

***FIRE DISTRICT NO. 5  
Of the Parishes of  
Terrebonne and Lafourche***

***ANNUAL FINANCIAL REPORT***

***FOR THE YEAR ENDED  
DECEMBER 31, 2020***

**FIRE DISTRICT NO. 5**  
**ANNUAL FINANCIAL REPORT**  
*As of and for the Year Ended December 31, 2020*

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**FIRE DISTRICT NO. 5**  
**Of the Parishes of Terrebonne and Lafourche**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2020**

The following narrative is presented to facilitate a better understanding of the year-end financial position and results of operations for the year. When read in conjunction with the notes to the financial statements, this section's financial highlights, overview and analysis should assist the reader to gain a more complete knowledge of the financial performance.

**FINANCIAL HIGHLIGHTS**

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

- Net position of our governmental activities increased slightly by \$22,000 or 2%. At the end of the year assets exceeded liabilities by \$1,195,069 (net position).
- During the year, expenses for fire protection services were \$517,672. \$18,550 was recorded as program income. General revenues of \$488,052 were recognized to end the year with expenses exceeding revenue by \$521,250. This compares to last year when expenses exceeded revenues by \$214,488.
- Governmental funds ended the year with total fund balance of \$693,107 of which; \$156,524 is committed for fund balance reserve; \$186,276 is restricted for debt services; and the remainder of \$350,307 is unassigned and available to spend.

**USING THIS ANNUAL REPORT**

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

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

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2020*

**Government-Wide Financial Statements**

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

**Fund Financial Statements**

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

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

**FIRE DISTRICT NO. 5**  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended December 31, 2020

**FINANCIAL ANALYSIS AS A WHOLE (GWFS)**

Our analysis below focuses on the net position and changes in net position of the governmental-type activities.

Condensed Statement of Net Position			Increase
	2019	2020	(Decrease)
Current and Other Assets	\$1,192,584	\$1,324,952	\$ 132,368
Capital Assets	1,751,778	1,630,398	(121,380)
<b>Total Assets</b>	<b>2,944,362</b>	<b>2,955,350</b>	<b>10,988</b>
<b>Deferred Outflows</b>	<b>42,637</b>	<b>46,504</b>	<b>3,867</b>
Current Liabilities	13,866	18,090	4,224
Non-current Liabilities	1,237,781	1,152,020	(85,761)
<b>Total Liabilities</b>	<b>1,251,647</b>	<b>1,170,110</b>	<b>(81,537)</b>
<b>Deferred Inflows</b>	<b>562,411</b>	<b>636,675</b>	<b>74,264</b>
Net Invested in Capital Assets	671,778	650,398	(21,380)
Restricted	141,072	203,717	62,645
Unrestricted	360,091	340,954	(19,137)
<b>Total Net Position</b>	<b>\$1,172,941</b>	<b>\$1,195,069</b>	<b>\$ 22,128</b>

Net position decreased by 2% from the prior year. Capital assets decreased due to depreciation for the year exceeding purchased assets. Noncurrent liabilities decreased due to the payment on the bonds.

Condensed Statement of Activities			Increase
	2019	2020	(Decrease)
Total program expenses	\$ (736,939)	\$ (517,672)	\$ (219,267)
Total program revenues	34,399	18,550	(15,849)
<b>Net program income</b>	<b>(702,540)</b>	<b>(499,122)</b>	<b>(203,418)</b>
General revenues	488,052	521,250	33,198
<b>Change in Net Position</b>	<b>(214,488)</b>	<b>22,128</b>	<b>236,616</b>
<b>Net Position:</b>			
Beginning of the year	1,387,429	1,172,941	(214,488)
End of the year	<b>\$1,172,941</b>	<b>\$1,195,069</b>	<b>\$ 22,128</b>

Total revenues generated by governmental activities for the year were \$539,800 - most in general revenues-ad valorem taxes. The total cost of all public safety services provided was \$517,672 a significant decrease of 30% because of a large capital purchase was

**FIRE DISTRICT NO. 5**  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2020*

included in the prior year and also decreases in other services and charges and repair and maintenance.

**FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS (FFS)**

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

The general fund reported an ending fund balance of \$494,967. This reflects a decrease of \$5,577 from last year. Total revenues for the general fund were \$358,717, a decrease of 2% from the prior year. Current expenditures for fire protection activities were \$348,601, a decrease from the prior year.

The construction fund reported an ending fund balance of \$17,441 – all restricted for capital projects and capital outlay purchases. There was no activity in this fund during the current year.

The debt service fund reported an ending fund balance of \$186,276, an increase from the prior year. Ad valorem taxes collected were \$156,647. Principal payments of \$101,700 and interest of \$16,590 were made on the outstanding bonds.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The original budget for the General Fund was not revised during the year. The total revenue variance was unfavorable by 13% because ad valorem tax revenue collections did not meet budgeted revenues. Expenditure variances were in compliance with the State Budget Law.

**CAPITAL ASSETS**

A summary of capital assets for the current and prior year follows:

	12/31/2020	12/31/2019
<b>NON-DEPRECIABLE ASSETS</b>		
Land	\$125,165	\$125,165
<b>DEPRECIABLE ASSETS:</b>		
Buildings & Improvements	1,498,234	1,496,205
Vehicles, Machinery & Equipment	1,400,475	1,400,475
Total Cost of depreciable assets	2,898,709	2,896,680

**FIRE DISTRICT NO. 5**  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2020**

Total Cost of assets	3,023,874	3,021,845
Total accumulated depreciation	<u>1,393,476</u>	<u>1,270,067</u>
Net depreciable assets	<u>\$1,505,233</u>	<u>\$1,626,613</u>
Net capital assets	<u><u>\$1,630,398</u></u>	<u><u>\$1,751,778</u></u>

This year there were additions for building improvements totaling \$2,028 and no deletions to capital assets. Depreciation of \$143,389 was recorded on capital assets in the governmental activities. More detailed information about the capital assets is presented in Note 7 to the financial statements.

