Pension Liabilities - As of December 31, 2022, the District reported a net pension liability of \$214,557 for its proportionate share of the System's net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of the contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of December 31, 2022, the District's proportion was 0.030428%, which was an increase of 0.002161% from the prior year.

Pension Expense - For the year ended December 31, 2022, the District recognized pension expense of \$45,332.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - As of December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,282	\$ (10,113)
Changes in proportions	29,471	(81,846)
Changes in assumptions	17,692	-
Net difference between projected and actual earnings on pension plan investments	48,603	-
Contributions subsequent to the measurement date	<u>13,248</u>	<u>-</u>
Totals	<u>\$ 110,296</u>	<u>\$ (91,959)</u>

Note 10 - DEFINED BENEFIT PENSION PLAN (Continued)

The District reported \$13,248 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ending December 31, 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>December 31,</u>	<u>Amount</u>
2023	\$ 17,149
2024	(5,902)
2025	(10,364)
2026	10,289
2027	(7,114)
2028	1,030
Total	\$ 5,088

Actuarial Assumptions - The actuarial assumptions used in the June 30, 2022 valuation were based on the assumptions used in the June 30, 2022 actuarial funding valuation. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2022 are presented as follows:

Valuation Date	June 30, 2022
Actuarial Cost Method for Financial Reporting	Entry Age Normal
Expected Remaining Service Lives	7 years, closed period
Investment Rate of Return	6.90% per annum (net of investment expenses, including inflation).
Inflation Rate	2.50% per annum
Salary Increases	14.10% in the first two years of service and 5.20% with 3 or more years of service; includes inflation and merit increases.
Cost-of-Living Adjustments	For the purpose of determining the present value of benefits, COLAs were deemed not to be substantively automatic and only those previously granted were included.

Note 10 - DEFINED BENEFIT PENSION PLAN (Continued)

For the June 30, 2022 valuation, assumptions for mortality rates were based on the following:

- For active members, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees.
- For annuitants and beneficiaries, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees.
- For disabled retirees, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees.
- In all cases the base table was multiplied by 105% for males and 115% for females, each with full generational projection using the appropriate MP-2019 scale.

The long-term expected real rate of return is an important input into the actuary's determination of the reasonable range for the discount rate which is used in determining the total pension liability. The actuary's method incorporates information from multiple consultants and investment firms regarding future expected rates of return, standard deviations, and correlation coefficients for each asset class. The process integrates data from multiple sources to produce average values thereby reducing reliance on a single source data source.

June 30, 2022, estimated long-term expected rate of return on pension plan investments was determined by the System's actuary using the System's target asset allocation as of January 2022 and the Curran Actuarial Consulting average study for 2022. The consultant's average study included projected nominal rates of return, standard deviations of returns, and correlations of returns for a list of common asset classes collected from a number of investment consultants and investment management firms. Each consultant's response included nominal expected long term rates of return. In order to arrive at long-term expected arithmetic real rates of return, the actuary normalized the data received from the consultant's responses in the following ways. Where nominal returns received were arithmetic, the actuary simply reduced the return assumption by the long-term inflation assumption. Where nominal returns were geometric, the actuary converted the return to arithmetic by adjusting for the long-term standard deviation and then reduced the assumption by the long-term inflation assumption. Using the target asset allocation for the System and the average values for expected real rates of return, standard deviation of returns, and correlation of returns, an arithmetic expected nominal rate of return and standard deviation for the portfolio was determined. The System's long-term assumed rate of inflation of 2.50% was used in this process for the fiscal year ended June 30, 2022.

