

Financial Report

Terrebonne Parish Fire District No. 4-A
Houma, Louisiana

December 31, 2022

Financial Report

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December 31, 2022

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Terrebonne Parish Fire District No. 4-A,
Houma, Louisiana.

Opinion

We have audited the accompanying financial statements of the governmental activities and General Fund of Terrebonne Parish Fire District No. 4-A (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 and budgetary comparison for the General Fund for the year then ended 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 the twelve months beyond the financial statement date, including any currently know 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 the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 10, the Schedule of Changes in the District's Total OPEB Liability and Related Ratios on page 46, the Schedule of the District's Proportionate Share of the Net Pension Liability on page 47 and the Schedule of District Contributions on page 48 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.

Supplementary 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 49 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2023 on our consideration of Terrebonne Parish Fire District No. 4-A'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.



Certified Public Accountants.

Houma, Louisiana,
June 21, 2023.

MANAGEMENT’S DISCUSSION AND ANALYSIS

Terrebonne Parish Fire District No. 4-A

December 31, 2022

The Management’s Discussion and Analysis of the Terrebonne Parish Fire District No. 4-A’s (the “District”) 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 \$485,718 (net position), which represents a 57.42% decrease from last fiscal year.

The District’s revenue decreased \$198,151 (or 11.36%) primarily due to the decrease in miscellaneous revenues, which included proceeds from Hurricane Ida insurance claims in the prior year.

The District’s expenses increased \$221,822 (or 13.77%) primarily due to increases in public safety, including increases in personal service expenses, other services and changes, and repairs and maintenance.

The District did not have a deficit fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are 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.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

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 include construction, maintenance, and operation of fire protection facilities and the prevention and extinguishment of fires.

Fund Financial Statements

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

Governmental Funds

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**Governmental Funds (Continued)**

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 11 through 15 of this report.

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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$485,718. A large portion of the District's net position, \$1,522,705, or 313.50%, reflects its net investment in capital assets (e.g., land, buildings, vehicles, office furniture and equipment, machinery, and equipment). Consequently, these assets are not available for future spending.

Condensed Statements of Net Position

	December 31,		Dollar
	2022	2021	Change
Current and other assets	\$ 1,936,772	\$ 2,351,994	\$ (415,222)
Capital assets	1,522,705	1,327,549	195,156
Deferred outflows of resources	1,126,276	401,839	724,437
Total assets and deferred outflows of resources	4,585,753	4,081,382	504,371
Current and other liabilities	120,811	93,816	26,995
Long-term liabilities	1,974,899	797,579	1,177,320
Deferred inflows of resources	2,004,325	2,049,274	(44,949)
Total liabilities and deferred inflows of resources	4,100,035	2,940,669	1,159,366
Net position:			
Net investment in capital assets	1,522,705	1,327,549	195,156
Deficit	(1,036,987)	(186,836)	(850,151)
Total net position	<u>\$ 485,718</u>	<u>\$ 1,140,713</u>	<u>\$ (654,995)</u>

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Increases in capital assets account for new assets purchased and replaced as a result of Hurricane Ida. Changes in long-term liabilities, deferred inflows and outflows of resources are the effects of the Firefighters' Retirement System's actuarial valuation, as well as other postemployment benefits actuarial valuation, on the District.

Governmental Activities

Governmental activities decreased the District's net position by \$285,778. Key elements of this increase are as follows:

Condensed Statements of Activities

	<u>December 31,</u>		<u>Dollar</u>	<u>Percent</u>
	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>Change</u>
Revenues				
Taxes	\$ 1,408,509	\$ 1,369,807	\$ 38,702	2.83%
Intergovernmental	127,139	105,638	21,501	20.35%
Miscellaneous	10,760	269,114	(258,354)	-96.00%
Total revenues	<u>1,546,408</u>	<u>1,744,559</u>	<u>(198,151)</u>	-11.36%
Expenses				
General government	118,700	67,948	50,752	74.69%
Public safety	1,713,486	1,542,416	171,070	11.09%
Total expenses	<u>1,832,186</u>	<u>1,610,364</u>	<u>221,822</u>	13.77%
Increase (decrease) in net position	(285,778)	134,195	(419,973)	-312.96%
Net position:				
Beginning of year	1,140,713	1,006,518	134,195	13.33%
Restatement	<u>(369,217)</u>	<u>-</u>	<u>(369,217)</u>	0.00%
Beginning of year, as restated	<u>771,496</u>	<u>1,006,518</u>	<u>(235,022)</u>	-23.35%
End of year	<u>\$ 485,718</u>	<u>\$ 1,140,713</u>	<u>\$ (654,995)</u>	-57.42%

In 2022, the District's ad valorem tax revenues increased \$38,702 primarily due to higher assessed values. Intergovernmental increased primarily due to the increase in the 2% fire insurance tax. Miscellaneous revenues decreased \$258,354 primarily due to insurance proceeds from Hurricane Ida in the prior year. Public safety expenses increased primarily due to increases in personal services of \$68,286, resulting from increases in the effects on the District's actuarial valuation of the Firefighters' Retirement System and other postemployment benefits, increases in station repairs, and other services and charges, of \$83,454.

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 \$367,799, which was a decrease of \$463,389 in comparison with the prior year. As of December 31, 2022, \$73,267 of the District's fund balance was unassigned and available for spending at the District's discretion. The assignment of the 2022 budgeted spending deficit of \$294,532 resulted in assigned fund balance.

General Fund Budgetary Highlights

The budget was amended once during the year. The primary reason for amending the budget was to prevent compliance violations under state law. The major differences between the original General Fund budget and the final amended budget were as follows:

Revenues

- Decrease in the amount of ad valorem taxes by \$50,000 to better reflect the expected amount of taxes that were to be recognized as revenues.
- Increased fire insurance tax revenues by \$22,575 to better reflect the actual amount received.
- Increased miscellaneous revenues and other financing sources by \$34,898 to reflect additional insurance proceeds and other miscellaneous revenues.
- Decreased personal services by \$30,858 to reflect lower employee count.
- Increased repairs and maintenance by \$97,000 to reflect the building repairs resulting from damages from Hurricane Ida.