**LONG-TERM DEBT**

In 2009 general obligation bonds were issued for the purpose of acquiring and improving buildings, machinery and equipment, including both real and personal property. On October 22, 2020 the Board passed a resolution giving preliminary approval to the issuance of not to exceed \$1,100,000 of General Obligation Refunding Bonds and applied for approval to the State Bond Commission and to redeem certain bonds of the District. The refunded Series 2009 Bonds are to be used for the same purpose as the original bonds. These bonds were issued as serial bonds with varying amounts of principal maturing each year at an interest rate of 2.60%.

During the current year \$101,700 was paid for principal and \$16,590 for interest and fees. More detailed information about the long-term debt is presented in Note 8 to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Highlights of next year's General Fund budget include:

Condensed Summary of Budgeted Finances	
	<u>2021</u>
Anticipated revenues	\$462,189
Expenditures:	
Current	387,850
Capital outlay	<u>51,834</u>
Anticipated expenditures	<u><u>439,684</u></u>

**FIRE DISTRICT NO. 5**  
**Of the Parishes of Terrebonne and Lafourche**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2020**

Excess of expenditures	22,505
<b>Fund Balance:</b>	
Beginning of the year	523,076
End of the year	<u>\$ 545,581</u>

The Board has committed in the 2021 budget to restrict \$156,524 for fund balance reserve and the intent is to reserve 1 year of general fund expenditures.

**CONTACTING FINANCIAL MANAGEMENT**

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

Mr. Kurt Charpentier, Chairman  
4317 Hwy. 24  
Bourg, LA 70343  
985-594-9588



# ***FINANCIAL SECTION***



# STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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## INDEPENDENT AUDITOR'S REPORT

To the Commissioners of  
Fire District No. 5  
Of the Parishes of Terrebonne and Lafourche

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities and each major fund of the Fire District No. 5 Of the Parishes of Terrebonne and Lafourche (the District), a component unit of Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2020, and the notes to the financial statements, which collectively comprise the basic financial statements, as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

An audit includes performing procedures to obtain audit evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluation the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund as of December 31, 2020 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Required Supplementary Information***

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



***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The Schedule of Compensation, Benefits and Other Payments to Agency Head are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 Schedule of Compensation, Benefits and Other Payments to Agency Head are 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 a report dated May 6, 2021, on our consideration of the internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

*Stagni & Company*

Thibodaux, Louisiana  
May 6, 2021



**FIRE DISTRICT NO. 5**  
**of the PARISHES OF TERREBONNE and LAFOURCHE**  
Statement of Net Position  
December 31, 2020

<b>ASSETS</b>	
Cash	\$ 554,523
Investments	157,768
Ad Valorem taxes receivable	180,137
Due from others-outstanding deposits	3,571
Due from other governments - ad valorem taxes	410,099
Prepaid Insurance	18,854
Capital Assets, net of accumulated depreciation	<u>1,630,398</u>
<b>TOTAL ASSETS</b>	<u><b>2,955,350</b></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Related to net pension liability	\$ 46,504
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	
<b>Liabilities:</b>	
Accounts payable	11,720
Accrued interest payable	6,370
Noncurrent liabilities:	
Due within one year	95,000
Due in more than one year	885,000
Net Pension Liability	<u>172,020</u>
<i>Total liabilities</i>	<u><b>1,170,110</b></u>
<b>Deferred Inflows of Resources-</b>	
Property taxes - subsequent year	620,125
Related to net pension liability	<u>16,550</u>
<i>Total deferred inflows</i>	<u><b>636,675</b></u>
<b>Net Position:</b>	
Net Investment in capital assets	650,398
Restricted	203,717
Unrestricted	<u>340,954</u>
<i>Total net position</i>	<u><u><b>\$ 1,195,069</b></u></u>

See notes to financial statements.

**FIRE DISTRICT NO. 5**  
**of the PARISHES OF TERREBONNE and LAFOURCHE**

Statement of Activities - Governmental Activities  
For the Year Ended December 31, 2020

<b>FUNCTIONS/PROGRAMS</b>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue</u>
		<u>Charges for services</u>	<u>Operating Grants</u>	
Public Safety	\$ 517,672	\$ -	\$ 18,550	\$ (499,122)
Total governmental activities	\$ 517,672	\$ -	\$ 18,550	(499,122)
<b>GENERAL REVENUES</b>				
				485,853
				1,757
				33,640
			<i>Total General Revenues</i>	521,250
				22,128
				22,128
<b>NET POSITION:</b>				
				1,172,941
				\$ 1,195,069
				\$ 1,195,069

See notes to the financial statements.