Best estimates of real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2022 are summarized in the following table presented on the next page:

Note 10 - DEFINED BENEFIT PENSION PLAN (Continued)

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Equity:		
U.S. Equity	27.50%	5.64%
Non-U.S. Equity	11.50%	5.89%
Global Equity	10.00%	5.99%
Emerging Market Equity	7.00%	7.75%
Fixed Income:		
U.S. Core Fixed Income	18.00%	0.84%
U.S. TIPS	3.00%	0.51%
Emerging Market Debt	5.00%	2.99%
Alternatives:		
Real Estate	6.00%	4.57%
Private Equity	9.00%	8.99%
Real Assets	3.00%	4.89%
Multi-Asset Strategies:		
Global Tactical Asset Allocation	0.00%	3.14%
Risk Parity	0.00%	3.14%
	100.00%	

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

Note 10 - DEFINED BENEFIT PENSION PLAN (Continued)

Sensitivity of the District's Proportionate Share of the Collective Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the participating employers calculated using the discount rate of 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, 2022.

	<u>1% Decrease (5.90%)</u>	<u>Discount Rate (6.90%)</u>	<u>1% Increase (7.9%)</u>
District's proportionate share of the net pension liability	<u>\$ 317,413</u>	<u>\$ 214,557</u>	<u>\$ 128,767</u>

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

Note 11 - COMPENSATION OF BOARD MEMBERS

No compensation was paid to board members for the year ended December 31, 2022.

Note 12 - STATE OF LOUISIANA TAX ABATEMENTS

The District's ad valorem tax revenues were reduced by \$10,136 under agreements entered into by the State of Louisiana.

Note 13 - SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through April 28, 2023, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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

Village East Fire Protection District

December 31, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's proportion of the net pension liability	<u>0.030428%</u>	<u>0.028267%</u>	<u>0.039678%</u>	<u>0.049890%</u>	<u>0.049780%</u>	<u>0.049794%</u>	<u>0.023279%</u>
District's proportionate share of the net pension liability	<u>\$214,557</u>	<u>\$100,174</u>	<u>\$275,030</u>	<u>\$312,407</u>	<u>\$286,338</u>	<u>\$285,412</u>	<u>\$152,266</u>
District's covered-employee payroll	<u>\$78,284</u>	<u>\$76,915</u>	<u>\$98,783</u>	<u>\$120,576</u>	<u>\$118,481</u>	<u>\$116,262</u>	<u>\$52,487</u>
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<u>274.08%</u>	<u>130.24%</u>	<u>278.42%</u>	<u>259.10%</u>	<u>241.67%</u>	<u>245.49%</u>	<u>290.10%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>74.68%</u>	<u>86.78%</u>	<u>72.61%</u>	<u>73.96%</u>	<u>74.76%</u>	<u>73.55%</u>	<u>68.16%</u>

The schedule is provided beginning with the District's year ended December 31, 2016 and is intended to show a ten year trend. Additional years will be reported as they become available.

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS

Village East Fire Protection District

December 31, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contributions	\$ 26,561	\$ 25,616	\$ 22,879	\$ 32,940	\$ 31,688	\$ 30,332	\$ 28,890
Contributions in relation to the contractually required contribution	<u>(26,561)</u>	<u>(25,616)</u>	<u>(22,879)</u>	<u>(32,940)</u>	<u>(31,688)</u>	<u>(30,332)</u>	<u>(28,890)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 79,289</u>	<u>\$ 77,622</u>	<u>\$ 76,262</u>	<u>\$ 121,439</u>	<u>\$ 119,578</u>	<u>\$ 117,218</u>	<u>\$ 110,259</u>
Contributions as a percentage of covered-employee payroll	<u>33.50%</u>	<u>33.00%</u>	<u>30.00%</u>	<u>27.12%</u>	<u>26.50%</u>	<u>25.88%</u>	<u>26.20%</u>

The schedule is provided beginning with the District's year ended December 31, 2016 and is intended to show a ten year trend. Additional years will be reported as they become available.

SUPPLEMENTARY INFORMATION

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

Village East Fire Protection District

December 31, 2022

Agency Head Name: Armond Trichet, Fire Chief

Purpose	
Salary	\$ 83,390
Benefits - insurance	16,433
Benefits - retirement	27,825
Benefit - other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Meals	-
	<hr/>
	<u>\$ 127,648</u>

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

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Commissioners,
Village East Fire Protection District,
Houma, Louisiana.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the General Fund of Village East Fire Protection District (the “District”), a component unit of Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated April 28, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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



Certified Public Accountants.