During the year, actual revenues were less than budgetary estimates by 3.50% and actual expenditures were more than budgetary expenditures by 1.93%.

CAPITAL ASSETS AND DEBT ADMINISTRATION**Capital Assets**

The District's net investment in capital assets for its governmental activities as of December 31, 2022, amounts to \$1,522,705 (net of accumulated depreciation). This investment in capital assets includes land, buildings, office furniture and equipment, vehicles and machinery and equipment.

	<u>2022</u>	<u>2021</u>
Land	\$ 169,500	\$ 169,500
Buildings	1,781,518	1,503,514
Vehicles	1,374,125	1,374,125
Machinery and equipment	346,913	291,378
Office furniture and equipment	<u>17,754</u>	<u>6,803</u>
Totals	<u>\$ 3,689,810</u>	<u>\$ 3,345,320</u>

Significant capital asset purchases included:

- Cement slabs for two fire stations, \$118,842.
- Purchase of vinyl bulkhead at 6974 Grand Caillou Road, \$56,918.
- Roof and wall repairs for various fire stations, \$45,700.
- Various equipment purchases, \$59,253.
- HVAC replacement for various fire stations, \$22,375.
- Door replacements for various fire stations, \$25,740.

Additional information on the District's capital assets can be found in Note 6, Exhibit F of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Board of Commissioners 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.
- Interest revenue is budgeted with no anticipation of an increase in interest rates.
- Expenditures have been budgeted, for the most part, to remain consistent with year 2022 expenditures.
- The proposed 2023 budget does not provide for capital items.

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 Commissioners of the Terrebonne Parish Fire District No. 4-A, 6129 Grand Caillou Rd., Houma, LA 70363.

STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET**Terrebonne Parish Fire District No. 4-A**

December 31, 2022

	General Fund	Adjustments (Exhibit B)	Statement of Net Position
Assets			
Cash and cash equivalents	\$ 590,509	\$ -	\$ 590,509
Receivables - taxes	345,585	-	345,585
Due from other governmental units	925,520	-	925,520
Prepaid insurance	-	70,144	70,144
Deposits	5,014	-	5,014
Capital assets:			
Non-depreciable	-	169,500	169,500
Depreciable, net of accumulated depreciation	-	1,353,205	1,353,205
Total assets	<u>1,866,628</u>	<u>1,592,849</u>	<u>3,459,477</u>
Deferred Outflows of Resources			
Pension	-	740,122	740,122
Other postemployment benefits	-	386,154	386,154
Total deferred outflows of resources	<u>-</u>	<u>1,126,276</u>	<u>1,126,276</u>
Total assets and deferred outflows of resources	<u>\$ 1,866,628</u>	<u>2,719,125</u>	<u>4,585,753</u>
Liabilities			
Accounts payables and accrued expenditures	\$ 58,453	-	58,453
Due to other governmental units	62,358	-	62,358
Long-term liabilities:			
Due after one year	-	1,974,899	1,974,899
Total liabilities	<u>120,811</u>	<u>1,974,899</u>	<u>2,095,710</u>
Deferred Inflows of Resources			
Unavailable revenue - property taxes	1,378,018	-	1,378,018
Pension	-	172,383	172,383
Other postemployment benefits	-	453,924	453,924
Total deferred inflows of resources	<u>1,378,018</u>	<u>626,307</u>	<u>2,004,325</u>
Total liabilities and deferred inflows of resources	<u>1,498,829</u>	<u>2,601,206</u>	<u>4,100,035</u>
Fund Balance/Net Position			
Fund balance:			
Assigned - subsequent year's expenditures	294,532	(294,532)	-
Unassigned	73,267	(73,267)	-
Total fund balance	<u>367,799</u>	<u>(367,799)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,866,628</u>		
Net position (deficit):			
Net investment in capital assets		1,522,705	1,522,705
Deficit		(1,036,987)	(1,036,987)
Total net position		<u>\$ 485,718</u>	<u>\$ 485,718</u>

See notes to financial statements.

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

Terrebonne Parish Fire District No. 4-A

December 31, 2022

Fund Balances - Governmental Fund \$ 367,799

Amounts reported for governmental activities in the
Statement of Net Position are different because:

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

Governmental capital assets	\$ 3,689,810	
Less accumulated depreciation	<u>(2,167,105)</u>	1,522,705

Deferred outflows of resources used in governmental
activities are not financial resources and are not
reported in governmental funds.

Pensions	740,122	
Other postemployment benefit obligation	<u>386,154</u>	1,126,276

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

Prepaid insurance		70,144
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Long-term liabilities are not due and payable in the
current period and, therefore, are not reported
in the governmental funds.

Other postemployment liability	(292,799)	
Net pension liability	<u>(1,682,100)</u>	(1,974,899)

Deferred inflows of resources are not due and
payable in the current period and are not reported
in governmental funds.

Pensions	(172,383)	
Other postemployment benefit obligation	<u>(453,924)</u>	<u>(626,307)</u>

Net Position of Governmental Activities \$ 485,718

See notes to financial statements.