**FIRE DISTRICT NO. 5**  
**of the PARISHES OF TERREBONNE and LAFOURCHE**  
Balance Sheet - Governmental Funds  
December 31, 2020

	General Fund	Construction Fund	Debt Service Fund	Total
<b>ASSETS</b>				
Cash	\$ 363,624	\$ 17,441	\$ 173,458	\$ 554,523
Investments	157,768	-	-	157,768
Ad Valorem taxes receivable	132,820	-	47,317	180,137
Due from other governments	302,377	-	107,722	410,099
Due to/from other funds	(20,669)	-	20,669	-
Due to State - voided checks	3,571	-	-	3,571
Deposits	18,854	-	-	18,854
<b>TOTAL ASSETS</b>	<b>\$ 958,345</b>	<b>\$ 17,441</b>	<b>\$ 349,166</b>	<b>\$ 1,324,952</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>				
<b>Liabilities -</b>				
Accounts payable	\$ 11,720	\$ -	\$ -	\$ 11,720
<b>Deferred Inflows of Resources -</b>				
Property taxes - subsequent period	457,235	-	162,890	620,125
<b>Fund balances:</b>				
Committed for fund balance reserve	156,524	-	-	156,524
Restricted for Capital	-	17,441	-	17,441
Restricted for Debt Service	-	-	186,276	186,276
Unassigned	332,866	-	-	332,866
<b>Total fund balance</b>	<b>489,390</b>	<b>17,441</b>	<b>186,276</b>	<b>693,107</b>
<b>RECONCILIATION TO STATEMENT OF NET POSITION:</b>				
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.				
Add - Capital Assets - Non Depreciable			125,165	
Add - Capital Assets - Depreciable			2,898,709	
Deduct - Accumulated Depreciation			(1,393,476)	1,630,398
Deferred outflows of resources related to net pension liability are not available resources and, therefore, are not reported in the funds				
				46,504
Liabilities not due and payable in the current period and therefore are not reported in the funds.				
Deduct—bonds payable due within one year			(95,000)	
Deduct—bonds payable due in more than one year			(885,000)	
Deduct—accrued interest on bonds payable			(6,370)	
Deduct - Net pension liability			(172,020)	(1,158,390)
Deferred inflows of resources related to net pension liability are not payable from current expendable resources and, therefore, are not reported in the funds				
				(16,550)
<b>Net position of governmental activities</b>				<b>\$ 1,195,069</b>

See notes to financial statements.

**FIRE DISTRICT NO. 5**  
**of the PARISHES OF TERREBONNE and LAFOURCHE**  
Statement of Revenues, Expenditures, and Changes  
in Fund Balances - Governmental Fund - Governmental Funds  
For the Year Ended December 31, 2020

	General Fund	Construction Fund	Debt Service Fund	Total
<b>REVENUES</b>				
Ad Valorem Taxes	\$ 329,206	\$ -	\$ 156,647	\$ 485,853
State Revenue Sharing	12,550	-	-	12,550
State Supplemental Pay	6,000	-	-	6,000
Interest	527	-	1,230	1,757
Miscellaneous	10,434	-	23,206	33,640
<b>TOTAL REVENUES</b>	<u>358,717</u>	<u>-</u>	<u>181,083</u>	<u>539,800</u>
<b>EXPENDITURES</b>				
<b>Current - Public Safety:</b>				
Personal Services	217,869	-	-	217,869
Supplies & Materials	16,761	-	-	16,761
Other Services & Charges	85,870	-	148	86,018
Repairs & Maintenance	28,101	-	-	28,101
<i>Total current</i>	<u>348,601</u>	<u>-</u>	<u>148</u>	<u>348,749</u>
<b>Capital Outlay</b>	2,028	-	-	2,028
<b>Debt Service:</b>				
Principal payments	-	-	101,700	101,700
Interest and fees	13,665	-	16,590	30,255
<i>Total debt service</i>	<u>13,665</u>	<u>-</u>	<u>118,290</u>	<u>131,955</u>
<b>TOTAL EXPENDITURES</b>	<u>364,294</u>	<u>-</u>	<u>118,438</u>	<u>482,732</u>
<b>NET CHANGE IN FUND BALANCES</b>	(5,577)	-	62,645	57,068
<b>FUND BALANCES:</b>				
Beginning of year	494,967	17,441	123,631	636,039
End of year	<u>\$ 489,390</u>	<u>\$ 17,441</u>	<u>\$ 186,276</u>	<u>\$ 693,107</u>

See notes to financial statements.



**FIRE DISTRICT NO. 5**  
**of the PARISHES OF TERREBONNE and LAFOURCHE**  
 Reconciliation of the Statement of Revenues, Expenditures, and  
 Changes in Fund Balances of Governmental Funds to the Statement of Activities  
 For the Year Ended December 31, 2020

<b>Net change in fund balances - total governmental funds</b>	<b>\$</b>	<b>57,068</b>
<p>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.</p>		
Add—capital outlay	2,028	
Deduct—depreciation expense	<u>(123,409)</u>	(121,381)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds.</p>		
Add -payment on long term debt	101,700	
Deduct—increase in accrual for accrued interest payable	<u>(3,895)</u>	97,805
<p>Some expenses reported in the government-wide statement of activities do not require the use of current financial resources, and, therefore, are not reported as expenditures in the governmental funds.</p>		
Increase in Net Pension Liability	(14,239)	
Changes in deferred outflows and inflows	<u>2,875</u>	(11,364)
<b>Change in net position - governmental activities</b>	<b>\$</b>	<b><u>22,128</u></b>

See notes to financial statements.

