

Financial Report

Terrebonne Parish Fire District No. 10
Theriot, Louisiana

December 31, 2021

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Terrebonne Parish Fire District No. 10,
Theriot, Louisiana.

Opinion

We have audited the accompanying financial statements of the governmental activities and General Fund of Terrebonne Parish Fire District No. 10 (the "District"), a component unit of the Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 2021, 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, 2021 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 within one year after the date that the financial statements are available to be issued.

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 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 46 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 15, 2022 on our consideration of Terrebonne Parish Fire District No. 10'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 15, 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Terrebonne Parish Fire District No. 10

December 31, 2021

Management's Discussion and Analysis of the Terrebonne Parish Fire District No. 10's (the "District") financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2021. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the 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 2021 by \$2,025,279 (net position), which represents a 1.71% increase from last fiscal year.

The District's revenue decreased \$28,589 (or 2.33%) primarily due to a decreases in ad valorem tax and intergovernmental revenues.

The District's expenses decreased \$146,547 (or 11.16%) primarily due to decreases in personal services and repairs and maintenance of vehicles.

The District did not have a deficit fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's financial statements. The District's annual report consists of four parts: (1) management's discussion and analysis (this section); (2) financial statements; (3) supplemental information; and (4) various governmental compliance reports and schedules by certified public accountants and management.

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Government-Wide Financial Statements

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

The District maintained two individual governmental funds during the year. 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, and Debt Service 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 17 of this report.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. As of December 31, 2021, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$2,025,279. A large portion of the District's net position (119.86%) reflects its net investment in capital assets (e.g., land; buildings and improvements; office furniture, fixtures and equipment; trucks, machinery and equipment). Consequently, these assets are not available for future spending.

Condensed Statements of Net Position

	<u>December 31,</u>		<u>Dollar</u>
	<u>2021</u>	<u>2020</u>	<u>Change</u>
Current and other assets	\$ 1,441,892	\$ 1,425,406	\$ 16,486
Capital assets	2,592,524	2,836,956	(244,432)
Deferred outflows of resources	<u>160,336</u>	<u>318,476</u>	<u>(158,140)</u>
Total assets and deferred outflows of resources	<u>4,194,752</u>	<u>4,580,838</u>	<u>(386,086)</u>
Current and other liabilities	99,171	85,163	14,008
Long-term liabilities	547,492	1,336,128	(788,636)
Deferred inflows of resources	<u>1,522,810</u>	<u>1,168,245</u>	<u>354,565</u>
Total liabilities and deferred inflows of resources	<u>2,169,473</u>	<u>2,589,536</u>	<u>(420,063)</u>
Net position:			
Net investment in capital assets	2,427,524	2,596,956	(169,432)
Restricted	30,417	37,623	(7,206)
Unrestricted	<u>(432,662)</u>	<u>(643,277)</u>	<u>210,615</u>
Total net position	<u>\$ 2,025,279</u>	<u>\$ 1,991,302</u>	<u>\$ 33,977</u>

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

Governmental activities increased the District's net position by \$33,977. Key elements of this decrease are as follows:

Condensed Statements of Activities

	For the Year Ended December 31,		Dollar	Total
	2021	2020	Change	Percent Change
Revenues:				
Taxes	\$ 1,033,266	\$ 1,081,254	\$(47,988)	-4.44%
Intergovernmental:				
Federal grant	11,070	16,007	(4,937)	-30.84%
State revenue sharing	17,475	15,907	1,568	9.86%
Fire insurance tax	15,594	15,625	(31)	-0.20%
Supplemental pay	38,308	47,085	(8,777)	-18.64%
Volunteer Fire Assistance Grant	-	6,112	(6,112)	-100.00%
Miscellaneous	84,839	47,151	37,688	79.93%
Total revenues	<u>1,200,552</u>	<u>1,229,141</u>	<u>(28,589)</u>	-2.33%
Expenses:				
General government	74,992	51,937	23,055	44.39%
Public safety	1,084,250	1,250,995	(166,745)	-13.33%
Debt service	7,333	10,190	(2,857)	-28.04%
Total expenses	<u>1,166,575</u>	<u>1,313,122</u>	<u>(146,547)</u>	-11.16%
Increase (decrease) in net position	33,977	(83,981)	117,958	-140.46%
Net position beginning of year	<u>1,991,302</u>	<u>2,075,283</u>	<u>(83,981)</u>	-4.05%
Net position, end of year	<u>\$ 2,025,279</u>	<u>\$ 1,991,302</u>	<u>\$ 33,977</u>	1.71%

In 2021, the District's tax revenue decreased primarily due to a decrease in property assessments within the district. Miscellaneous revenue increased primarily due to impairment gains from insured Hurricane Ida damages also workers' compensation dividends were recognized as revenues instead of being offset to public safety expenses in the current year. Public safety expenses decreased primarily due to decreases in personal services, resulting from decreases in retirement expenses and repairs and maintenance expenses due to assessments of damages from Hurricane Ida. Debt service expenses decreased due to a decrease in interest expense as the average principal balance of the long-term debt has decreased as payments are made.

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 funds are 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 governmental funds reported combined ending fund balance of \$469,773 which is an increase of \$66,982 in comparison with the prior year. Of the total fund balance, \$20,758 is in a non-spendable form, \$32,534 is restricted for debt service, and \$416,481 is available for spending at the District's discretion.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$416,481 while total fund balance was \$437,239. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The fund balance of the District's General Fund increased by \$75,151 during the current fiscal year. This increase was primarily due to increases in proceeds from insurance claims and decreases in capital outlay.

The Debt Service Fund has a total fund balance of \$32,534. The decrease in fund balance of \$8,169 was primarily due to decreases in ad valorem tax revenue.

General Fund Budgetary Highlights

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

The major differences between the original General Fund budget and the final amended budget were as follows:

Revenues

- Ad valorem taxes were decreased \$66,790 to appropriately reflect the decrease in taxes from offshore oil and gas workboats.

Expenditures

- Personal services and other services and charges increased by \$59,400 and \$25,028, respectively for anticipated increases in activities resulting from Hurricane Ida.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND (Continued)**General Fund Budgetary Highlights (Continued)**

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

CAPITAL ASSETS AND DEBT ADMINISTRATION**Capital Assets**

The District's investment in capital assets for its governmental activities as of December 31, 2021, amounts to \$2,592,524 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, office furniture, fixtures and equipment, trucks, machinery and equipment are as follows:

	<u>2021</u>	<u>2020</u>
Land	\$ 65,967	\$ 65,967
Buildings and improvements	2,698,966	2,885,786
Office furniture, fixtures, and equipment	17,179	17,179
Trucks, machinery and equipment	<u>1,888,490</u>	<u>1,861,601</u>
Totals	<u>\$4,670,602</u>	<u>\$4,830,533</u>

Major capital asset events during the current fiscal year included purchases of a whole house generator in the amount of \$19,800 and \$10,000 for air packs. Impairments brought about from Hurricane Ida damages amounts to \$189,731 or \$93,502 after reversal of accumulated depreciation.

Additional information on the District's capital assets can be found in Note 5, Exhibit F of this report.