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

Terrebonne Parish Fire District No. 4-A

For the year ended December 31, 2022

	General Fund	Adjustments (Exhibit D)	Statement of Activities
Revenues			
Taxes	\$ 1,408,509	\$ -	\$ 1,408,509
Intergovernmental			
Federal:			
FEMA	10,992	-	10,992
State of Louisiana:			
State revenue sharing	15,264	-	15,264
Fire insurance tax	47,575	-	47,575
Supplemental pay	53,308	-	53,308
Miscellaneous:			
Interest	10,953	-	10,953
Impairment	-	(20,545)	(20,545)
Other income	20,352	-	20,352
Total revenues	<u>1,566,953</u>	<u>(20,545)</u>	<u>1,546,408</u>
Expenditures/Expenses			
Current:			
General government:			
Ad valorem tax adjustment	72,485	-	72,485
Ad valorem tax deductions	46,215	-	46,215
Total general government	<u>118,700</u>	<u>-</u>	<u>118,700</u>
Public safety:			
Personal services	1,043,838	38,192	1,082,030
Supplies and materials	70,979	-	70,979
Other services and charges	220,884	(20,647)	200,237
Repairs and maintenance	203,452	-	203,452
Depreciation and amortization	-	156,788	156,788
Total public safety	<u>1,539,153</u>	<u>174,333</u>	<u>1,713,486</u>
Capital outlay	<u>384,595</u>	<u>(384,595)</u>	<u>-</u>
Total expenditures/expenses	<u>2,042,448</u>	<u>(210,262)</u>	<u>1,832,186</u>
Excess (Deficit) of Revenues Over Expenditures Before Other Financial Sources	(475,495)	475,495	-
Other Financial Sources			
Insurance proceeds	<u>12,106</u>	<u>(12,106)</u>	<u>-</u>
Excess (Deficit) of Revenues Over Expenditures	(463,389)	463,389	-
Change in Net Position	-	(285,778)	(285,778)
Fund Balance/Net Position			
Beginning of year, restated	<u>831,188</u>	<u>(59,692)</u>	<u>771,496</u>
End of year	<u>\$ 367,799</u>	<u>\$ 117,919</u>	<u>\$ 485,718</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**

Terrebonne Parish Fire District No. 4-A

For the year ended December 31, 2022

Net Change in Fund Balance - Governmental Fund **\$ (463,389)**

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	\$ 384,595	
Depreciation expense	<u>(156,788)</u>	227,807

The net effect of various miscellaneous transactions
involving capital assets, such as disposition, trade-ins
and donations, is to increase (decrease) capital assets.

Impairment of capital assets		(32,651)
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Some expenditures reported in the Statement of Activities
do not require the use of current financial resources
and, therefore, are not reported as expenditures in
governmental funds.

Decrease in other postemployment benefit obligations	8,648	
Increase in prepaid insurance	20,647	
Pension expense	<u>(46,840)</u>	<u>(17,545)</u>

Change in Net Position of Governmental Activities **\$ (285,778)**

See notes to financial statements.

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

Terrebonne Parish Fire District No. 4-A

For the year ended December 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,527,144	\$ 1,477,144	\$ 1,408,509	\$ (68,635)
Intergovernmental:				
Federal				
FEMA	-	-	10,992	10,992
State of Louisiana:				
State revenue sharing	5,000	5,179	15,264	10,085
Fire insurance tax	25,000	47,575	47,575	-
Supplemental pay	66,000	49,000	53,308	4,308
Miscellaneous:				
Interest	500	5,000	10,953	5,953
Other	5,000	39,898	20,352	(19,546)
Total revenues	<u>1,628,644</u>	<u>1,623,796</u>	<u>1,566,953</u>	<u>(56,843)</u>
Expenditures				
General government:				
Ad valorem tax adjustment	72,485	72,485	72,485	-
Ad valorem tax deductions	46,215	46,215	46,215	-
Total general government	<u>118,700</u>	<u>118,700</u>	<u>118,700</u>	<u>-</u>
Public safety:				
Personal services	1,055,400	1,024,542	1,043,838	(19,296)
Supplies and materials	53,750	59,318	70,979	(11,661)
Other services and charges	190,100	208,031	220,884	(12,853)
Repairs and maintenance	80,500	178,000	203,452	(25,452)
Total public safety	<u>1,379,750</u>	<u>1,469,891</u>	<u>1,539,153</u>	<u>(69,262)</u>
Capital outlay	<u>500,000</u>	<u>415,152</u>	<u>384,595</u>	<u>30,557</u>
Total expenditures	<u>1,998,450</u>	<u>2,003,743</u>	<u>2,042,448</u>	<u>(38,705)</u>
Excess (Deficit) of Revenues Over Expenditures Before Other Financing Sources	<u>(369,806)</u>	<u>(379,947)</u>	<u>(475,495)</u>	<u>(95,548)</u>
Other Financing Sources				
Insurance proceeds	<u>-</u>	<u>-</u>	<u>12,106</u>	<u>12,106</u>
Excess (Deficit) of Revenues Over Expenditures	<u>(369,806)</u>	<u>(379,947)</u>	<u>(463,389)</u>	<u>(83,442)</u>
Fund Balance				
Beginning of year	<u>860,149</u>	<u>831,188</u>	<u>831,188</u>	<u>-</u>
End of year	<u>\$ 490,343</u>	<u>\$ 451,241</u>	<u>\$ 367,799</u>	<u>\$ (83,442)</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Terrebonne Parish Fire District No. 4-A**

December 31, 2022

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Terrebonne Parish Fire District No. 4-A (the “District”) conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

a) Reporting Entity

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

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

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

The District has reviewed all of its activities and determined that there are no potential component units that 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 account groups, each of which is considered a separate accounting entity. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, 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 except those that are required to be accounted for and reported in another fund. The General Fund is always a major 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 2021 budget will be recognized as revenue in 2021. The 2022 tax levy is recorded as deferred inflows of resources in the District's 2022 financial statements. Charges for services are recorded when earned since they are measurable and available. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable until actually received.

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

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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Operating Budgetary Data

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

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

f) Accounts Receivable

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

g) Investments

Investments during the year consisted of investments in 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.

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. In the fund financial statements insurance premiums are recognized as other services and charges expenditures when paid.

i) Deposits

Deposits represent amounts paid to vendors towards future purchases of equipment.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Capital Assets

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

Government-Wide Financial Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets purchased or acquired with an original cost of \$500 or more and a useful life greater than one year 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 as follows:

	<u>Years</u>
Buildings	10 - 40
Vehicles	5 - 15
Machinery and equipment	5 - 25
Office furniture and equipment	5 - 20

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.

k) Long-Term Obligations

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Long-Term Obligations (Continued)

Government-Wide Financial Statements

All long-term debt to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term debt consists of other post-employment benefits and net pension liability.