***FIRE DISTRICT NO. 5 of the  
Parishes of Terrebonne and Lafourche***  
Notes to the Financial Statements  
For the Year Ended December 31, 2020

The Fire District No. 5 (the District) is governed by a Board of Commissioners appointed by the Terrebonne Parish Consolidated Government organized under La. Revised Statute 40:1492, Terrebonne Parish Ordinance #6781 adopted August 13, 2003, Terrebonne Parish Ordinance #6697 adopted November 10, 2002 and Lafourche Parish Ordinance #3109 adopted November 12, 2002. The District provides for the acquisition, construction, maintenance, and operations of fire protection and emergency medical service facilities, for the purchase of fire trucks and other firefighting or emergency medical service equipment and paying the cost of obtaining water for fire protection purposes in the Parishes of Terrebonne and Lafourche.

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

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

**A.      Reporting Entity**

As the governing authority, the Terrebonne Parish Consolidated Government is the financial reporting entity for Terrebonne Parish. The majority of ad valorem tax revenue is received from Terrebonne Parish. Because the Terrebonne Parish Consolidated Government could by definition in statute be financially burdened by the Fire District No. 5, the District was determined to be a component unit of the Terrebonne Parish Consolidated Government. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Terrebonne Parish Consolidated Government, the general government services provided by that governmental unit, or the other governmental reporting entity.

The accompanying financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ending December 31, 2020.

**B.      Basis of Presentation**

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

**FIRE DISTRICT NO. 5 of the  
Parishes of Terrebonne and Lafourche**  
Notes to the Financial Statements  
For the Year Ended December 31, 2020

**Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

**B.      Basis of Presentation (continued)**

**Governmental Fund Type**

Governmental funds account for all or most of the general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid.

The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period programs or operations. The following are the governmental funds:

General Fund - Accounts for all financial resources and expenditures except those required to be accounted for in other funds.

Debt Service Fund -Accounts for the accumulation of resources for and the payment of principal and interest on long-term general obligation debt of governmental funds.

Capital Project Fund - Accounts for financial resources to be used for the acquisition or construction of major capital facilities

**C.      Measurement Focus / 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 (GWFS)**

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

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

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For the Year Ended December 31, 2020

**Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

**C.      Measurement Focus / Basis of Accounting (continued)**

**Program Revenues** - Program revenues included in the column labeled Statement of Activities are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the general revenues.

***Fund Financial Statements (FFS)***

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

The amounts reflected in the fund financial statements, use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. 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. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The court considers all revenues available if they are collected within 60 days after the fiscal year end.

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

**FIRE DISTRICT NO. 5 of the  
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Notes to the Financial Statements  
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**Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

**C.      Measurement Focus / Basis of Accounting (continued)**

**Revenues** – Ad valorem taxes and the related state revenue sharing are recorded as revenue in the period for which levied, thus the 2019 property taxes which were levied to finance the 2020 budget are recognized as revenue in 2020. The 2020 tax levy is recorded as deferred revenue in the current 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 or available until actually received.

**Expenditures** – The major expenditures are recorded when payable or when the fees are incurred.

**D.      Use of Estimates**

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

**E.      Operating Budgets**

As required by Louisiana Revised Statutes, The Board of Commissioners adopted a budget for the General Fund. The Board must approve any amendment involving the transfer of monies from one function to another, or increases in expenditures. The district did not amend its budget for the year ended December 31, 2020. 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.

***FIRE DISTRICT NO. 5 of the  
Parishes of Terrebonne and Lafourche***  
Notes to the Financial Statements  
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**Note 1      *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)***

**F.      *Cash and Investments***

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

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or any other federally insured investments, 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.

Investment is also allowed in the Louisiana Asset management Pool (LAMP). LAMP is an external pool which is operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met.

**G.      *Receivables***

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

**H.      *Deferred Outflows and Inflows of Resources***

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

**FIRE DISTRICT NO. 5 of the  
Parishes of Terrebonne and Lafourche**

Notes to the Financial Statements  
For the Year Ended December 31, 2020

**Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

**I.    Vacation and Sick Leave**

Full time employees are entitled to 18 days of vacation after one year of service. Each year the employee must take the vacation time before the anniversary date (the first day of employment). If not taken before the anniversary date, the vacation time is forfeited. The vacation period is increased one day for each year of service over ten years, up to a maximum period of thirty days. There is no material accumulated vacation at year-end.

Every firefighter in the employ of a fire protection district shall be entitled to full pay during sickness or incapacity not brought about by his own negligence or culpable indiscretion for a period of not less than fifty-two weeks. A firefighter employed by any fire protection district who draws full pay during sickness or incapacity shall have such pay decreased by the amount of workers' compensation benefits actually received by the employee. A firefighter is entitled to sick leave benefits even though the injury or illness may have occurred while he was off duty. Firefighters are not prohibited from engaging in part-time employment while receiving sick leave.

A probationary firefighter who is not a regular or permanent fireman is not entitled to sick leave benefits provided by the District. Sick leave does not accumulate for employees; accordingly there is no accrued sick leave as of year-end.

**J.    Capital Assets**

In the government-wide financial statements, additions, improvements and other capital outlays that significantly extend the useful life of an asset are recorded and depreciated (capitalized). Capital assets purchased or acquired with an original cost of \$1000 or more are valued at historical cost or estimated if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. 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. All capital assets, other than land, are depreciated using the straight-line method over the following estimated useful lives:

CATEGORY	LIFE
BUILDINGS AND IMPROVEMENTS	5-40 YEARS
MACHINERY & EQUIPMENT	5-20 YEARS

**FIRE DISTRICT NO. 5 of the  
Parishes of Terrebonne and Lafourche**  
Notes to the Financial Statements  
For the Year Ended December 31, 2020

**Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

**J.      Capital Assets (continued)**

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

**K.      Fund Equity**

For government-wide financial statements net assets are classified and displayed in three components:

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

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.