Long-term Obligations

As of December 31, 2021, the District had \$165,000 in general obligation bonds payable, that were paid down from prior year's balance of \$240,000 by a total of \$75,000 in principal payments. See further explanation of these obligations in Note 8, Exhibit F of this report. The net pension liability was decreased by \$702,628 during 2021 to a balance of \$445,625 as of December 31, 2021. More detailed information about the District's net pension liability is presented in Note 9, Exhibit F of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

- The ad valorem tax revenue budgeted represents the estimated amount of the November 2021 assessment, which the District will receive, for the most part, in January 2022. The 2021 assessment of 23 mills is construction, maintenance and operation of the fire protection facilities and 2 mills for debt service. Ad valorem taxes are projected to decrease to \$850,000 because of a reduction in assessed property.
- Salaries and wages to increase due to a 2% state mandated increase for all firemen with three or more years of service.
- Group insurance expenses are estimated to increase by 1%.
- Property, auto, and liability insurance is expected to increase by 2.5%
- Repairs will be made as funding will allow.
- No capital expenditures are planned in the budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Board of Directors of the Terrebonne Parish Fire District No. 10, 1767 Bayou Dularge Road, Theriot, Louisiana 70397.

STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET**Terrebonne Parish Fire District No. 10**

December 31, 2021

	General Fund	Debt Service Fund	Totals	Adjustments (Exhibit B)	Statement of Net Position
Assets					
Cash	\$ 384,026	\$ 82,044	\$ 466,070	\$ -	\$ 466,070
Receivables:					
Taxes	633,088	55,054	688,142	-	688,142
Due from other governmental units	246,853	20,069	266,922	-	266,922
Due from other funds	49,510	-	49,510	(49,510)	-
Prepaid insurance	20,758	-	20,758	-	20,758
Capital assets:					
Non-depreciable	-	-	-	65,967	65,967
Depreciable, net of accumulated depreciation	-	-	-	2,526,557	2,526,557
Total current assets	1,334,235	157,167	1,491,402	2,543,014	4,034,416
Deferred Outflows of Resources - Pensions	-	-	-	160,336	160,336
Total assets and deferred outflows of resources	<u>\$ 1,334,235</u>	<u>\$ 157,167</u>	<u>\$ 1,491,402</u>	<u>2,703,350</u>	<u>4,194,752</u>
Liabilities					
Accounts payables and accrued expenditures	\$ 17,054	\$ -	\$ 17,054	2,117	19,171
Due to other funds	-	49,510	49,510	(49,510)	-
Long-term liabilities:					
Due within one year	-	-	-	80,000	80,000
Due after one year	-	-	-	547,492	547,492
Total liabilities	17,054	49,510	66,564	580,099	646,663
Deferred Inflows of Resources					
Unavailable revenue - property taxes	879,942	75,123	955,065	-	955,065
Pensions	-	-	-	567,745	567,745
Total deferred inflows of resources	879,942	75,123	955,065	567,745	1,522,810
Total liabilities and deferred inflows of resources	<u>896,996</u>	<u>124,633</u>	<u>1,021,629</u>	<u>1,147,844</u>	<u>2,169,473</u>
Fund Balances/Net Assets					
Fund balances:					
Non-spendable:					
Prepaid insurance	20,758	-	20,758	(20,758)	-
Restricted:					
Debt service	-	32,534	32,534	(32,534)	-
Unassigned	416,481	-	416,481	(416,481)	-
Total fund balances	437,239	32,534	469,773	(469,773)	-
Total liabilities and fund balances	<u>\$ 1,334,235</u>	<u>\$ 157,167</u>	<u>\$ 1,491,402</u>		
Net position:					
Net investment in capital assets				2,427,524	2,427,524
Restricted:					
Debt service				30,417	30,417
Unrestricted				(432,662)	(432,662)
Total net position				<u>\$ 2,025,279</u>	<u>\$ 2,025,279</u>

See notes to financial statements.

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

Terrebonne Parish Fire District No. 10

December 31, 2021

Fund Balances - Governmental Fund		\$ 469,773
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.</p>		
Governmental capital assets	\$ 4,670,602	
Less accumulated depreciation	<u>(2,078,078)</u>	2,592,524
<p>Deferred outflows of resources used in governmental activities are not financial resources and are not reported in governmental funds.</p>		
		160,336
<p>Other assets and liabilities used in governmental activities are not financial resources and are not reported in the governmental funds.</p>		
Accrued interest payable		(2,117)
<p>Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>		
Governmental bonds payable	(165,000)	
Compensated absences	(16,867)	
Net pension liability	<u>(445,625)</u>	(627,492)
<p>Deferred inflows of resources are not due and payable in the current period and are not reported in governmental funds.</p>		
		<u>(567,745)</u>
Net Position of Governmental Activities		<u>\$ 2,025,279</u>

See notes to financial statements.

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

Terrebonne Parish Fire District No. 10

For the year ended December 31, 2021

	General Fund	Debt Service Fund	Totals	Adjustments (Exhibit D)	Statement of Activities
Revenues					
Taxes	\$ 950,623	\$ 82,643	\$ 1,033,266	\$ -	\$ 1,033,266
Intergovernmental:					
State of Louisiana:					
Federal grant	11,070	-	11,070	-	11,070
State revenue sharing	17,475	-	17,475	-	17,475
Fire insurance tax	15,594	-	15,594	-	15,594
Supplemental pay	38,308	-	38,308	-	38,308
Miscellaneous:					
Interest	1,719	169	1,888	-	1,888
Impairment gain	-	-	-	48,731	48,731
Other	34,220	-	34,220	-	34,220
Total revenues	<u>1,069,009</u>	<u>82,812</u>	<u>1,151,821</u>	<u>48,731</u>	<u>1,200,552</u>
Expenditures/Expenses					
Current:					
General government:					
Ad valorem tax adjustment	36,820	3,224	40,044	-	40,044
Ad valorem tax deductions	32,152	2,796	34,948	-	34,948
Total general government	<u>68,972</u>	<u>6,020</u>	<u>74,992</u>	<u>-</u>	<u>74,992</u>
Public safety:					
Personal services	859,966	-	859,966	(135,464)	724,502
Supplies and materials	27,180	-	27,180	-	27,180
Other services and charges	119,931	-	119,931	-	119,931
Repairs and maintenance	31,907	-	31,907	-	31,907
Depreciation	-	-	-	180,730	180,730
Total public safety	<u>1,038,984</u>	<u>-</u>	<u>1,038,984</u>	<u>45,266</u>	<u>1,084,250</u>
Debt service:					
Principal retirement	-	75,000	75,000	(75,000)	-
Interest and fiscal charges	-	8,296	8,296	(963)	7,333
Total debt service	<u>-</u>	<u>83,296</u>	<u>83,296</u>	<u>(75,963)</u>	<u>7,333</u>
Capital outlay	29,800	-	29,800	(29,800)	-
Total expenditures/expenses	<u>1,137,756</u>	<u>89,316</u>	<u>1,227,072</u>	<u>(60,497)</u>	<u>1,166,575</u>

**Exhibit C
(Continued)**

	General Fund	Debt Service Fund	Totals	Adjustments (Exhibit D)	Statement of Activities
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	(68,747)	(6,504)	(75,251)	109,228	33,977
Other Financing Sources (Uses)					
Proceeds from insurance claim	142,233	-	142,233	(142,233)	-
Transfers-in	1,665	-	1,665	(1,665)	-
Transfers-out	-	(1,665)	(1,665)	1,665	-
Total other financing sources (uses)	143,898	(1,665)	142,233	(142,233)	-
Net Change in Fund Balance	75,151	(8,169)	66,982	(66,982)	-
Change in Net Position	-	-	-	33,977	33,977
Fund Balances/Net Position					
Beginning of year	362,088	40,703	402,791	1,588,511	1,991,302
End of year	<u>\$ 437,239</u>	<u>\$ 32,534</u>	<u>\$ 469,773</u>	<u>\$ 1,555,506</u>	<u>\$ 2,025,279</u>

See notes to financial statements.