Fund Financial Statements

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements.

l) Vacation and Sick Leave

Accumulated vacation and sick leave are recorded as an expenditure of the period in which it is paid in the governmental funds.

Full time employees are entitled to 18 days of vacation after one year of service. Each year the employee must take their vacation time before their anniversary date (day they first began working). If not taken by their anniversary date, the vacation time is forfeited. The vacation period shall be increased one day for each year of service over ten years, up to a maximum vacation period of 30 days. There was no material accumulated vacation as of December 31, 2022.

Every firefighter in the employment 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 52 weeks. A firefighter employed by any fire protection district who draws full pay during sickness or incapacity shall have such pay decreased by the amount of workers' compensation benefits actually received by the employee. A firefighter is entitled to sick leave benefits even though the injury or illness may have occurred while 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 vest or accumulate from prior years; accordingly, there is no accumulated sick leave for the District as of December 31, 2022.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Deferred Outflows/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 it will not be recognized as an inflow of resources until that time. The governmental fund reports unavailable revenues from property taxes as deferred inflows. These amounts are deferred and recognized as an inflow of resources in the period 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. In addition to deferred inflows related to non-exchange revenue, the District also reports deferred outflows and inflows of resources related to pensions and other postemployment benefits in its government-wide financial statements.

n) Pensions

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

o) 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) Equity (Continued)

Government-Wide Statements (Continued)

- b. Restricted - 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 - 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, the District had no restricted resources.

Fund Financial Statements

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) Equity (Continued)

Fund Financial Statements (Continued)

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 assigned and unassigned as of December 31, 2022.

p) 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.

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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) New GASB Statements (Continued)

Statement No. 93, “*Replacement of Interbank Offered Rates*” some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates. This Statement will preserve the consistency and comparability of reporting hedging derivative instruments and leases after governments amend or replace agreements to replace an IBOR. 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.

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;

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) New GASB Statements (Continued)

(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.

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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) New GASB Statements (Continued)

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.

q) 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 June 21, 2023, which is the date the financial statements were available to be issued.

Note 2 - RESTATEMENT OF NET POSITION

During the year ended December 31, 2022, the District determined that a liability and related deferred outflows and inflows of resources should have been recognized for other postemployment benefits as established by Statement No. 75, “*Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*”. Accordingly, the District has recognized a prior period adjustment to account for the effect of the error in accounting. The restatement is as follows:

	<u>Net Position</u>
Net position, as previously reported	\$ 1,140,713
Correction to record deferred inflows, deferred outflows and other postemployment benefits liability under Statement No. 75	<u>(369,217)</u>
Net position, as restated	<u><u>\$ 771,496</u></u>

Note 3 - DEPOSITS

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

Bank Deposits

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

The year-end balances of deposits are as follows:

	<u>Bank Balances</u>	<u>Reported Amounts</u>
Cash	<u>\$ 255,481</u>	<u>\$ 256,709</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 does not have a written policy for custodial credit risk but does comply with state law in custodial activities. As of December 31, 2022, \$5,481 of the District's bank balance was exposed to custodial credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial trust institution's trust department or agent and are deemed to be held in the District's name by state statute.

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 the Louisiana Asset Management Pool (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.

Note 3 - DEPOSITS (Continued)

Investments (Continued)

State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The District has no written investment policy that would further limit its investment choices.

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investment policy requires the application of the prudent-person rule. This policy states, investments should 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 on the safety of the 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.

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of 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 the 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 participants' 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 balance. Investment in LAMP as of December 31, 2022 amounted to \$333,800 and is reported in cash as of December 2022.

Note 3 - DEPOSITS (Continued)

Investments (Continued)

LAMP is designed to be highly liquid to give its participants immediate access to their account balance. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

As of December 31, 2022 the balance reported as cash included the following:

Deposits in bank	\$ 256,709
Investment in LAMP	<u>333,800</u>
 Total cash and cash equivalents	 <u><u>\$ 590,509</u></u>

Note 4 - 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 \$17.87 per \$1,000 of assessed valuation on property within Terrebonne Parish Fire District No. 4-A for the purpose of constructing, maintaining, and operating fire protection facilities within the District and paying the cost of obtaining water for fire protection purposes, including charges for fire hydrant rentals and services. As indicated in Note 1c, taxes levied November 1, 2022 are for budgeted expenditures in 2023 and were recognized as revenues in 2023.

Note 5 - DUE FROM OTHER GOVERNMENTS

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

	<u>Due From</u>	<u>Due To</u>
State of Louisiana:		
State revenue sharing	\$ 9,626	\$ -
Firefighters' retirement system contributions	-	53,629
Terrebonne Parish Consolidated Government		
insurance premiums	-	8,729
Terrebonne Parish Tax Collector - December 2022		
collections remitted to the District in January 2023:		
Ad valorem taxes	911,081	-
State revenue sharing	4,813	-
	<u> </u>	<u> </u>
Totals	<u>\$ 925,520</u>	<u>\$ 62,358</u>

Note 6 - 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 not being depreciated:				
Land	\$ 169,500	\$ -	\$ -	\$ 169,500
Capital assets being depreciated:				
Buildings	1,503,514	314,391	(36,387)	1,781,518
Vehicles	1,374,125	-	-	1,374,125
Machinery and equipment	291,378	59,253	(3,718)	346,913
Office furniture and equipment	6,803	10,951	-	17,754
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total capital assets being depreciated	<u>3,175,820</u>	<u>384,595</u>	<u>(40,105)</u>	<u>3,520,310</u>
Less accumulated depreciation:				
Buildings	(694,791)	(48,941)	3,736	(739,996)
Vehicles	(1,128,053)	(81,819)	-	(1,209,872)
Machinery and equipment	(190,731)	(24,068)	3,718	(211,081)
Office furniture and equipment	(4,196)	(1,960)	-	(6,156)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total accumulated depreciation	<u>(2,017,771)</u>	<u>(156,788)</u>	<u>7,454</u>	<u>(2,167,105)</u>
Total capital assets being depreciated, net	<u>1,158,049</u>	<u>227,807</u>	<u>(32,651)</u>	<u>1,353,205</u>
Total capital assets, net	<u>\$ 1,327,549</u>	<u>\$ 227,807</u>	<u>\$ (32,651)</u>	<u>\$ 1,522,705</u>

Note 6 - CHANGES IN CAPITAL ASSETS (Continued)

Capital improvements for the year include new antennas, a cement slab, new radios, and improvements to the fire stations.