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as *non-spendable*, *restricted*, *committed*, *assigned*, or *unassigned*.

- *Non-spendable* fund balance cannot be spent because of its form.
- *Restricted* fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions.
- *Committed* fund balance is a limitation imposed by the Board through approval in minutes.
- *Assigned* fund balances is a limitation imposed by a designee of the Board.
- *Unassigned* fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.



**FIRE DISTRICT NO. 5 of the  
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Notes to the Financial Statements  
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**Note 2                      DEPOSITS AND INVESTMENTS**

**Deposits:**

A summary of deposits are listed as follows:

	<b>Reported Amount</b>	<b>Bank Balance</b>
<b>Cash</b>	\$554,523	\$558,003

State law requires that deposits (cash and certificates of deposit) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the 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. Under the provision of GASB, pledged securities, which are not in the name of the governmental unit, are considered uncollateralized.

Custodial credit risk is the risk that in the event of a bank failure, deposits may not be returned to it. The District has a written policy for custodial credit risk. At year-end \$308,003 was exposed to custodial credit risk. These deposits were secured by the market value of collateralized deposits.

The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

**FIRE DISTRICT NO. 5 of the  
Parishes of Terrebonne and Lafourche**  
Notes to the Financial Statements  
For the Year Ended December 31, 2020

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

**Investments:**

Investment balances and maturities at year end are as follows:

Investment Type	As Reported	Fair Value	Ave Days Maturity
Louisiana Asset Management Pool	\$157,768	\$157,768	Less than 1 year

For an investment, custodial credit risk is the risk that, in the event of a failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

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

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with maturity in excess of 397 days. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued at amortized cost, which approximates fair value. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

**FIRE DISTRICT NO. 5 of the  
Parishes of Terrebonne and Lafourche**  
Notes to the Financial Statements  
For the Year Ended December 31, 2020

**Note 3      AD VALOREM 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 Parish. Assessed values are established by the Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2020.

Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2020 was 16.0 mills of assessed valuation on property within Terrebonne and Lafourche Parish Fire District No. 5 for the purpose providing fire protection within the District and 5.7 mills for repayment of bond principal and interest.

**Note 4      DUE FROM OTHER GOVERNMENTAL UNITS**

Amounts due from other governmental units consisted of \$410,099 due from the Terrebonne and Lafourche Parish Tax Collectors for ad valorem taxes collected but not yet remitted.

**Note 5      SUPPLEMENTAL PAY**

In addition to the compensation paid to employees, firemen may be eligible to receive supplemental pay. The amount of the compensation is determined by State Law and is revised periodically. During the current year the District has recognized revenue and expenditures of \$6,000 in salary supplements received from the State.

**Note 6      RISK MANAGEMENT**

The District is exposed to various risks of loss related to workmen's compensation; torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters and group health benefits for which the District carries commercial insurance and also participates in the Parish's risk management program for general liability and workers' compensation and group health. The premiums for auto liability are paid to the Parish for reimbursement of commercial carrier premiums. No settlements were made during the year that exceeded the District's insurance coverage.

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Parishes of Terrebonne and Lafourche**  
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**Note 7 CAPITAL ASSETS**

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

	Beginning Balance	Additions	Deletions/ Adjustments	Ending Balance
<b>NON-DEPRECIABLE ASSETS</b>				
Land	\$ 125,165	\$ -	\$ -	\$ 125,165
<b>DEPRECIABLE ASSETS:</b>				
Buildings & Improvements	1,496,206	2,028	-	1,498,234
Vehicles, Machinery & Equipment	1,400,475	-	-	1,400,475
Total Cost of depreciable assets	<u>2,896,681</u>	<u>2,028</u>	<u>-</u>	<u>2,898,709</u>
Total Cost of assets	3,021,846	2,028	-	3,023,874
<b>ACCUMULATED DEPRECIATION</b>				
Buildings & Improvements	236,899	37,412	-	274,311
Vehicles, Machinery & Equipment	1,033,168	85,997	-	1,119,165
Total accumulated depreciation	<u>1,270,067</u>	<u>123,409</u>	<u>-</u>	<u>1,393,476</u>
Net depreciable assets	<u>\$1,626,613</u>			<u>\$1,505,233</u>
Net capital assets	<u>\$1,751,778</u>			<u>\$1,630,398</u>

Depreciation Expense of \$123,409 was recorded in the governmental activities.

**Note 8 LONG TERM DEBT**

In 2009 the District authorized the issuance of \$1,600,000 general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds were issued as serial bonds with varying amounts of principal maturing each year at an interest rate of 5.250%. A summary of the general obligation bonds currently outstanding is as follows:

Long-term debt activity for the year was as follows:

	BEGINNING BALANCE	ADDITIONS	PAYMENTS	ENDING BALANCE	DUE WITHIN ONE YEAR
GENERAL OBLIGATION BONDS, SERIES 2009	\$ 1,080,000	\$ 1,700	\$ 101,700	\$ 980,000	\$ 95,000

**FIRE DISTRICT NO. 5 of the  
Parishes of Terrebonne and Lafourche**  
Notes to the Financial Statements  
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**Note 8      LONG TERM DEBT (continued)**

On October 22, 2019 the Board passed a resolution giving preliminary approval to the issuance of not to exceed \$1,100,000 of General Obligation Refunding Bonds and applied for approval to the State Bond Commission and to redeem certain bonds of the District. The Board passed the final resolution to refund the bonds on December 19, 2019.