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

Terrebonne Parish Fire District No. 10

For the year ended December 31, 2021

Net Change in Fund Balances - Governmental Funds	\$ 66,982
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	\$ 29,800
Depreciation expense	<u>(180,730)</u> (150,930)
The net effect of miscellaneous transactions involving capital assets, such as dispositions, impairments and, donations is to decrease capital assets.	
Impairments of capital assets	(93,502)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.	
Principal payments	75,000
Some revenues and expenses reported in the Statement of Activities do not provide or require the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.	
Decrease in accrued interest payable	963
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental fund.	
Decrease in compensated absences	6,008
Pension expense	<u>129,456</u> <u>135,464</u>
Change in Net Position of Governmental Activities	<u><u>\$ 33,977</u></u>

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. 10

For the year ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$950,000	\$ 883,210	\$ 950,623	\$67,413
Intergovernmental:				
State of Louisiana:				
Federal grant	-	-	11,070	11,070
State revenue sharing	15,875	17,475	17,475	-
Fire insurance tax	16,000	15,594	15,594	-
Supplemental pay	-	-	38,308	38,308
Miscellaneous:				
Interest	1,500	170	1,719	1,549
Other	-	35,196	34,220	(976)
	<u>983,375</u>	<u>951,645</u>	<u>1,069,009</u>	<u>117,364</u>
Expenditures				
Current:				
General government:				
Ad valorem tax adjustment	-	-	36,820	(36,820)
Ad valorem tax deductions	-	-	32,152	(32,152)
	<u>-</u>	<u>-</u>	<u>68,972</u>	<u>(68,972)</u>
Public safety:				
Personal services	821,800	881,200	859,966	21,234
Supplies and materials	54,000	55,000	27,180	27,820
Other services and charges	88,350	113,378	119,931	(6,553)
Repairs and maintenance	15,000	14,500	31,907	(17,407)
	<u>979,150</u>	<u>1,064,078</u>	<u>1,038,984</u>	<u>25,094</u>
Capital outlay	<u>-</u>	<u>29,800</u>	<u>29,800</u>	<u>-</u>
	<u>979,150</u>	<u>1,093,878</u>	<u>1,137,756</u>	<u>(43,878)</u>

**Exhibit E
(Continued)**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Excess (deficiency) of revenues over expenditures before other financing sources	4,225	(142,233)	(68,747)	73,486
Other Financing Sources				
Proceeds from insurance claim	-	142,233	142,233	-
Transfers-in	-	-	1,665	1,665
Total other financing sources	-	142,233	143,898	1,665
Net Change in Fund Balances	4,225	-	75,151	75,151
Fund Balance				
Beginning of year	291,512	362,088	362,088	-
End of year	\$295,737	\$ 362,088	\$ 437,239	\$ 75,151

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Terrebonne Parish Fire District No. 10**

December 31, 2021

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Terrebonne Parish Fire District No. 10 (the "District") conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

a) Reporting Entity

The District is a component unit of the Terrebonne Parish Consolidated Government (the "Parish") and as such, these financial statements will be included in the annual comprehensive financial report (ACFR) of the Parish for the year ended December 31, 2021.

GASB Statement 14, *The Financial Reporting Entity*, GASB Statement 39, *Determining Whether Certain Organizations Are Component Units-an Amendment of GASB Statement 14*, and GASB Statement 61, *The Financial Reporting Entity: Omnibus an Amendment of GASB Statements 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Reporting Entity (Continued)

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

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 (individual major funds).

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 their assets, deferred outflows of resources, liabilities, deferred inflows of resources, equity, revenues and expenditures. Governmental resources are allocated to and accounted for in the funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following are the governmental funds of the District:

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

Debt Service Fund - The Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for debt principal, interest and related costs. The Debt Service Fund is reported as a major fund.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 recognized when earned and expenses are recognized 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.

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 2021 property taxes which are being levied to finance the 2022 budget will be recognized as revenue in 2022. The 2021 tax levy is recorded as deferred inflows of resources (unavailable revenue) in the District's 2021 financial statements. 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 principal 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Use of Estimates

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

e) Operating Budgetary Data

As required by the Louisiana Revised Statutes 39:1303, the Board of Commissioners (the "Board") adopted a budget for the District's General Fund. 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. The District amended its budget once 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) Prepaid Insurance

The District has chosen to record prepaid insurance in its governmental fund. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) 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 are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

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

Buildings and improvements	5 - 40 years
Trucks	5 - 15 years
Machinery and equipment	5 - 25 years
Office furniture, fixtures, and equipment	3 - 12 years

Fund Financial Statements

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

i) Deferred Outflows of Resources

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Long-term Obligations

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

Government-Wide Financial Statements

All long-term obligations to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term obligations consist of compensated absences, general obligation bonds and net pension liability.

Fund Financial Statements

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. Bond proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures in governmental funds.

k) Vacation and Sick Leave

Accumulated vacation and sick leave is recorded as an expenditure of the period in which paid in the governmental funds. Obligations for compensated absences are reported in the government-wide statements.

Employees of the District receive 24 vacation days after the first year of service with the District. Accumulated vacation leave is due to the employee at the time of termination or death. No more than 30 days of vacation may be carried over from one year to the next.

Every firefighter in the employ of a fire protection district shall be entitled to full pay during sickness or incapacity not brought about by his own negligence or culpable indiscretion for a period of no less than fifty-two weeks. A firefighter employed by any fire protection district who draws full pay during sickness or incapacity shall have such pay decreased by the amount of workers' compensation benefits actually received by the employee. A firefighter is entitled to sick leave benefits even through 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 District employees. Accordingly, there is no accumulated sick leave for the District as of December 31, 2021.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) Deferred Inflows of Resources

The District reports deferred inflows of resources in the financial statements 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. The District reports deferred inflows of resources related to property taxes and pensions.

m) 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.

n) 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.
- b. Restricted - Consists of assets and deferred outflows 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 other enabling legislation.
- c. Unrestricted - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Equity (Continued)

Government-Wide Statements (Continued)

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Financial Statements

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

- a. Non-spendable - amounts that cannot be spent either because they are in 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 through a majority vote by the District's Board of Commissioners.
- e. Unassigned - all other spendable amounts.

For the classification of governmental fund balances, the District considers an expenditure to be made from the most restrictive classification first when more than one classification is available. The District's fund balance was classified as non-spendable, restricted and unassigned as of December 31, 2021.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) New GASB Statements

During the year ended December 31, 2021, the District implemented the following GASB Statements:

Statement No. 89, "*Accounting for Interest Cost Incurred before the End of a Construction Period*" establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, "*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*", which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement did not affect the financial statements.