Note 7 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

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

Governmental funds:	
Vendors	\$ 34,201
Payroll, withholdings and payroll taxes	<u>24,252</u>
Total accounts payable and accrued expenditures	<u>\$ 58,453</u>

Note 8 - LONG-TERM OBLIGATIONS

Through December 31, 2022, the District recognized obligations in the amount of \$292,799 for other postemployment benefits as further described in Note 9.

Through December 31, 2022, the District recognized obligations in the amount of \$1,682,100 for the defined benefit pension plan as further described in Note 10.

The following is a summary of changes in long-term debt for the year ended December 31, 2022:

	Payable January 1, 2022	Issuance	Obligations Retired	Payable December 31, 2022
Other postemployment benefits	\$ 397,936	\$ -	\$ 105,137	\$ 292,799
Net pension liability	<u>797,579</u>	<u>884,521</u>	<u>-</u>	<u>1,682,100</u>
Total long-term obligations	<u>\$ 1,195,515</u>	<u>\$ 884,521</u>	<u>\$ 105,137</u>	<u>\$ 1,974,899</u>

Note 9 - POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description

The District administers a single employer defined benefit healthcare plan (the “Plan”). The Plan provides for the payment of medical, dental and life insurance premiums for eligible employees, retirees and their dependents as approved by the Board of Commissioners. Louisiana Revised Statute 33:5161 grants the authority to establish and amend the benefit terms and financing requirements to the Board of Commissioners. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. Eligible retirees can continue their health coverage by an election at retirement. Retirees are not eligible to rejoin at any other time. For employees retiring before January 1, 2005 the District funds the entire premium for all benefits on employees retiring with at least ten years of service upon retiring from the formal retirement systems.

District employees retiring on or after January 1, 2005 and before January 1, 2014, with at least ten years of permanent full-time creditable service with the District shall be eligible to participate in the Plan approved by the Board of Commissioners under the following vesting schedule: 11 to 15 years of service, 27.50% plus 2.75% per year; 16 to 20 years of service, 41.25% plus 3.75% per year; 21 years or more of service, 60% plus 5.00% per year of service, limited to 85% of the premium. Employees hired after December 31, 2013 with at least 30 years of permanent full-time creditable service, age 55 and 5 years of participation in the District’s group health insurance plan immediately prior to retirement shall be eligible to participate in the Plan with benefits limited to 80% of premiums. A retired employee may provide dependent hospitalization coverage at applicable dependent rates. To be eligible for coverage after retirement, retired employees must be eligible for retirement under the Parochial Employees’ Retirement System, see Note 10. The District currently has eleven active employees and no retirees in the Plan. The District does not issue a publicly available financial report on the Plan.

Employees covered by benefit terms:

Inactive employees currently receiving benefit payments	-
Active employees	<u>11</u>
Total	<u><u>11</u></u>

The District’s total OPEB liability of \$292,799 was measured as of December 31, 2022 and was determined by an actuarial valuation as of January 1, 2022.

Note 9 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Funding Policy

The District fully funds required premiums based on pay-as-you-go financing requirements. For the fiscal year 2022 the District did not pay any premiums for the retirees.

Total OPEB Liability

Actuarial Assumptions and Other Inputs

The total OPEB liability as of December 31, 2022 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless, otherwise specified:

Measurement Date	December 31, 2022
Actuarial Valuation Date	January 1, 2022
Inflation	2.50%
Salary Increases, Including Inflation	3.00%
Discount Rate	4.05%
Healthcare Cost Trend Rates	Medical - 6.00% in year one decreasing in decrements of 0.25% per year until 5.00% through year five.
	Dental - 3.50% in year one decreasing in decrements of 0.25% per year until 2.50% through year five.

The discount rate was based on the December 31, 2022 Fidelity General Obligation AA 20-Year Yield.

Mortality rates for active employees were based on the PubG.H-2010 (general) and PubS.H-2010 (public safety) Employee Mortality Tables, Generational with Projection Scale MP-2021 for males or females, as appropriate.

Mortality rates for retirees were based on the PubG.H-2010 (general) and PubS.H-2010 (public safety) Healthy Annuitant Mortality Table, Generational with Projection Scale MP-2021 for males or females, as appropriate.

Note 9 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Total OPEB Liability (Continued)

	<u>Total OPEB Liability</u>
Balance as of December 31, 2021	\$ 397,936
Changes for the year:	
Service cost	9,341
Interest	7,404
Difference between expected and actual experience	29,636
Changes in assumptions and other inputs	(142,211)
Change in proportion	1,279
Benefit payments	<u>(10,586)</u>
Net changes	<u>(105,137)</u>
Balance as of December 31, 2022	<u><u>\$ 292,799</u></u>

Sensitivity to Total OPEB Liability to Change in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate.

	1.00% Decrease <u>(3.05%)</u>	Current Discount Rate <u>(4.05%)</u>	1.00% Increase <u>(5.05%)</u>
Total OPEB Liability	<u>\$ 343,536</u>	<u>\$ 292,799</u>	<u>\$ 252,482</u>

Note 9 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Sensitivity to Total OPEB Liability to Change in the Health Cost Trend Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate.