Houma, Louisiana,
April 28, 2023.

SCHEDULE OF FINDINGS AND RESPONSES

Village East Fire Protection District

For the year ended December 31, 2022

Section I - Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes No

b) Federal Awards

Village East Fire Protection District did not expend federal awards in excess of \$750,000 during the year ended December 31, 2022 and therefore is exempt from the audit requirements under the *Uniform Guidance*.

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

Internal Control Over Financial Reporting

There were no internal control over financial reporting findings for the year ended December 31, 2022.

Compliance and Other Matters

There were no compliance findings or other matters required to be reported for the year ended December 31, 2022

Section III - Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Village East Fire Protection District

For the year ended December 31, 2022

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

Internal Control Over Financial Reporting

No material weaknesses were reported during the audit for the year ended December 31, 2021.

No significant deficiencies were reported during the audit for the year ended December 31, 2021.

Compliance and Other Matters

There were no compliance findings or other matters required to be reported for the year ended December 31, 2021.

Section II - Internal Control and Compliance Material to Federal Awards

Village East Fire Protection District did not expend federal awards in excess of \$750,000 during the year ended December 31, 2021 and therefore is exempt from the audit requirements under the *Uniform Guidance*.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2021.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Village East Fire Protection District

For the year ended December 31, 2022

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

Internal Control Over Financial Reporting

No material weaknesses were reported during the audit for the year ended December 31, 2022.

No significant deficiencies were reported during the audit for the year ended December 31, 2022.

Compliance and Other Matters

There were no compliance findings or other matters required to be reported for the year ended December 31, 2022

Section II - Internal Control and Compliance Material to Federal Awards

Village East Fire Protection District did not expend federal awards in excess of \$750,000 during the year ended December 31, 2022 and therefore is exempt from the audit requirements under the *Uniform Guidance*.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2022.

STATEWIDE AGREED-UPON PROCEDURES

INDEPENDENT ACCOUNTANT’S REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners,
Village East Fire Protection District,
Houma, Louisiana.

We have performed the procedures described in Schedule 2 on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor’s (LLA) Statewide Agreed-Upon Procedures (SAUP) for the fiscal period January 1, 2022 through December 31, 2022. Village East Fire Protection District (the “District”) management is responsible for those C/C areas identified in the SAUPs.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA’s SAUPs for the fiscal period January 1, 2022 through December 31, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purpose. 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 responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are described in Schedule 2.

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 engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on these C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

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

Bourgeois Bennett, L.L.C.

Certified Public Accountants

Houma, Louisiana,
April 28, 2023.

SCHEDULE OF PROCEDURES AND ASSOCIATED FINDINGS
OF THE STATEWIDE AGREED-UPON PROCEDURES

Village East Fire Protection District

For the year ended December 31, 2022

The required procedures and our findings are as follows:

1) Procedures Performed on the District's Written Policies and Procedures:

- A. Obtain and inspect the District's written policies and procedures and observe that they address each of the following categories and subcategories if applicable to public funds and the District's operations:
- i. Budgeting, including preparing, adopting, monitoring, and amending the budget.
Performance: Inquired of management regarding the District's budgeting policy.
Exceptions: There was an exception noted due to the District not having this policy during the fiscal period.
 - ii. 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: There was an exception noted due to the policy lacking provisions on how vendors are added to the vendor list.
 - iii. 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.
 - iv. Receipts/Collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of each type of revenue or District fund additions.
Performance: Obtained and read the written policy for receipts.
Exceptions: There was an exception noted due to the policy lacking provisions on preparing deposits.

1) Procedures Performed on the District's Written Policies and Procedures: (Continued)

- v. Payroll/Personnel, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

Performance: Inquired of management regarding the District's payroll/personnel policy.

Exceptions: There was an exception noted due to the District not having this policy during the fiscal period.

- vi. 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: Inquired of management regarding the District's contracting policy.

Exceptions: There was an exception noted due to the District not having this policy during the fiscal period.

- vii. 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 was an exception noted due to the policy lacking provisions on dollar thresholds by category of expense and documentation requirements.