Statement No. 90, "*Majority Equity Interest*" the primary objectives of this Statement are to improve the consistency and comparability of reporting government's majority equity interest in legally separate organization and to improve the relevance of financial statement information for certain component units. It specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as component unit. This Statement did not affect the financial statements.

Statement No. 98, "*The Annual Comprehensive Financial Report*" establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym sounds like a profoundly objectionable racial slur. This Statement did not affect the District's financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) New GASB Statements (Continued)

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

Statement No. 87, "*Leases*" increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged. Management has not yet determined the effect of this Statement on 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. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Management has not yet determined the effect of this Statement on 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. The requirements of this Statement apply to all financial statements of all state and local governments at dates varying from upon issuance to fiscal periods beginning after June 15, 2021. Management has not yet determined the effect of this Statement on the financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) 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. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Management has not yet determined the effect of this Statement on the financial statements.

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) New GASB Statements (Continued)

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. 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. The requirements of this Statement are effective for the years beginning after June 15, 2021. Management has yet to determine the effect of this Statement on the financial statements.

Note 2 - 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.

Note 2 - DEPOSITS (Continued)

State law requires deposits (cash and certificates of deposit) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes Federal Deposit Insurance Corporation (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>\$484,581</u>	<u>\$466,070</u>

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a written policy for custodial credit risk. As of December 31, 2021, \$234,581 of the District's bank balance of \$484,581 was exposed to custodial credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, and are deemed to be held in the District's name by state statutes.

As of December 31, 2021, cash in excess of the FDIC insurance collateralized by securities held by an unaffiliated bank for the account of the District. The GASB, considers these securities subject to custodial credit risk. Even though the deposits are considered subject to custodial credit risk under the provisions of GASB Statement No. 40, Louisiana Revised Statute 39: 1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Note 3 - PROPERTY TAXES

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the District. Assessed values are established by the Terrebonne Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A statewide reevaluation of all property is required to be completed no less than every four years. The last statewide reevaluation was completed for the list of January 1, 2020. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2021 was \$23.00 per \$1,000 of assessed valuation on property within Terrebonne Parish Fire District No. 10 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, and \$2.00 per \$1,000 of assessed valuation for the payment of debt and interest. As indicated in Note 1c, taxes levied November 1, 2021 are for budgeted expenditures in 2022 and will be recognized as revenues in 2022.

Note 4 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units as of December 31, 2021 consisted of the following:

	General Fund	Debt Service Fund	Totals
State of Louisiana:			
State revenue sharing	\$ 10,686	\$ -	\$ 10,686
Terrebonne Parish Tax Collector - December 2021 collections remitted to the District in January, 2022:			
Ad valorem taxes	230,824	20,069	250,893
State revenue sharing	5,343	-	5,343
Totals	\$246,853	\$20,069	\$266,922

Note 5 - CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021 was as follows:

	Balance January 1, 2021	Additions	Deletions	Balance December 31, 2021
Capital assets not being depreciated:				
Land	\$ 65,967	\$ -	\$ -	\$ 65,967
Capital assets being depreciated:				
Buildings and improvements	2,885,786	-	(186,820)	2,698,966
Trucks	1,515,837	-	-	1,515,837
Machinery and equipment	345,764	29,800	(2,911)	372,653
Office furniture, fixtures, and equipment	17,179	-	-	17,179
Total capital assets being depreciated	4,764,566	29,800	(189,731)	4,604,635
Less accumulated depreciation for:				
Buildings and improvements	(740,255)	(69,883)	93,372	(716,766)
Trucks	(950,461)	(95,608)	-	(1,046,069)
Machinery and equipment	(286,829)	(14,583)	2,857	(298,555)
Office furniture, fixtures, and equipment	(16,032)	(656)	-	(16,688)
Total accumulated depreciation	(1,993,577)	(180,730)	96,229	(2,078,078)
Total capital assets being depreciated, net	2,770,989	(150,930)	(93,502)	2,526,557
Total capital assets, net	\$ 2,836,956	\$(150,930)	\$(93,502)	\$ 2,592,524

Depreciation amounting to \$180,730 was recorded as public safety expenses for the year ended December 31, 2021.

Note 5 - CHANGES IN CAPITAL ASSETS (Continued)

Impairments and Insurance Proceeds

On August 29, 2021, Hurricane Ida severely impacted the District and the financial impact has yet to be determined. Numerous capital assets were damaged and are still being repaired or replaced. In accordance with GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries", the District has reviewed the various capital assets (a) to determine potential impairments from Hurricane Ida through inspection of physical damage and (b) to test for impairment to determine if the magnitude of the decline in service utility of the capital asset is significant and whether the decline in service utility is not part of the normal life cycle of the capital asset. For those properties that are impaired and will continue to be used by the District, a portion of historical cost of the asset and associated accumulated depreciation, will be written off using the Restoration Cost Approach which states that the amount of impairment is derived from the estimated costs to restore the utility of the capital asset.

Impaired capital assets that will no longer be used by the District will be reported at the lower of carrying value or fair value. The District incurred significant roof, walls and interior damage to its Upper Bayou Dularge Fire Station, accordingly, the District's Upper Bayou Dularge Fire Station along with awnings and rolling doors at the District's Lower Bayou Dularge Fire Station have been impaired. In addition, the Central Fire Station and Lower Bayou Dularge Fire Station sustained roof and soffit damage which will require repairs without a loss of service utility. The District received insurance recoveries for its impaired and unimpaired buildings, machinery, and equipment.

In 2021, the District recognized realized insurance recoveries which are reported net of impairments. The following table identifies insurance proceeds related to damaged capital assets and other activities as well as resulting impairment gains (losses), which are reported in the Public Safety function.

Culture and Recreation	Insurance Proceeds	Costs of Assets	Accumulated Depreciation Assets	Book Value Assets	Impairment Gains
Buildings	\$ 112,888	\$ 186,820	\$(93,372)	\$ 93,448	\$ 19,440
Trucks	25,209	-	-	-	25,209
Machinery and equipment	2,144	2,911	(2,857)	54	2,090
Debris removal	1,992	-	-	-	1,992
Totals	<u>\$ 142,233</u>	<u>\$ 189,731</u>	<u>\$(96,229)</u>	<u>\$ 93,502</u>	<u>\$ 48,731</u>

Note 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenditures as of December 31, 2021 are presented below:

	General Fund	Adjustments	Totals
Governmental fund:			
Salaries and benefits	\$17,054	\$ -	\$17,054
Governmental activities:			
Accrued interest on long-term debt	-	2,117	2,117
Totals	\$17,054	\$2,117	\$19,171

Note 7 - DUE TO/FROM OTHER FUNDS

Due to/from other funds are listed by fund for the year ended December 31, 2021:

	Receivable Fund	Payable Fund
General Fund	\$49,510	\$ -
Debt Service Fund	\$ -	\$49,510

The balances above result from interest payment and principal on bonds paid through the operating account.

Note 8 - LONG-TERM OBLIGATIONS

As of December 31, 2021, the District had outstanding general obligation bonds (series 2008) totaling \$165,000 bearing interest at 3.85% payable through March 1, 2023. This bond series is payable from the pledge of unlimited ad valorem tax of which the District recognized \$950,623 as revenues during the year ended December 31, 2021.