The refunded Series 2009 Bonds are to be used for the same purpose as the original bonds. These bonds were issued as serial bonds with varying amounts of principal maturing each year at an interest rate of 2.60%.

The date of the bonds will be January 16, 2020 with payments due on March 1 and September 1 with the average maturity of the bonds to be 5.24 years. The net savings from refunding is \$91,853 with an average annual debt service reduction of \$9,177. The approximate cost of the issuance is \$23,125.

Annual debt service requirements to maturity for General Obligation Refunding Bonds, Series 2020 are as follows:

YEAR	PRINCIPAL	INTEREST	TOTAL
2021	\$ 95,000	\$ 24,245	\$ 119,245
2022	98,000	21,736	119,736
2023	102,000	19,136	121,136
2024	105,000	16,445	121,445
2025	108,000	13,676	121,676
2026-2029	472,000	25,012	497,012
	<b>\$ 980,000</b>	<b>\$ 120,250</b>	<b>\$ 1,100,250</b>

**Note 9      FIREFIGHTERS RETIREMENT SYSTEM**

GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits.

**PLAN DESCRIPTION** – The District contributes to the Firefighters' Retirement System of Louisiana (FRS), a cost-sharing multiple-employer defined benefit public retirement system, which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries.

**FIRE DISTRICT NO. 5 of the  
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Notes to the Financial Statements  
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**NOTE 9      FIREFIGHTERS RETIREMENT SYSTEM (continued)**

Act 434 of the 1979 Louisiana Legislative Session established the plan. The System is governed by Louisiana R.S. 11:2251 – 11:2269, specifically, and other general laws of the State.

The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Firefighters' Retirement System of Louisiana, 2051 Silverside Dr., Suite 210, Baton Rouge, LA 70808-4136 or at their website <http://www.lafirefightersret.com>.

**ELIGIBILITY REQUIREMENTS** – Membership in the System is a condition of employment for any full time firefighters who earn at least \$375 per month and are employed by any municipality, parish, or fire protection district of the State of Louisiana in addition to employees of the Firefighters Retirement System.

Any person who becomes an employee as defined in R.S. 11:2252 on and after January 1, 1980 shall become a member as a condition of employment. No person who has attained age fifty or over shall become a member of the System, unless the person becomes a member by reason of a merger or unless the System received an application for membership before the applicant attained the age of fifty. No person who has not attained the age of eighteen years shall become a member of the System. Any person who has retired from service under any retirement system or pension fund maintained basically for public officers and employees of the state, its agencies or political subdivisions, and who is receiving retirement benefits therefrom may become a member of this System, provided the person meets all other requirements for membership. Service credit from the retirement system or pension plan from which the member is retired shall not be used for reciprocal recognition of service with this System, or for any other purpose in order to attain eligibility or increase the amount of service credit in this System.

**RETIREMENT BENEFITS** – Employees with 20 or more years of service who have attained age 50, or employees who have 12 years of service who have attained age 55, or 25 years of service at any age are entitled to annual pension benefits equal to 3.333% of their average final compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 100%. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity.

If employees terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to their employer's contributions. Benefits are payable over the employees' lives in the form of a monthly annuity. An employee may elect an unreduced benefit or any of seven options at retirement.

**FIRE DISTRICT NO. 5 of the  
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Notes to the Financial Statements  
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**NOTE 9      FIREFIGHTERS RETIREMENT SYSTEM (continued)**

See R.S. 11:2256(A) for additional details on retirement benefits.

**DISABILITY BENEFITS** – A member who acquires a disability, and who files for disability benefits while in service, and who upon medical examination and certification as provided for in Title 11, is found to have a total disability solely as the result of injuries sustained in the performance of his official duties, or for any cause, provided the member has at least five years of creditable service and provided that the disability was incurred while the member was an active contributing member in active service, shall be entitled to disability benefits under the provisions of R.S. 11:2258(B).

**DEATH BENEFITS** – Benefits shall be payable to the surviving eligible spouse or designated beneficiary of a deceased member as specified in R.S. 11:2256(B) & (C).

**DEFERRED RETIREMENT OPTION PLAN (DROP)** – After completing 20 years of creditable service and age 50 or 25 years at any age, a member may elect to participate in the deferred retirement option plan (DROP) for up to 36 months.

Upon commencement of participation in the DROP employer and employee contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the DROP 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 DROP 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 DROP account until the participant retires.

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

**EMPLOYER CONTRIBUTIONS** – Employer contributions are actuarially determined each year. For the period July 1, 2019 to June 30, 2020, employer and employee contributions for members above the poverty line were 27.75% and 10.00% respectively, and for members below the poverty line were 29.75% and 8.00% respectively.

**FIRE DISTRICT NO. 5 of the  
Parishes of Terrebonne and Lafourche**

Notes to the Financial Statements  
For the Year Ended December 31, 2020

**NOTE 9      FIREFIGHTERS RETIREMENT SYSTEM (continued)**

NON-EMPLOYER CONTRIBUTIONS – The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue during the year ended June 30, 2020 and were excluded from pension expense. Non-employer contributions received by the District was \$6,953 and the System was \$28,017,672.

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES - As of December 31, 2020, the District reported liabilities in the GWFS of \$172,020 in its governmental activities for its proportionate share of the net pension liabilities of the System. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension obligation was determined by an actuarial valuation as of that date.