- viii. 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: Inquired of management regarding the District's credit cards policy.

Exceptions: There was an exception noted due to the District not having this policy during the fiscal period.

- ix. Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the District's ethics policy.

Performance: Inquired of management regarding the District's ethics policy.

Exceptions: There was an exception noted due to the District not having this policy during the fiscal period.

1) Procedures Performed on the District's Written Policies and Procedures: (Continued)

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

Performance: Inquired of management regarding the District's debt service policy.

Exceptions: There was an exception noted due to the District not having this policy during the fiscal period.

- xi. 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 regarding the District's information technology disaster recovery/business continuity policy.

Exceptions: There was an exception noted due to the District not having this policy during the fiscal period.

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

Performance: Obtained and read the written policy for the prevention of sexual harassment.

Exceptions: There was an exception noted due to the policy lacking provisions on annual employee training and annual reporting.

2) Procedures Performed on the District's Board:

- A. Obtain and inspect the board 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:

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

Performance: Obtained and read the written minutes of the board meetings and observed the board met with a quorum for each meeting.

Exceptions: There were no exceptions noted.

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

Performance: Inspected meeting minutes to see if the minutes included references to budget-to-actual comparisons for the General Fund.

Exceptions: There were no exceptions noted.

2) Procedures Performed on the District's Board: (Continued)

- iii. 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 unrestricted fund balance in the general fund.

Performance: Obtained the prior year's audit report and observed the unassigned fund balance in the General Fund. The General Fund did not have a negative ending unassigned fund balance.

Exceptions: There were no exceptions noted.

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Performance: Obtained and read the written minutes of the Board meetings. The District did not have any findings in the prior year's audit report.

Exceptions: There were no exceptions noted.

3) Procedures Performed on the District's Bank Reconciliations:

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

Performance: Obtained the listing of bank accounts from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

- i. 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: Obtained monthly bank reconciliation for the month of December for the main operating bank account and one additional account. Inspected management's documentation for timely preparation of the bank reconciliations.

Exceptions: There were no exceptions noted.

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

Performance: Inspected the District's documentation for the December bank reconciliation for the 2 bank accounts selected.

Exceptions: There was an exception noted due to the bank reconciliations not being reviewed.

3) Procedures Performed on the District's Bank Reconciliations: (Continued)

- iii. Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement's closing date, if applicable.

Performance: Inspected documents for items outstanding for more than 12 months.

We noted no checks outstanding for longer than 12 months from the statement closing date.

Exceptions: There were no exceptions noted.

4) Procedures Performed on the District's Collections (Excluding Electronic Funds Transfers):

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/check/money order (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. The District only has one deposit site.

Exceptions: There were no exceptions noted.

- B. 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 (e.g., 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. The District has one collection location.

Exceptions: There were no exceptions noted.

- i. Employees that are responsible for cash collections do not share cash drawers/registers.

Performance: Inspected policy manuals, inquired of client as to all of the requirements.

Exceptions: There were no exceptions noted.

- ii. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless other employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

Performance: Inspected policy manuals, inquired of client as to all of the requirements.

Exceptions: There were no exceptions noted.

4) Procedures Performed on the District's Collections (Excluding Electronic Funds Transfers): (Continued)

iii. 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.

Performance: Inspected policy manuals, inquired of client as to all of the requirements.

Exceptions: There were no exceptions noted.

iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Performance: Inspected policy manuals, inquired of client as to all of the requirements.

Exceptions: There were no exceptions noted.

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

Performance: Obtained a copy of the bond and a listing of all employees covered by the bond. The policy was in force during the fiscal period.

Exceptions: There were no exceptions noted.

D. Randomly select 2 deposit dates for each of the District's 2 bank accounts selected for procedures #3A under "Procedures Performed on the District's Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates selected and randomly select a deposit if multiple deposits were made on the same day). Obtain supporting documentation for each of the deposits selected and:

i. 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 was an exception noted due to the receipts not being sequentially pre-numbered.

ii. 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.

iii. 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.