Through December 31, 2021, the District has recognized obligations in the amount of \$16,861 for compensated absences as further described in Note 1k.

Through December 31, 2021, the District has recognized obligations in the amount of \$445,625 for the defined benefit pension plan as further described in Note 9.

Note 8 - LONG-TERM OBLIGATIONS (Continued)

The following is a summary of the long-term debt transactions of the District for the year ended December 31, 2021:

	Payable January 1, 2021	Issuances	Obligations Retired	Payable December 31, 2021
Compensated absences	\$ 22,875	\$ -	\$ 6,008	\$ 16,867
General obligation bonds Series 2008	240,000	-	75,000	165,000
Defined benefit pension plan	1,148,253	-	702,628	445,625
Total long-term obligations	\$1,411,128	\$ -	\$783,636	\$627,492

The annual requirements to amortize all long-term debt outstanding as of December 31, 2021 are as follows:

Year Ending December 31,	General Obligation Bonds	
	Principal	Interest
2022	\$ 80,000	\$4,812
2023	85,000	1,636
Totals	\$165,000	\$6,448

Note 9 - DEFINED BENEFIT 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.

Note 9 - DEFINED BENEFIT PLAN (Continued)

Eligibility - 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. Members in the System consist of full-time firefighters, eligible employees of the retirement system, or any person in a position as defined in the municipal fire and police civil service system that earns at least \$375 per month, excluding state supplemental pay, and is employed by a fire department of any municipality, parish, or fire district of the state of Louisiana, except for Orleans Parish and the City of Baton Rouge.

No person who has attained age 50 or over shall become a member of the System unless the person becomes a member by reason of a merger or unless the System receives an application for membership before the applicant attained the age of 50. No person who has not attained the age of 18 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.

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 thirty-six consecutive months of highest pay multiplied by years of service, not to exceed 100%. The State Legislature authorized the System to establish a deferred retirement option plan (DROP). After completing 20 years of creditable service and age 50 or 25 years at any age, a member may elect to participate in DROP for up to 36 months. When a member enters DROP their status changes from active to retired even though they continue to work and draw their salary. Upon commencement of participation in DROP, employer and employee contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the DROP 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 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.

Note 9 - DEFINED BENEFIT PLAN (Continued)

Contributions - Employer contributions are actuarially determined each year. For the year ended June 30, 2021, the employer contribution rate for employees above the poverty line/below the poverty line for the period January 1, 2021 through June 30, 2021 was 32.25%/34.25% and 33.75%/35.75% for the period July 1, 2021 through December 31, 2021. 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, 2021, were \$97,920, equal to the required contributions for the year.

Pension Liabilities - As of December 31, 2021, the District reported a liability of \$445,625 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 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. At June 30, 2021, the District's proportion was 0.1257% which was a decrease of 0.040% from its proportion measured as of June 30, 2020.

Pension Expense - For the year ended December 31, 2021, the District recognized pension expense of \$224,542.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - As of December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 6,359	\$ (40,018)
Change in assumptions	96,564	-
Change in proportion	9,187	(257,296)
Net difference between projected and actual earnings on pension plan investments	-	(270,431)
Contributions subsequent to the measurement date:		
Current year	<u>48,226</u>	<u>-</u>
	<u>\$160,336</u>	<u>\$(567,745)</u>

Note 9 - DEFINED BENEFIT PLAN (Continued)

The District reported \$48,226 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, 2021. 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 Ending December 31,	Amount
2022	\$ (96,640)
2023	(82,908)
2024	(101,802)
2025	(119,499)
2026	(27,282)
2027	(27,504)
Total	\$(455,635)

Actuarial Assumptions - The actuarial assumptions used in the June 30, 2021 valuation were based on the assumptions used in the June 30, 2021 actuarial funding valuation. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021 are as follows:

Valuation Date	June 30, 2021
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.

Note 9 - DEFINED BENEFIT PLAN (Continued)

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, 2021 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.

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 2021. 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, 2021.

Note 9 - DEFINED BENEFIT PLAN (Continued)

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 2021 and 2020 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.

Best estimates of real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2021 are summarized in the following table presented as follows:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Equity:		
U.S. Equity	27.50%	5.86%
Non-U.S. Equity	11.50%	6.44%
Global Equity	10.00%	6.40%
Emerging Market Equity	7.00%	8.64%
Fixed Income:		
U.S. Core Fixed Income	18.00%	0.97%
U.S. TIPS	3.00%	0.40%
Emerging Market Debt	5.00%	2.75%
Alternatives:		
Real Estate	6.00%	5.31%
Real Assets	3.00%	***
Private Equity	9.00%	9.53%
Multi-Asset Strategies:		
Global Tactical Asset Allocation	0.00%	4.17%
Risk Parity	0.00%	4.17%
	100.00%	

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

Note 9 - DEFINED BENEFIT PLAN (Continued)

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

Sensitivity 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, 2021.

	1% Decrease 5.90%	Current Discount Rate 6.90%	1% Increase 7.90%
District's proportionate share of the net pension liability	\$854,899	\$445,625	\$104,295

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 10 - SUPPLEMENTAL PAY

In addition to the compensation paid by Terrebonne Parish Fire District No. 10, employees who are firemen may be eligible to receive supplemental pay. The amount of compensation is determined by State Law and is revised periodically.

Note 10 - SUPPLEMENTAL PAY (Continued)

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

As of December 31, 2021, the District has recognized revenue and expenditures of \$38,308 in salary supplements that the State of Louisiana has paid directly to the District's employees.

Note 11 - 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 and group health benefits for which the District carries commercial insurance and participates in the Parish's risk management program for group insurance. No settlements were made during the year that exceeded the District's insurance coverage. The District's premiums for group health insurance are based on a fixed rate per employee.

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 2020 was \$16,149,813. 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, \$4,089,382 as of December 31, 2020, then secondly by the District. As of December 31, 2021, 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, 2021 totaled \$108,174.

Note 12 - COMPENSATION OF BOARD MEMBERS

The following amounts were paid to Board Members for the year ended December 31, 2021:

<u>Board Members</u>	<u>Number of Meetings Attended</u>	<u>Per Diem</u>
Holly Liner	6	\$ 180
Jimmy Verret, Jr.	9	270
Regina Pierron	10	300
Davon Charles	7	210
Sam Small, Jr.	6	<u>180</u>
Total		<u>\$1,140</u>

Note 13 - STATE OF LOUISIANA TAX ABATEMENTS

The District's ad valorem tax revenues were reduced by \$37,936 (\$34,901 General Fund and \$3,035 Debt Service Fund) under agreements entered into by the State of Louisiana.