The proportion of the net pension liability was based on a projection of the long-term contributions to the plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the District's proportional share of the System was 0.024817% which was a decrease of 0.00038% from its proportion measured the prior year.

For the year ended December 31, 2020 the District recognized a pension expense of \$36,257 in its governmental activities related to its participation in the System. At December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

FFRS	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ -	\$(11,006)
Investment Earning	18,944	-
Changes in assumption	16,629	-
Changes in proportion	1,545	(5,544)
Employer Contribution after Measurement Date	9,386	-
<b>Totals</b>	<b>\$46,504</b>	<b>\$(16,550)</b>



**FIRE DISTRICT NO. 5 of the  
Parishes of Terrebonne and Lafourche**  
Notes to the Financial Statements  
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**NOTE 9 FIREFIGHTERS RETIREMENT SYSTEM (continued)**

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

Year ended December 31:	
2021	\$1,446
2022	7,498
2023	6,471
2024 & thereafter	5,153
	<b>\$20,568</b>

**ACTUARIAL ASSUMPTIONS** - The total pension liabilities in the June 30, 2020, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurements:

Valuation Date	June 30, 2020
Actuarial cost method	Entry Age Normal
<b>Actuarial cost assumptions:</b>	
Expected remaining service lives	7 years, closed period
Investment rate of return	7.00% per annum
Inflation rate	2.50% per annum
Salary increases	Vary from 14.10% in the first two years of service to 5.20% with 3 or more years
Cost of Living Adjustments	For the purpose of determining the present value of benefits, COLAs were deemed not to be substantively automatic and only those previously granted were included

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 Mortality Table that were used for the previous valuation. For the June 30, 2020 valuation, assumptions for mortality rates were based on the following:

**FIRE DISTRICT NO. 5 of the  
Parishes of Terrebonne and Lafourche**

Notes to the Financial Statements  
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**NOTE 9      FIREFIGHTERS RETIREMENT SYSTEM (continued)**

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

The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation, 2.50%.

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

Asset Type	Target Asset Allocation	Long-Term Expected Real Rate of Return
Equities-US Equity	26.00%	5.72%
Equities-Non-US Equity	12.00%	6.24%
Equities-Global Equity	10.00%	6.23%
Equity – Emerging Market	6.00%	8.61%
Fixed Income-US Core	26.00%	1.00%
Fixed Income-Emerging Market Debt	5.00%	3.40%
Multi-Asset Strategies-Global Tactical	0.00%	4.22%
Multi-Asset Strategies-Risk Parity	0.00%	4.22%
Alternatives-Real Estate	6.00%	4.20%
Alternatives-Private Equity	9.00%	10.29%
Totals	100.00%	
Discount Rate		7.00%

**FIRE DISTRICT NO. 5 of the  
Parishes of Terrebonne and Lafourche**

Notes to the Financial Statements  
For the Year Ended December 31, 2020

**NOTE 9      FIREFIGHTERS RETIREMENT SYSTEM (continued)**

SENSITIVITY OF THE CHANGES IN DISCOUNT RATE - The following presents the net pension liabilities of the participating employers calculated using the discount rate of 7.00%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net Pension Liability	\$248,482	\$172,020	\$108,198

**Note 10      COMPENSATION OF BOARD MEMBERS**

No compensation was paid to Board Members for the year.

***REQUIRED SUPPLEMENTAL  
INFORMATION***

**FIRE DISTRICT NO. 5**  
**of the PARISHES OF TERREBONNE and LAFOURCHE**  
 Budget Comparison Schedule - General Fund  
 For the Year Ended December 31, 2020

	Budgets		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>REVENUES</b>	(No amendments)			
Ad Valorem Taxes	\$363,250	\$363,250	\$329,206	\$ (34,044)
State Revenue Sharing	8,000	8,000	12,550	4,550
State Supplemental Pay	6,000	6,000	6,000	-
Fire Insurance Rebate	20,000	20,000	-	(20,000)
Miscellaneous	10,500	10,500	10,434	(66)
Interest	2,500	2,500	527	(1,973)
<b>TOTAL REVENUES</b>	<u>410,250</u>	<u>410,250</u>	<u>358,717</u>	<u>(51,533)</u>
<b>EXPENDITURES</b>				
Public safety - current:				
Personal Services	216,320	216,320	217,869	(1,549)
Supplies & Materials	48,000	48,000	16,761	31,239
Other Services & Charges	90,900	90,900	85,870	5,030
Repairs & Maintenance	21,000	21,000	28,101	(7,101)
Capital Grant for Fire Truck Purchase	-	-	-	-
Total public safety - current	<u>376,220</u>	<u>376,220</u>	<u>348,601</u>	<u>27,619</u>
Capital expenditures	51,834	51,834	2,028	49,806
Debt Service	-	-	13,665	(13,665)
<b>TOTAL EXPENDITURES</b>	<u>428,054</u>	<u>428,054</u>	<u>364,294</u>	<u>77,425</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(17,804)</u>	<u>(17,804)</u>	<u>(5,577)</u>	<u>12,227</u>
<b>FUND BALANCES</b>				
Beginning of year	494,967	494,967	494,967	-
End of year	<u>\$ 477,163</u>	<u>\$ 477,163</u>	<u>\$ 489,390</u>	<u>\$ 12,227</u>

**FIRE DISTRICT NO. 5**  
**of the PARISHES OF TERREBONNE and LAFOURCHE**  
Schedule of Employer's Share of Net Pension Liability