4) Procedures Performed on the District's Collections (Excluding Electronic Funds Transfers): (Continued)

- iv. 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 ten 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: There were no exceptions noted.

- v. 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.

Exceptions: There were no exceptions noted.

5) Procedures Performed on the District's Non-Payroll Disbursements (Excluding Card Purchases/Payments, Travel Reimbursements, and Petty Cash Purchases):

- A. 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 a listing of locations that process payments from management and received management's representation in a separate letter. The District only has one location that processes payments.

Exceptions: There were no exceptions noted.

- B. For each location selected under procedure #5A 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 District has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

Performance: Obtained a listing of employees involved in non-payroll purchasing and payment functions and reviewed written policies and procedures related to employee job duties. Observed if the job duties were properly segregated.

Exceptions: There were no exceptions noted.

- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Performance: Obtained a listing of employees/contractors involved in initiating a purchase request, approving a purchasing, and placing an order/making a purchase. Observed at least two employees/contractors are involved.

Exceptions: There were no exceptions noted.

5) Procedures Performed on the District's Non-Payroll Disbursements (Excluding Card Purchases/Payments, Travel Reimbursements, and Petty Cash Purchases): (Continued)

- ii. At least two employees are involved in processing and approving payments to vendors.
Performance: Obtained a listing of employees/contractors involved in processing and approving payments to vendors. Observed at least two employees/contractors are involved.
Exceptions: There were no exceptions noted.
 - iii. The employees responsible for processing payments are prohibited from adding/modifying vendor files unless another employee is responsible for periodically reviewing changes to vendor files.
Performance: Obtained a listing of employees/contractors involved in processing payments to vendors. Observed if any employees involved is responsible for adding/modifying vendor files.
Exceptions: There were no exceptions noted.
 - iv. 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 a listing of employees/contractors involved with signing and mailing checks.
Exceptions: There were no exceptions noted.
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other means.
Performance: Obtained a listing of employees authorized to sign checks and discussed with management that these employees approve electronic disbursements.
Exceptions: There were no exceptions noted.
- C. For each location selected under procedure #5A above, obtain the District'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:
Performance: Obtained the District's non-payroll disbursement transaction population and management's representation that the population is complete.
Exceptions: There were no exceptions noted.

5) Procedures Performed on the District's Non-Payroll Disbursements (Excluding Card Purchases/Payments, Travel Reimbursements, and Petty Cash Purchases): (Continued)

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the District.

Performance: Observed the 5 disbursements matched the related original invoice/billing statements and observed documentation that the deliverables were received.

Exceptions: There were no exceptions noted.

- ii. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #5B, as applicable.

Performance: Observed the 5 disbursements included evidence of segregation of duties.

Exceptions: There were no exceptions noted.

- D. Using the District's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the District's policy, and (b) approved by the required number of authorized signers per the District's policy.

Performance: Observed that selected disbursements were approved by authorized persons and required number of signers.

Exceptions: There were no exceptions noted.

6) Procedures Performed on the District's Credit Cards, Debit Cards, Fuel Cards, P-Cards:

- A. 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 a listing of all active credit cards, bank debit cards, fuel cards, and P-cards from management and management's representation that the listing is complete. Observed all active cards, including the card numbers and the names of the persons who maintain possession of the cards.

Exceptions: There were no exceptions noted.

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

**6) Procedures Performed on the District's Credit Cards, Debit Cards, Fuel Cards, P-Cards:
(Continued)**

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

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.

- ii. Observe that finance charges and/or 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 exceptions noted.

- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, report whether the transaction is supported by:

- i. An original itemized receipt that identifies precisely what was purchased.

Performance: Observed 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.

- ii. Written documentation of the business/public purpose.

Performance: Observed the transactions from the monthly statements were supported with written documentation of the business/public purpose.

Exceptions: There were no exceptions noted.

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

Performance: Inspected the transactions from the monthly statements and they did not have any individuals participating in meals.

Exceptions: There were no exceptions noted.

7) Procedures Performed on the District's Travel and Travel-Related Expense Reimbursements (Excluding Card Transactions):

- A. Obtain from management a listing of all travel and 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 general ledger for travel and travel-related expense reimbursements. No travel-related expense reimbursements were noted.