	<u>1.00% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1.00% Increase</u>
Total OPEB Liability	<u>\$ 248,738</u>	<u>\$ 292,799</u>	<u>\$ 349,938</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2022 the District recognized OPEB benefit of \$105,137. As of December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ 26,666	\$ (24,492)
Change in assumptions	20,298	(134,639)
Change in proportion	<u>339,190</u>	<u>(294,793)</u>
Totals	<u>\$ 386,154</u>	<u>\$ (453,924)</u>

Note 9 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

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

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2023	\$ (70,966)
2024	3,459
2025	3,459
2026	<u>(3,721)</u>
Total	<u>\$ (67,769)</u>

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 there from may become a member of this System, provided the person meets all other requirements for membership. Service credit from the retirement system or pension plan from which the member is retired shall not be used for reciprocal recognition of service with this System, or for any other purpose in order to attain eligibility or increase the amount of service credit in this System.

Benefits Provided - The System provides retirement, deferred and disability benefits, survivor's benefits, and cost of living adjustments to plan members and beneficiaries. Benefit provisions are authorized within Act 434 of 1979 and amended by Louisiana Revised Statutes 11:2251 through 11:2272. Annual benefits to which retired members are entitled are equal to 3.33% of their final average compensation based on the 36 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

Note 10 - DEFINED BENEFIT PENSION PLAN (Continued)

(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.

Contributions - Employer contributions are actuarially determined each year. The employer contribution rate for employees above the poverty line/below the poverty line for the period January 1, 2022 through June 30, 2022 was 33.75%/35.75% and 33.25%/35.25% for the period July 1, 2022 through December 31, 2022. Plan members above the poverty line are required to contribute 10.00% of their annual covered payroll, and 8.00% for those below the poverty line.

The District's contributions to the System for the year ending December 31, 2022, were \$204,187.

Pension Liabilities - As of December 31, 2022, the District reported a net pension liability of \$1,682,100 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 June 30, 2022, the District's proportion was 0.238552% which was an increase of 0.013492% from its proportion measured as of June 30, 2021.

Pension Expense - For the year ended December 31, 2022, the District recognized pension expense of \$251,027.

Note 10 - DEFINED BENEFIT PENSION PLAN (Continued)

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 following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 10,054	\$ 79,285
Changes in assumptions	138,701	-
Changes in proportion	100,819	93,098
Net difference between projected and actual earnings on pension plan investments	381,040	-
Contributions subsequent to the measurement date:		
Current year	<u>109,508</u>	<u>-</u>
	<u><u>\$ 740,122</u></u>	<u><u>\$ 172,383</u></u>

The District reported \$109,508 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as presented below:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 120,486
2024	85,228
2025	33,869
2026	204,175
2027	8,966
2028	<u>5,507</u>
Total	<u><u>\$ 458,231</u></u>

Note 10 - DEFINED BENEFIT PENSION PLAN (Continued)

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 as follows:

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry age normal
Estimated Remaining Service Life	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 three or more years of service; includes inflation and merit increases.
Cost of Living Adjustments	Only those previously granted.

The mortality rate assumptions were updated in fiscal year 2020 to reflect changes from the recent experience study and rates set in the Pub-2010 Public Retirement Plans Mortality tables, as compared to the RP-2000 Combined Healthy and Disabled Lives tables that were used for the previous valuation. For the June 30, 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 MP2019 scale.

Note 10 - DEFINED BENEFIT PENSION PLAN (Continued)

The estimated long-term expected rate of return on pension plan investments was determined by the System's actuary using the System's target asset allocation and the G.S. Curran & Company Consultant Average study for 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 were geometric, the actuary converted the return to arithmetic by adjusting for the long-term standard deviation and then reduced the assumption by the long-term inflation assumption. Using the target asset allocation for the System and average values for expected real rates of return, standard deviation of returns, and correlation of returns, an arithmetic expected nominal rate of return and standard deviation for the portfolio was determined. The System's long-term assumed rate of inflation of 2.50% was used in this process for the fiscal year ended June 30, 2022.

The long-term expected real rate of return is an important input into the actuary's determination of the reasonable range for the discount rate which is used in determining the total pension liability. Prior year's financial reports presented the long-term expected real rate of return provided by the System's investment consultant, whereas this year's report presents this information for both fiscal years 2022 and 2021 from the System's actuary. The actuary's method incorporates information from multiple consultants and investment firms regarding future expected rates of return, variances, and correlation coefficients for each asset class. The actuary's method integrates data from multiple sources to produce average values thereby reducing reliance on a single data source.

Note 10 - DEFINED BENEFIT PENSION PLAN (Continued)

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 below:

Asset Class	Long-Term 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:		
Private Equity	9.00%	8.99%
Real Estate	6.00%	4.57%
Real Assets	3.00%	4.89%
Multi-Asset Strategies:		
Global Tactical Asset Allocation	0.00%	3.14%
Risk Parity	<u>0.00%</u>	3.14%
	<u>100.00%</u>	

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

Note 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.

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
District's proportionate share of the net pension liability	<u>\$2,488,480</u>	<u>\$1,682,100</u>	<u>\$1,009,522</u>

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

Note 11 - SUPPLEMENTAL PAY

In addition to the compensation paid to the District's employees, firefighters may be eligible to receive supplemental pay. The amount of the compensation is determined by State Law and is revised periodically.

As per Louisiana Revised Statute 33:2004, 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 Parish 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 the 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.

Note 11 - SUPPLEMENTAL PAY (Continued)

As of December 31, 2022, the District has recognized revenue and expenditures of \$53,308 in salary supplements that the State of Louisiana has paid directly to the District's employees.

Note 12 - RISK MANAGEMENT

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

The Parish is self-insured for the first \$175,000 of each claim relating to group health insurance. The aggregate deductible of all group claims relating to group insurance for 2021 was \$14,007,398. Insurance contracts cover excess liability on individual claims. Coverage for group health claim liabilities are to be funded first by the assets of the Parish's group health internal services fund, \$3,765,585 as of December 31, 2021, then secondly by the District. As of December 31, 2022, the District had no claims in excess of the above coverage limits.

Coverage for workers' compensation claims excess of the statutory limits is funded by an insurance contract for claims up to aggregate limits. Workers' compensation claims in excess of the aggregate limits are funded first by the assets of the Parish's Workers' Compensation Internal Service Fund then secondly by the District. As of December 31, 2022, the District had no claims in excess of the above coverage limits.