Note 14 - 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 15, 2022, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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

Terrebonne Parish Fire District No. 10

December 31, 2021

	<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>0.1257%</u>	<u>0.1657%</u>	<u>0.1680%</u>	<u>0.1764%</u>	<u>0.1775%</u>	<u>0.1712%</u>	<u>19.3600%</u>
District's proportionate share of the net pension liability	<u>\$445,625</u>	<u>\$1,148,253</u>	<u>\$1,052,233</u>	<u>\$1,014,908</u>	<u>\$1,017,162</u>	<u>\$1,120,077</u>	<u>\$1,044,994</u>
District's covered-employee payroll	<u>\$350,857</u>	<u>\$412,419</u>	<u>\$406,122</u>	<u>\$420,079</u>	<u>\$414,340</u>	<u>\$386,115</u>	<u>\$419,122</u>
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<u>127.01%</u>	<u>278.42%</u>	<u>259.09%</u>	<u>241.60%</u>	<u>245.49%</u>	<u>290.09%</u>	<u>249.33%</u>
Plan fiduciary net position as a percentage of the total pension liability	<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 THE DISTRICT'S CONTRIBUTIONS

Terrebonne Parish Fire District No. 10

December 31, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 97,920	\$ 113,631	\$ 115,488	\$ 104,580	\$ 111,854	\$ 105,873	\$ 122,593
Contributions in relation to the contractually required contribution	<u>97,920</u>	<u>113,631</u>	<u>115,488</u>	<u>104,580</u>	<u>111,854</u>	<u>105,873</u>	<u>122,593</u>
Contribution deficiency (excess)	<u>\$ -</u>						
District's covered-employee payroll	<u>\$ 296,982</u>	<u>\$ 379,798</u>	<u>\$ 425,632</u>	<u>\$ 394,643</u>	<u>\$ 432,015</u>	<u>\$ 403,492</u>	<u>\$ 431,960</u>
Contributions as a percentage of covered-employee payroll	<u>32.97%</u>	<u>29.92%</u>	<u>27.13%</u>	<u>26.50%</u>	<u>25.89%</u>	<u>26.24%</u>	<u>28.38%</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. 10

December 31, 2021

Agency Head Name: Quint Liner, Fire Chief

Purpose

Salary	\$ 123,452
Benefits - insurance	11,838
Benefits - retirement	-
Benefits - other	-
Car allowance	-
Vehicle provided by government	675
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Meals	-
	<hr/>
	<u>\$ 135,965</u>

Note:

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

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Commissioners,
Terrebonne Parish Fire District No. 10,
Theriot, 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. 10 (the "District") as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's financial statements and have issued our report thereon dated June 15, 2022.

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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 weakness or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2021-001 that we consider to be a material weakness.

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 financial statements. 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2021-001.

Response to Findings

The District's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Certified Public Accountants.

Houma, Louisiana,
June 15, 2022.

SCHEDULE OF FINDINGS AND RESPONSES

Terrebonne Parish Fire District No. 10

For the year ended December 31, 2021

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

Internal Control Over Financial Reporting

2021-001 Local Government Budget Act and Publishing Minutes

Criteria and Condition: The Local Government Budget Act (R.S. 39:1301-15) R.S. 39:33, or R.S. 39:1331-1342 requires:

1. The proposed budget should be submitted to the governing authority and made available for public inspection at least 15 days prior to the beginning of the budget year (R.S. 39:1306).
2. To the extent that proposed expenditures are greater than \$500,000, the budget should be made available for public inspection and advertised its availability in the official journal. The advertisement included the date, time, and place of the public hearing on the budget.

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

Internal Control Over Financial Reporting (Continued)

2021-001 Local Government Budget Act and Publishing Minutes (Continued)

3. Publish a statement that all action necessary to adopt and finalize the budget was completed prior to the date required by state law (R.S. 39:1309).
4. The governing authority must adopt a budget amendment if there is a 5% or greater shortage in revenue.

Context: The minutes of the Board meeting or action when 2021 amended/finalized and proposed 2022 budgets were made available for public inspection but were not published. Also, the minutes of the Board meeting or action when all actions required by the Local Government Budget Act have been completed were not published completed. R.S. 43:143 and 171-177 require publishing of minutes.

Cause: The District's written budget policies and procedures do not contain specifics on what is required to be published and when the information is required to be published. The District did not publish minutes from the meetings where these Board actions were completed and other Board meetings held during the year.

Effect: R.S. 43:143 and 171-177 and the Louisiana Local Government Act was violated. The District did not provide transparency of public meetings and citizens did not have the opportunity to participate in the budgetary process.

Recommendation: The District's written budget policies and procedures should be amended to include key dates pertaining to the required publishing of budget notices and the budget. The policy change would ensure proper publishing of budget availability, the opportunity for public comment, and notice of budget adoption and completion. Also, the District should publish minutes from all meetings.

Views of Responsible Officials and Planned Corrective Actions: We will publish the final budget for 2021 and the proposed budget for 2022. We will also publish minutes of all meetings held throughout the year and actions taken throughout the year required to be published.

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. 10

For the year ended December 31, 2021

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, 2020.

No significant deficiencies were reported during the audit for the year ended December 31, 2020.

Compliance and Other Matters

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2020.

Section II - Federal Award Findings and Questioned Cost

Terrebonne Parish Fire District No. 10 did not expend federal awards in excess of \$750,000 during the year ended December 31, 2020, and therefore is exempt from the audit requirements under the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2020.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Terrebonne Parish Fire District No. 10

For the year ended December 31, 2021

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

Internal Control Over Financial Reporting

2021-001 Local Government Budget Act and Publishing Minutes

Recommendation: The District's written budget policies and procedures should be amended to include key dates pertaining to the required publishing of budget notices and the budget. The policy change would ensure proper publishing of budget availability, the opportunity for public comment, and notice of budget adoption and completion. Also, the District should publish minutes from all meetings.

Management's Response - The final budgets for 2021, the proposed budget for 2022 and any meeting previously not published will be published in newspaper of record, The Courier. The District will consider amending policies and procedures to ensure the publishing of budget notices.

Section II - Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Fire District No. 10 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.

STATEWIDE AGREED-UPON PROCEDURES

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners,
Terrebonne Parish Fire District No. 10,
Theriot, Louisiana.

We have performed the procedures described in Schedule 4 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, 2021 through December 31, 2021. Terrebonne Parish Fire District No. 10 (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, 2021 through December 31, 2021. 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 4.

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 out 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 15, 2022.

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

Terrebonne Parish Fire District No. 10

For the year ended December 31, 2021

The required procedures and our findings are as follows:

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

1. 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:
 - a) Budgeting, including preparing, adopting, monitoring, and amending the budget.

Performance: Obtained and read the District's budgeting policy and found it to address all the functions list above.
Exceptions: There were no exceptions noted.
 - b) Purchasing, including (1) how purchases are initiated ; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price.

Performance: Obtained and read the written policy for purchasing and found it to address all the functions listed above.
Exceptions: The purchasing policy does not address how vendors are added to the vendor list.
 - c) Disbursements, including processing, reviewing, and approving.

Performance: Obtained and read the written policy for disbursements, and found it to address all the functions list above.
Exceptions: There were no exceptions noted.
 - d) Receipts/Collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of each type of revenue or agent fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

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

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

- e) 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 District's payroll/personnel policy, and found it to address all the functions listed above.
Exceptions: The policy does not address the approval process for employee pay rates.

- f) Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
Performance: Obtained and read the District's contracting policy.
Exceptions: The contracting policy lacks descriptions of (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, and (5) monitoring process.

- g) Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
Performance: Obtained and read the District's credit card policy.
Exceptions: The policy does not include an approval process on credit card purchases.

- h) Travel and Expense Reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
Performance: Obtained and read the written policy for travel and expense reimbursement, and found it to address all the functions listed above.
Exceptions: The policy did not contain provisions requiring dollar thresholds by category.