Exceptions: There were no exceptions noted.

- i. If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Performance: No travel-related expense reimbursements were noted.

Exceptions: There were no exceptions noted.

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

Performance: No travel-related expense reimbursements were noted.

Exceptions: There were no exceptions noted.

- iii. 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 (procedures #1A(vii)).

Performance: No travel-related expense reimbursements were noted.

Exceptions: There were no exceptions noted.

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

Performance: No travel-related expense reimbursements were noted.

Exceptions: There were no exceptions noted.

8) Procedures Performed on the District's Contracts:

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract and:

Performance: No contracts or leases were initiated or renewed during the fiscal period.

Exceptions: There were no exceptions noted.

8) Procedures Performed on the District's Contracts: (Continued)

- i. 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: No contracts or leases were initiated or renewed during the fiscal period.
Exceptions: There were no exceptions noted.
- ii. Observe that the contract was approved by the governing body/District Council, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
Performance: No contracts or leases were initiated or renewed during the fiscal period.
Exceptions: There were no exceptions noted.
- iii. 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 (i.e., if approval is required for any amendment, the documented approval).
Performance: No contracts or leases were initiated or renewed during the fiscal period.
Exceptions: There were no exceptions noted.
- iv. 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: No contracts or leases were initiated or renewed during the fiscal period.
Exceptions: There were no exceptions noted.

9) Procedures Performed on the District's Payroll and Personnel:

- A. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Select 5 employees/officials, 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 management and management's representation that the listing was complete.
Exceptions: There were no exceptions noted.
- B. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and:

9) Procedures Performed on the District's Payroll and Personnel: (Continued)

- i. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

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

Exceptions: There were no exceptions noted.

- ii. Observe that supervisors approve the attendance and leave of the selected employees/officials.

Performance: Inspected the approval of attendance and leave by the supervisors for the selected employee/officials.

Exceptions: There were no exceptions noted.

- iii. Observe that any leave accrued or taken during the pay period is reflected in the District's cumulative leave records.

Performance: Inspected any leave accrued or taken during the pay period was reflected in the cumulative leave records. The employees selected were not eligible for leave; therefore, no leave was taken or accrued during the pay period.

Exceptions: There were no exceptions noted.

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

Performance: Inspected and agreed the rate paid to employees to the pay rate maintained on the master spreadsheet.

Exceptions: There were no exceptions noted.

- C. 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 2 employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the District's policy on termination payments. Agree the hours to the employees'/officials' cumulative leave records, agree the pay rates to the employees'/officials' authorized pay rates in the employees'/officials' personnel files, and agree the termination payment to the District's policy.

Performance: Inquired of management of those employees/officials that terminated during the fiscal period. No employees/officials were terminated during the fiscal year.

Exceptions: There were no exceptions noted.

- D. 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: Inspected payroll reporting forms to confirm that all payments were submitted to the applicable agencies by the required deadlines.

Exceptions: There were no exceptions noted.

10) Procedures Performed on the District's Ethics:

- A. Using the 5 selected employees/officials from procedure #9 under "Procedures Performed on the District's Payroll and Personnel", obtain ethics compliance documentation from management and:
 - i. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period as required by R.S. 42:1170.
Performance: Inspected personnel files and ethics course completion certificates for the 5 employees tested.
Exceptions: There were no exceptions noted.
 - ii. Observe whether the District maintains documentation which demonstrates each employee and official were notified of any changes to the District's ethics policy during the fiscal period, as applicable.
Performance: There were no changes to the ethics policy during the year.
Exceptions: There were no exceptions noted.
- B. Inquire and/or observe whether the District has appointed an ethics designee as required by R.S. 42:1170.
Performance: We inquired, and it was confirmed that the District appointed an ethics designee.
Exceptions. There were no exceptions noted.