**Year Ended June 30	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset) (a)	Employer's Covered Employee Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.024170%	\$ 172,020	\$ 89,890	191.37%	72.61%
2019	0.025197%	\$ 157,781	\$ 58,555	269.46%	73.96%
2018	0.025100%	\$ 144,377	\$ 56,597	255.10%	74.76%
2017	0.025177%	\$ 144,311	\$ 51,244	281.62%	73.50%
2016	0.026071%	\$ 170,528	\$ 51,245	332.77%	68.20%
2015	0.025252%	\$ 136,288	\$ 53,666	253.96%	72.45%

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

\*\* The amounts presented have a measurement date of June 30th

**Notes to Retirement System Schedules:**

**Changes of Benefit Terms**

6/30/2016 NO CHANGE  
6/30/2017 NO CHANGE  
6/30/2018 NO CHANGE  
6/30/2019 NO CHANGE  
6/30/2020 NO CHANGE

**Changes of Assumptions**

Year	Actuarial cost method	Inflation rate	Discount rate- Investment ROR	Salary increases vary from	Expecting remaining service lives
6/30/2015	Entry Age Normal	2.875%	7.50%	15.0% in first two years to 4.75% with 25 or more years	7 years
6/30/2016	Entry Age Normal	2.875%	7.50%	no change	7 years
6/30/2017	Entry Age Normal	2.775%	7.40%	no change	7 years
6/30/2018	Entry Age Normal	2.700%	7.30%	no change	7 years
6/30/2019	Entry Age Normal	2.500%	7.15%	14.75% in the first two years of service to 4.75% after 25 years	7 years

**FIRE DISTRICT NO. 5**  
**of the PARISHES OF TERREBONNE and LAFOURCHE**  
Schedule of Employer Contributions

<b>**Year Ended June 30</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's covered Employee Payroll</b>	<b>Contributions as a % of Covered Employee Payroll</b>
2020	\$ 17,145	\$ 24,212	\$ 7,067	\$ 89,890	26.94%
2019	\$ 16,138	\$ 16,178	\$ 40	\$ 56,597	28.58%
2018	\$ 15,836	\$ 15,793	\$ (43)	\$ 56,597	27.90%
2017	\$ 12,958	\$ 12,958	\$ -	\$ 51,244	25.29%
2016	\$ 12,604	\$ 12,604	\$ -	\$ 51,245	24.60%
2015	\$ 15,697	\$ 15,697	\$ -	\$ 53,666	29.25%

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

\*\* The amounts presented have a measurement date of June 30th

**Notes to Retirement System Schedules:**

**Changes of Benefit Terms**

6/30/2016 NO CHANGE  
6/30/2017 NO CHANGE  
6/30/2018 NO CHANGE  
6/30/2019 NO CHANGE  
6/30/2020 NO CHANGE

**Changes of Assumptions**

	<b>Actuarial cost method</b>	<b>Inflation rate</b>	<b>Discount rate Investment ROR</b>	<b>Salary increases vary from</b>	<b>Expecting remaining service lives</b>
6/30/2015	Entry Age Normal	2.875%	7.50%	15.0% in first two years to 4.75% with 25 or more years	7 years
6/30/2016	Entry Age Normal	2.875%	7.50%	no change	7 years
6/30/2017	Entry Age Normal	2.775%	7.40%	no change	7 years
6/30/2018	Entry Age Normal	2.700%	7.30%	no change	7 years
6/30/2019	Entry Age Normal	2.500%	7.15%	14.75% in the first two years of service to 4.75% after 25 years	7 years
6/30/2020	Entry Age Normal	2.50%	7.00%	14.10% in first two years to 5.20% with 3 or more years	7 years, closed period

***OTHER  
INFORMATION***



**FIRE DISTRICT NO. 5**  
**of the PARISHES OF TERREBONNE and LAFOURCHE**  
Schedule of Compensation, Benefits and Other Payments to Agency Head  
For the Year Ended December 31, 2020

**Agency Head Name: Tony Pellegrin, Jr.**

<b>Purpose</b>	<b>Amount</b>
Salary	\$64,929
Benefits-insurance	\$22,371
Benefits-retirement	\$20,940
Deferred compensation (contributions made by the agency)	\$0
Benefits- Cell Phone	\$1,200
Car allowance	\$0
Vehicle provided by government (enter amount reported on W-2 adjusted for various fiscal years)	\$0
Cell phone	\$0
Dues	\$0
Vehicle rental	\$0
Per diem	\$0
Reimbursements	\$0
Travel	\$0
Registration fees	\$0
Conference travel	\$0
Housing	\$0
Unvouchered expenses (expample: travel advances, etc.)	\$0
Special meals	\$0
Other (including payments made by other parties on behalf of the agency head)	\$0

***This form is used to satisfy the reporting requirement of R.S. 24:513(A)(3) on Supplemental Reporting***

***REPORTS REQUIRED BY  
GOVERNMENT AUDITING  
STANDARDS***



# STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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## **Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

To the Commissioners of  
Terrebonne Parish Fire District No. 5  
Bourg, 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. 5 (the District), a component unit of Terrebonne Parish Consolidated Government as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents and have issued our report thereon dated May 6, 2021.

### ***Internal Control Over Financial Reporting***

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

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

To the Board of Commissioners  
Terrebonne Parish Fire District No. 5  
Page 2

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### ***Compliance and Other Matters***

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

### ***Purpose of this Report***

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

*Stagni & Company*

May 6, 2021  
Thibodaux, Louisiana