- i) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42: 1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the District's ethics policy.
Performance: Obtained and read the District's ethics policy.
Exceptions: The District's ethics policy does not include (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.

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

- j) 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 District's ethics policy.
Exceptions: The District's policy does not include continuing disclosure/EMMA reporting requirements, debt reserve requirements, and debt service requirements.

- k) Information Technology Disaster Recovery/Business Continuity, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
Performance: Obtained and read the District's information technology disaster recovery/business continuity policy.
Exceptions: The District does not have an information technology disaster recovery/business continuity policy.

- l) Sexual Harassment, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.
Performance: Obtained and read the written sexual harassment policy.
Exceptions: The policy does not contain a provision on annual employee training.

Procedures Performed on the District's Board or Finance Committee:

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
Performance: Obtained and read the written minutes of the Board meetings. The Board is required to meet every month. All meetings held had a quorum.
Exceptions: There were exceptions noted for missing the September 2021 meeting due to Hurricane Ida and the District does not hold a regularly scheduled meeting in December.

Procedures Performed on the District's Board or Finance Committee: (Continued)

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

Performance: Obtained and read the written minutes of all Board meetings.

Exceptions: Minutes do not reference budget to actual financial statements are presented to the Board during the August 2021 Board meeting.

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Performance: 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 unrestricted fund balance.

Exceptions: There were no exceptions noted.

Procedures Performed on the District's Bank Reconciliations:

3. 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.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

Performance: Obtained monthly bank reconciliation for the month of December for the operating bank account and 4 additional accounts selected.

Exceptions: There was no documentation the reconciliation was prepared within 2 months of the closing date.

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

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
Performance: Inspected the District's documentation for the December bank reconciliation for all bank accounts.
Exceptions: All bank account reconciliations lacked documentation that it was reviewed.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.
Performance: Inspected documents for items outstanding for more than 12 months. We noted no checks outstanding for longer than 12 months as of the end of the fiscal period.
Exceptions: There were no exceptions noted.

Procedures Performed on the District's Collections:

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/check/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
Performance: Obtained the listing of deposit sites from management, and received management's representation in a separate letter.
Exceptions: There were no exceptions noted.

- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
Performance: Obtained the listing of collection locations from management, and received management's representation in a separate letter.
Exceptions: There were no exceptions noted.

- a) Employees that are responsible for cash collections do not share cash drawers/registers.
Performance: Inspected policy manuals, inquired of management and observed the District's deposits are ACH or two instances of mailed checks, cash drawers are not used.
Exceptions: There were no exceptions noted.

Procedures Performed on the District's Collections: (Continued)

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

Performance: Inspected policy manuals, inquired of management and observed the District did not collect cash during the fiscal period.

Exceptions: The Secretary/Treasurer is responsible for collections and preparing deposit slips.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

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

Exceptions: The Secretary/Treasurer collects checks and is responsible for reconciling cash collections to the general ledger.

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

Performance: Inspected policy manuals, inquired of management and observed employees collecting cash do not make general ledger postings.

Exceptions: The Secretary/Treasurer collects checks and is responsible for reconciling cash collections to the general ledger.

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

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

Observed that the bond or insurance policy was enforced during the fiscal period.

Exceptions: There were no exceptions noted.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedures #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Alternately, the practitioner may use a document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:

Procedures Performed on the District's Collections: (Continued)

- a) Observe that receipts are sequentially pre-numbered.
Performance: Obtained supporting documentation for the selected deposits and observed that receipts were ACH deposits and sequentially pre-numbered receipts not needed.
Exceptions: There was an exception noted on the Synergy Checking account due to two numbers missing from receipts sequence.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
Performance: Traced supporting documentation to the deposit slip.
Exceptions: There were no exceptions noted.

- c) Trace the deposit slip total to the actual deposit per the bank statement.
Performance: Traced deposit slip total to actual deposit per bank statement.
Exceptions: There were no exceptions noted.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and cash is stored securely in a locked safe or drawer).
Performance: Observed that the deposits tested were made within one business day of receipt or within one week if the depository is more than 10 miles from collection location or the deposit is less than \$100.
Exceptions: There were no exceptions noted.

- e) Trace the actual deposit per the bank statement to the general ledger.
Performance: Traced the actual deposit per the bank statement to the general ledger.
Exceptions: There was no exception noted.

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

- 8. Obtain a listing of locations that process payments for the fiscal period, and management's representation that the listing is complete. Select 5 locations (or all locations if less than 5).
Performance: Obtained a listing of locations that process payments from management and management's representation that the listing is complete in a separate letter.
Exceptions: There were no exceptions noted.

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

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

- a) 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 involved in initiating a purchase request, approving a purchase, and placing an order/making a purchase. Observed at least two employees are involved.

Exceptions: There were no exceptions noted.

- b) At least two employees are involved in processing and approving payments to vendors.

Performance: Obtained a listing of employees involved in processing and approving payments to vendors. Observed at least two employees are involved.

Exceptions: No exceptions were noted.

- c) The employees responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Performance: Obtained a listing of employees involved in processing payments to vendors. Observed if any employees involved are adding/modifying vendor files.

Exceptions: The Secretary/Treasurer adds and modifies vendor files.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Performance: Obtained a listing of employees involved with signing and mailing checks.

Exceptions: No exceptions were noted.

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

10. For each location selected under #8 above, obtain the District's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

Performance: Obtained the District's general ledger for the fiscal period and management's representation that the population is complete.

Exceptions: There were no exceptions noted.

- a) Observe that the disbursement matched the related original itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the District.

Performance: Obtained the disbursements and observed that the disbursement and the related original invoice were in agreement and evidence that the deliverables was received.

Exceptions: There were no exceptions noted.

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

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

Exceptions: There were no exceptions noted.

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

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

Performance: Inquired of management for a listing of all active credit cards, bank debit cards, fuel cards and P-cards for the fiscal period, including the card numbers and the names of the persons who maintain possession of the cards.

Exceptions: No exceptions were noted.

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

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

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

Performance: Inquired of management for a listing of all active credit cards, bank debit cards, fuel cards, and P-cards for the fiscal period there was evidence that the statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

Exception: No evidence that the statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

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

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

Exceptions: There were no exceptions noted.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by:

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

Performance: Inquired of management for a listing of all active credit cards, bank debit cards, fuel cards and P-cards for the fiscal period and observed the transactions from the monthly statements were supported by original itemized receipts that identifies precisely what was purchased.

Exceptions: There were no exceptions noted.

- b) Written documentation of the business/public purpose.

Performance: Inquired of management for a listing of all active credit cards, bank debit cards, fuel cards and P-cards for the fiscal period and observed the transactions from the monthly statements were supported with written documentation of the business/public purpose.

Exceptions: No written explanations for the business purpose of the purchase were attached to the detail receipts examined.

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

- c) Documentation of the individuals participating in meals (for meal charges only).
Performance: Inquired of management for a listing of all active credit cards, bank debit cards, fuel cards and P-cards for the fiscal period and inspected the transactions from the monthly statements. The transactions inspected did not have any individuals participating in meals.
Exceptions: No exceptions were noted.