11) Procedures Performed on the District's Debt Service:

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
Performance: Inquired of management regarding a listing of bonds/notes issued during the fiscal period, none were noted.
Exceptions: There is no debt outstanding; therefore, there were no exceptions noted.
- B. 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.
Performance: Inquired of management regarding a listing of bonds/notes outstanding at the end of the fiscal period, none were noted.
Exceptions: There is no debt outstanding; therefore, there were no exceptions noted.

12) Procedures Performed on the District's Fraud Notice:

- A. 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 District reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the District is domiciled as required by R.S. 24:523.

Performance: Inquired of management of any misappropriations of public funds and assets during the fiscal period management stated that there were none.

Exceptions: There were no exceptions noted.

- B. Observe the District 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 premises and website concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Exceptions: There were no exceptions noted.

13) Procedures Performed on the District's Information Technology Disaster Recovery/ Business Continuity:

- A. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."

- i. Obtain and inspect the District's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personal responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the District's local server or network, and (c) was encrypted.

Performance: We performed the procedure and discussed the results with management.

- ii. Obtain and inspect the District'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: We performed the procedure and discussed the results with management.

- iii. Obtain a listing of the District'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: We performed the procedure and discussed the results with management.

**13) Procedures Performed on the District's Information Technology Disaster Recovery/
Business Continuity: (Continued)**

- B. Randomly Select 5 terminated employees (or all terminated employees if less than 5) using a list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Performance: We performed the procedure and discussed the results with management.

14) Procedures Performed on the District's Prevention of Sexual Harassment:

- A. Using the 5 randomly selected employees/officials from "Procedures Performed on the District's Payroll and Personnel" #9A, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

Performance: Examined sexual harassment training documentation for the 5 employees tested.

Exceptions: There was an exception noted due to one employee not completing the sexual harassment training during the calendar year.

- B. Observe the District has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the District's premises if the District does not have a website).

Performance: Observed the sexual harassment policy and complaint procedure on the District's premises.

Exceptions: There were no exceptions noted.

- C. Obtain the District'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:

Performance: Obtained the District's annual sexual harassment report for the current fiscal period.

Exceptions: There were no exception noted.

- i. Number and percentage of public servants in the agency who have completed the training requirements.

Performance: Obtained the annual sexual harassment report and observed it contained the above requirement.

Exceptions: There were no exceptions noted.

- ii. Number of sexual harassment complaints received by the agency.

Performance: Obtained the annual sexual harassment report and observed it contained the above requirement.

Exceptions: There were no exceptions noted.

14) Procedures Performed on the District's Prevention of Sexual Harassment: (Continued)

- iii. Number of complaints which resulted in a finding that sexual harassment occurred.
Performance: Obtained the annual sexual harassment report and observed it contained the above requirement.
Exceptions: There were no exceptions noted.
- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action.
Performance: Obtained the annual sexual harassment report and observed it contained the above requirement.
Exceptions: There were no exceptions noted.
- v. The amount of time it took to resolve each complaint.
Performance: Obtained the annual sexual harassment report and observed it contained the above requirement.
Exceptions: There were no exceptions noted.

Management's Overall Response to Exceptions:

- 1)A(i) Management will develop and adopt a budgeting policy.
- 1)A(ii) Management will consider adding the required provision to the purchasing policy.
- 1)A(iv) Management will consider adding the required provision to the receipts/collections policy.
- 1)A(v) Management will develop and adopt a payroll/personnel policy.
- 1)A(vi) Management will develop and adopt a contracting policy.
- 1)A(vii) Management will consider adding the required provisions to the travel and travel-related expense reimbursement policy.
- 1)A(viii) Management will develop and adopt a credit card policy.
- 1)A(ix) Management will develop and adopt an ethics policy.
- 1)A(x) Management will develop and adopt a debt service policy.
- 1)A(xi) Management will develop and adopt an information technology disaster recovery/business continuity policy.
- 1)A(xii) Management will consider adding the required provision to the sexual harassment policy.
- 3)A(ii) Management will consider reviewing the bank reconciliations and documenting the review.
- 4)D(i) Management will consider sequentially pre-numbered receipts.
- 14)A Management will ensure that employees/officials complete one hour of sexual harassment training during the calendar year.