Expenditures for premiums to the Parish for insurance coverage during the year ended December 31, 2022 totaled \$91,527.

Note 13 - COMPENSATION OF BOARD MEMBERS

The following amounts were payable to Board Members for the year ended December 31, 2022:

<u>Board Members</u>	<u>Number of Meetings Attended</u>	<u>Per Diem</u>
Roland Aucoin	6	\$ 180
Pamela Carlos	5	150
Louis Pitre	*	-
Marty Theriot	6	180
Kirby Verret	4	<u>120</u>
Total		<u>\$ 630</u>

* Louis Pitre waived his right to receive a per diem

Note 14 - STATE OF LOUISIANA TAX ABATEMENTS

The District's ad valorem tax revenue was reduced by \$26,693 under agreements entered into with the State of Louisiana.

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL
OPEB LIABILITY AND RELATED RATIOS**

Terrebonne Parish Fire Protection District No. 4-A

For the three years ended December 31, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total OPEB liability			
Service cost	\$ 9,341	\$ 8,883	\$ 9,644
Interest	7,404	7,691	11,116
Difference between expected and actual experience	29,636	(1,256)	(48,679)
Changes in assumptions or other inputs	(142,211)	4,352	(35,017)
Change in proportion	1,279	55,026	403,862
Benefit payments	<u>(10,586)</u>	<u>(10,132)</u>	<u>(7,554)</u>
Net Change in Total OPEB Liability	(105,137)	64,564	333,372
Beginning of year	<u>397,936</u>	<u>333,372</u>	<u>-</u>
End of year	<u><u>\$ 292,799</u></u>	<u><u>\$ 397,936</u></u>	<u><u>\$ 333,372</u></u>
Covered Employee Payroll	<u><u>\$ 440,920</u></u>	<u><u>\$ 440,920</u></u>	<u><u>\$ 518,530</u></u>
Total OPEB Liability as a Percentage of Covered Employee Payroll	<u><u>66.41%</u></u>	<u><u>90.25%</u></u>	<u><u>64.29%</u></u>

Notes to Schedule

Changes of assumptions and other inputs
reflected the effects of changes in the
discounts rate each period.

<u><u>4.05%</u></u>	<u><u>1.84%</u></u>	<u><u>2.00%</u></u>
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The schedule is provided beginning with the District's year ended December 31, 2020 and is intended to show a ten year trend. Additional years will be reported as they become available.

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

Terrebonne Parish Fire District No. 4-A

For the eight years ended December 31, 2022 through 2015

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	<u>0.238600%</u>	<u>0.225060%</u>	<u>0.235216%</u>	<u>0.243447%</u>	<u>0.253389%</u>	<u>0.231931%</u>	<u>0.220924%</u>	<u>0.164431%</u>
District's proportionate share of the net pension liability	<u>\$ 1,682,100</u>	<u>\$ 797,579</u>	<u>\$ 1,630,411</u>	<u>\$ 1,524,443</u>	<u>\$ 1,457,513</u>	<u>\$ 1,329,393</u>	<u>\$ 1,445,043</u>	<u>\$ 887,453</u>
District's covered payroll	<u>\$ 612,627</u>	<u>\$ 596,034</u>	<u>\$ 586,387</u>	<u>\$ 587,773</u>	<u>\$ 601,896</u>	<u>\$ 529,451</u>	<u>\$ 498,066</u>	<u>\$ 377,072</u>
District's proportionate share of the net pension liability as a percentage of its covered payroll	<u>274.57%</u>	<u>133.81%</u>	<u>278.04%</u>	<u>259.36%</u>	<u>242.15%</u>	<u>251.09%</u>	<u>290.13%</u>	<u>235.35%</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>	<u>72.45%</u>

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

SCHEDULE OF DISTRICT CONTRIBUTIONS**Terrebonne Parish Fire District No. 4-A**

For the eight years ended December 31, 2022 through 2015

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 204,187	\$ 209,070	\$ 200,344	\$ 155,896	\$ 155,267	\$ 145,759	\$ 135,723	\$ 110,293
Contributions in relation to the contractually required contribution	<u>204,187</u>	<u>209,070</u>	<u>200,344</u>	<u>155,896</u>	<u>155,267</u>	<u>145,759</u>	<u>135,723</u>	<u>110,293</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	<u>\$ 609,876</u>	<u>\$ 632,833</u>	<u>\$ 662,427</u>	<u>\$ 574,555</u>	<u>\$ 585,914</u>	<u>\$ 562,185</u>	<u>\$ 498,066</u>	<u>\$ 377,072</u>
Contributions as a percentage of covered payroll	<u>33.48%</u>	<u>33.04%</u>	<u>30.24%</u>	<u>27.13%</u>	<u>26.50%</u>	<u>25.93%</u>	<u>27.25%</u>	<u>29.25%</u>

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

SUPPLEMENTARY INFORMATION

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

Terrebonne Parish Fire District No. 4-A

For the year ended December 31, 2022

Agency Head Name: Shawn Bumm, Fire Chief

Purpose

Salary	\$ 63,161
Benefits - insurance	6,374
Benefits - retirement	25,212
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	310
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Meals	-
	<hr/>
	<u><u>\$ 95,057</u></u>

Note:

Shawn Bumm is the Fire Chief of the District and functions as the Chief Executive Officer.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Commissioners,
Terrebonne Parish Fire District No. 4-A,
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 each major fund of Terrebonne Parish Fire District No. 4-A (the “District”) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District’s financial statements and have issued our report thereon dated June 21, 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 designing 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 entity’s financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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, and therefore material weaknesses or significant deficiencies 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.

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.

A handwritten signature in black ink that reads "Bourgeois Bennett, L.L.C." in a cursive script.

Certified Public Accountants.

Houma, Louisiana,
June 21, 2023.