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

- 14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - Performance: Obtained general ledger for travel and travel-related expense reimbursements.
No travel related expense reimbursements were noted.
Exceptions: No exceptions were noted.
- a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - Performance: No travel related expense reimbursements were noted.
 - Exceptions: There were no exceptions noted.
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - Performance: No travel related expense reimbursements were noted.
 - Exceptions: There were no exceptions noted.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedures #lh).
 - Performance: No travel related expense reimbursements were noted.
 - Exceptions: There were no exceptions noted.
- d) 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.

Procedures Performed on the District's Contracts:

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. 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: Observed the listing of all contracts in effect during the fiscal year from management and received management's representation of completeness in a separate letter.

Exceptions: There were no exceptions noted.

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

Performance: Inspected supporting contract documentation and inquired of client about any contracts subject to Louisiana Public Bid Law.

Exceptions: There were no exceptions noted.

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

Performance: Read board meeting minutes and confirmed the Board approved the selected contracts.

Exceptions: There were no exceptions noted.

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

Performance: Inspected contracts and inquired of management about amendments to contracts in the fiscal year. No contracts were amended in the fiscal year.

Exceptions: There were no exceptions noted.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Performance: The District had one active contract during the fiscal period. Inspected payments for the contract, obtained supporting invoices, agreed invoice to the contract terms, and observed invoices related to the payment agreed to terms and conditions of the contract.

Exceptions: There were no exceptions noted.

Procedures Performed on the District's Payroll and Personnel:

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

Performance: Obtained the listing of employees with their related salaries from management and received management's representation in a separate letter. Randomly selected 5 employees and agreed paid salaries to authorized salaries or pay rates per the personnel files.

Exceptions: There were no exceptions noted.

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

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

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

Exceptions: There were no exceptions noted.

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

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

Exceptions: There were no exceptions noted.

- c) 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.

- d) 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 authorized salary/pay rate found within the personnel file.

Exceptions: There were no exceptions noted.

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

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

Performance: Inquired of management of its termination policy, those employees or officials that terminated during the fiscal period and management's representation that the list is complete in a separate letter. Agreed the hours to the employees' or officials' cumulative leave records, agreed the pay rates to the employees' or officials' authorized pay rates in the employees' or officials' personnel files and agreed the termination payment to the District policy.

Exceptions: There were no exceptions noted.

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

Performance: Obtained management's representation of the timely filing of payroll forms and 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.

Procedure Performed on the District's Ethics:

20. Using the 5 selected employees/officials from procedure #16 under "Procedures Performed on the District's Payroll and Personnel", obtain ethics documentation from management and:

- a) Observe that the documentation demonstrates each employee or official completed one hour of ethics training during the fiscal period.

Performance: Observed the ethics course completion certificates for the 5 employees tested or official completed one hour certificates for the 5 employees tested.

Exceptions: There were no exceptions noted.

- b) Observe that the District maintains documentation which demonstrates each employee or official were notified of any changes to the District's ethics policy during the fiscal period, as applicable.

Performance: Observed the documentation demonstrating the employees and officials agree to the ethics training and policy. There were no changes to the ethics policy.

Examined personnel file for signature verification of reading of the ethics policy.

Exceptions: There were no exceptions noted.

Procedures Performed on the District's Debt Service:

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

Performance: Inquired of management regarding a listing of bonds/notes issued during the fiscal period and obtained management's representation in a separate letter, examined documentation of State Bond Commission approvals.

Exceptions: There were no exceptions noted.

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

Performance: Inquired of management regarding a listing of bonds/notes outstanding at the end of the fiscal period, received management's representation the listing is complete in a separate letter and inspected bond documents for debt covenants and tested for compliance with the covenants.

Exceptions: There were no exceptions noted.

Procedures Performed on the District's Fraud Notice:

23. Obtain a listing of misappropriations of public funds or 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.

Performance: Inquired of management of any misappropriations of public funds or assets, none were noted.

Exceptions: There were no exceptions noted.

24. Observe that 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: Inquired if the fraud notice is posted on the premises and website concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Exceptions: The Secretary/Treasurer informed us the District does not have the required notice posted on its premises or website.

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

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

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

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

Exceptions: There were no exceptions noted.

- b) 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 procedures and discussed the results with management.

Exceptions: There were no exceptions noted.

- c) 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: Obtained a listing of computers currently in use and their related locations.

We performed the procedures and discussed the results with management.

Exceptions: There were no exceptions noted.

Procedures Performed on the District's Sexual Harassment:

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, 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.

Performance: Inquired of sexual harassment training documentation from management.

Exceptions: There was no documentation of each employee or official completing at least one hour of sexual harassment training during the calendar year.

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

27. 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: Inquired of management regarding the sexual harassment policy and complaint procedure on its website.

Exceptions: The District's sexual harassment policy was not posted on its website or in conspicuous locations on the District's premises.

28. 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:

- a) Number and percentage of public servants in the District who have completed the training requirements.

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

Exceptions: The District did not prepare or file its sexual harassment report during the fiscal year.

- b) Number of sexual harassment complaints received by the District.

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

Exceptions: The District did not prepare or file its sexual harassment report during the fiscal year.

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

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

Exceptions: The District did not prepare or file its sexual harassment report during the fiscal year.

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

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

Exceptions: The District did not prepare or file its sexual harassment report during the fiscal year.

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

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

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

Exceptions: The District did not prepare or file its sexual harassment report during the fiscal year.

Management's Overall Response to Exceptions:

- 1b. Management will consider adding the required provision to the existing purchasing policy.
- 1e. Management will consider adding the required provision to the existing payroll/personnel policy.
- 1f. Management will consider editing the contracts policy to add the required provisions.
- 1g. Management will consider adding an approval process to its credit card policy.
- 1i. Management will consider adding the required provisions to the existing ethics policy.
- 1j. Management will consider adding the required provisions to the existing debt service policy.
- 1k. Management will develop and the Board will adopt an information technology disaster recovery/business continuity policy.
- 1l. Management will consider adding the required provision to the sexual harassment policy.
- 2a. The Board will consider holding meetings using computer software, such as "ZOOM" when attendance at live meetings is not feasible.
- 2b. Management will consider permanently including/referencing monthly budget-to-actual comparisons in the minutes.
- 3a. Management will ensure that each bank reconciliations include evidence that it was prepared within two months of the closing date.
- 3b. Management will ensure that each bank reconciliations include evidence that it was reviewed by Management.
- 5b. Management will consider reassigning responsibility for preparation of deposit slips to someone other than the Secretary/Treasurer.
- 5c. Management will consider reassigning responsibility for cash collections to someone other than the Secretary/Treasurer.

Management's Overall Response to Exceptions: (Continued)

- 5d. Management will consider reassigning responsibility for cash collections to someone other than the Secretary/Treasurer.
- 7a. Management will provide procedures to ensure all pre-numbered receipt tickets are accounted for.
- 9c. Management will consider another employee periodically review the vendor files.
- 12a. Management will consider implementing approval procedures by someone other than the card holder.
- 13b. Management will consider implementing a requirement that the business purpose of the purchase be attached to the original receipt of purchase.
- 24. Management will post the required notice on its premises.
- 26. Management will ensure that employees and officials complete one hour of sexual harassment training.
- 27. Management will consider posting its sexual harassment policy and complaint procedure at its premises or on the website.
- 28 a-e.
Management will prepare and submit the annual sexual harassment report containing the applicable requirements of R.S. 42:344 on or before the February 1 deadline.