SCHEDULE OF FINDINGS AND RESPONSES

Terrebonne Parish Fire District No. 4-A

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

Terrebonne Parish Fire District No. 4-A 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

No financial statement findings were noted during the audit 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

Terrebonne Parish Fire District No. 4-A

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

No compliance findings material to the financial statements were reported during the audit for the year ended December 31, 2021.

Section II - Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Fire District No. 4-A 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

Terrebonne Parish Fire District No. 4-A

For the year ended December 31, 2022

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

No financial statement findings were noted during the audit for the year ended December 31, 2022.

Section II - Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Fire District No. 4-A 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,
Terrebonne Parish Fire District No. 4-A,
Houma, Louisiana.

We have performed the procedures described in Schedule 5 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. Terrebonne Parish Fire District No. 4-A (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 5.

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.

Bougeois Bennett, L.L.C.

Certified Public Accountants

Houma, Louisiana,
June 21, 2023.

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

Terrebonne Parish Fire District No. 4-A

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: Obtained and read the written policy for budgeting and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

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: The purchasing policy lacked a provision addressing purchase requisitions or purchase orders.

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 (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, District fund forfeiture monies confirmation).

Performance: Obtained and read the written policy for receipts.

Exceptions: There were no exceptions noted.

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: Obtained and read the written policy for payroll and personnel and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

- 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: Obtained and read the policy for contracting.

Exceptions: There were exceptions noted due to the policy lacking provisions for standard terms and conditions and legal review.

- 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 and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

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

Exceptions: There were no exceptions noted.

- 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: Obtained and read the written policy for ethics and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

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

Performance: Obtained and read the written policy for debt service and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

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

- 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: Obtained and read the written policy for information technology disaster recovery/business continuity policy.

Exceptions: There were exceptions noted due to the policy lacking provisions for identification of critical data and frequency of data backups; periodic testing/verification that backups can be restored; timely application of all available system and software patches/updates; and identification of personnel, processes, and tools needed to recover operations after a critical event.

- 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 sexual harassment.

Exceptions: There were exceptions noted due to the policy lacking provisions for 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. The Board met with a quorum for each meeting. The Board meets every other month.

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.

Performance: Inspected meeting minutes to determine if 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. 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 or a board member 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 bank account selected.

Exceptions: There was an exception noted due to a lack of evidence that the reconciliation was 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.

Exceptions: There was an exception noted due to reconciling items that have been outstanding for more than 12 months from the statement closing date.

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., 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 5 collection locations.

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.

- 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.

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

- 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 insurance policy for theft and a listing of all employees covered by the policy. 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 3 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 were no exceptions noted.

- 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.

- 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 not made within one week of receipt.

The depository is more than 10 miles from the collection location.

Exceptions: There were exceptions noted due to deposits not being made within one week of receipt.

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

- 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 for the fiscal period 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 purchase, and placing an order/making a purchase.

Observed at least two employees/contractors are involved.

Exceptions: There were no exceptions noted.

- 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.

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

- 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 are 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.

Exceptions: There were no exceptions noted.

- C. For each location selected under procedure #5A, 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.

- 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 noted supporting documentation that indicates receipt of deliverables.

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.

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

- 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 (cards), for the period, including card numbers, and the names of the persons who maintain possession of the cards, and received management's representation in a separate letter that the listing is complete.

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:

- 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 by someone other than the authorized card holder.

Exceptions: There was an exception noted due to the card holder approving their own statements.

- ii. Observe that finance charges and/or late fees were not assessed on the selected statements.

Performance: Observed whether finance charges and/or late fees were assessed on the selected statements. No finance charges or late fees were assessed.

Exceptions: There were no exceptions noted.

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

- C. Using the monthly statements or combined statements selected under procedure #6B, 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.
 - iii. 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 travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- Performance: Obtained general ledger for travel and travel-related expense reimbursements. No travel-related expense reimbursements were noted. Obtained management's representation in a separate letter.
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.

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

- 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: Obtained 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. The District did not initiate or renew any contracts during the fiscal period. Obtain management's representation in a separate letter.

- 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: The District did not initiate or renew any contracts during the fiscal period.

- ii. Observe that the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

Performance: The District did not initiate or renew any contracts during the fiscal period.

- 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: The District did not initiate or renew any contracts during the fiscal period.

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

- 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: The District did not initiate or renew any contracts during the fiscal period.

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 is 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:

- 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 leave taken during that period. Inspected all daily attendance and leave record for proper documentation.

Exceptions: There were no exceptions noted.

- ii. Observe that supervisors approved 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.

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 in the personnel files.

Exceptions: There were no exceptions noted.

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

- C. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select 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 and management's representation that the list is complete. Agreed the hours to the employees' cumulative leave records, agreed the pay rates to the employees' authorized rates in the employees' personnel file and agreed the termination payment to the District's policy.

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 "Procedures Performed on the District's Payroll and Personnel" procedure #9A, 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 as to whether the District appointed an ethics designee and it was noted that one has been appointed.

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 and received management's representation in a separate letter.

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."

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

- 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 person 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.

- 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 were no exceptions noted.

- 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 is posted on the premises

Exceptions: There were no exceptions noted.

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

- 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 sexual harassment report and noted it was dated before February 1st and included the appreciable requirements of R.S. 42:344.

Exceptions: There were no exceptions.

- 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.

- 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. 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(ii) Management will consider adding the required provision to the existing purchasing policy.
- 1)A(vi) Management will consider adding the required provisions to the existing contracting policy.
- 1)A(xi) Management will consider adding the required provisions to the information technology disaster recovery/business continuity policy.

Management's Overall Response to Exceptions: (Continued)

- 1)A(xii) Management will consider adding the required provisions to the existing sexual harassment policy.
- 3)A(ii) Management will ensure bank reconciliations include evidence that they were reviewed.
- 3)A(iii) Management will include documentation of research on reconciling items that have been outstanding for greater than 12 months.
- 4)D(iv) Management will ensure deposits are made within one week of receipt.
- 6)B(i) Management will consider improving the segregation of duties.