

Financial Report

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

December 31, 2020

Financial Report

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Houma, Louisiana

December 31, 2020

TABLE OF CONTENTS

Terrebonne Parish Fire District No. 4-A

December 31, 2020

	<u>Exhibits</u>	<u>Page Numbers</u>
Financial Section		
Independent Auditor's Report		1 - 3
Management's Discussion and Analysis		4 - 9
Financial Statements:		
Government-Wide and Fund Financial Statements:		
Statement of Net Position and Governmental Fund Balance Sheet	A	10
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	B	11
Statement of Activities and Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance	C	12
Reconciliation of the Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	D	13
Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	E	14
Notes to Financial Statements	F	15 - 39
Required Supplementary Information		
Schedule of the District's Proportionate Share of the Net Pension Liability	G	40
Schedule of District Contributions	H	41

TABLE OF CONTENTS
(Continued)

	<u>Schedule</u>	<u>Page</u> <u>Numbers</u>
Supplementary Information Section		
Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer	1	42
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 <i>Government Auditing Standards</i>		43 - 44
Schedule of Findings and Responses		45
Reports by Management		
Schedule of Prior Year Findings and Responses		46
Management's Corrective Action Plan		47

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities and the General Fund of Terrebonne Parish Fire District No. 4-A, State of Louisiana (the "District"), a component unit of Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the General Fund of Terrebonne Parish Fire District No. 4-A as of December 31, 2020, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 9, the Schedule of the District's Proportionate Share of the Net Pension Liability on page 40 and the Schedule of the District's Contributions on page 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Terrebonne Parish Fire District No. 4-A basic financial statements. The accompanying supplementary information, on page 42, 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 22, 2021 on our consideration of Terrebonne Parish Fire District No. 4-A's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
June 22, 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Terrebonne Parish Fire District No. 4-A

December 31, 2020

The Management's Discussion and Analysis of the Terrebonne Parish Fire District No. 4-A's (the "District") financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2020. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2020 by \$1,006,518 (net position), which represents a 6.69% decrease from last fiscal year.

The District's revenue decreased \$39,170 (or 2.35%) primarily due to the decrease in ad valorem taxes.

The District's expenses increased \$33,938 (or 2.03%) primarily due to increases in public safety.

The District did not have a deficit fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

Notes to the Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. As of December 31, 2020, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,006,518. A large portion of the District's net position reflects its net investment in capital assets (e.g., land; buildings; vehicles; office furniture and equipment; machinery and equipment). Consequently, these assets are not available for future spending.

Condensed Statements of Net Position

	December 31,		Dollar
	2020	2019	Change
Current and other assets	\$2,170,278	\$2,233,813	\$(63,535)
Capital assets	1,483,192	1,515,120	(31,928)
Deferred outflows of resources	625,894	557,107	68,787
Total assets and deferred outflows of resources	4,279,364	4,306,040	(26,676)
Current and other liabilities	113,939	94,989	18,950
Long-term liabilities	1,630,411	1,524,443	105,968
Deferred inflows of resources	1,528,496	1,607,950	(79,454)
Total liabilities and deferred inflows of resources	3,272,846	3,227,382	45,464
Net position:			
Net investment in capital assets	1,483,192	1,515,120	(31,928)
Deficit	(476,674)	(436,462)	(40,212)
Total net position	<u>\$1,006,518</u>	<u>\$1,078,658</u>	<u>\$(72,140)</u>

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

Governmental activities decreased the District's net position by \$72,140. Key elements of this increase are as follows:

Condensed Statements of Activities

	<u>December 31,</u>		<u>Dollar</u>	<u>Percent</u>
	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>Change</u>
Revenues				
Taxes	\$ 1,435,468	\$ 1,564,402	\$(128,934)	-8.24%
Intergovernmental	83,897	86,719	(2,822)	-3.25%
Miscellaneous	111,396	18,810	92,586	492.22%
Total revenues	<u>1,630,761</u>	<u>1,669,931</u>	<u>(39,170)</u>	<u>-2.35%</u>
Expenses				
General government	59,866	126,887	(67,021)	-52.82%
Public safety	1,643,035	1,541,126	101,909	6.61%
Interest	-	950	(950)	-100.00%
Total expenses	<u>1,702,901</u>	<u>1,668,963</u>	<u>33,938</u>	<u>2.03%</u>
Increase in net position	(72,140)	968	(73,108)	-7552.48%
Net position, beginning of year	<u>1,078,658</u>	<u>1,077,690</u>	<u>968</u>	<u>0.09%</u>
Net position, end of year	<u>\$ 1,006,518</u>	<u>\$ 1,078,658</u>	<u>\$ (72,140)</u>	<u>-6.69%</u>

In 2020, the District's ad valorem tax revenues decreased \$128,934 primarily due to lower assessed values. Public safety expenses increased by \$101,909 primarily due to increases in personal services.

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.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND (Continued)

Governmental Funds

The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the District's General Fund ending fund balance is \$669,301, which was a decrease of \$33,140 in comparison with the prior year. As of December 31, 2020, \$651,525 of the District's fund balance was unassigned and available for spending at the District's discretion. The assignment of the 2021 budgeted spending deficit of \$17,776 resulted in assigned fund balance.

General Fund Budgetary Highlights

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

Revenues

- Decrease in the amount of ad valorem taxes by \$73,781 to better reflect the expected amount of taxes that were to be recognized as revenues.

Expenditures

- Increase in personal services by \$100,351 to reflect higher wages and firefighter's retirement.
- Increase in capital expenditures by \$45,426 to reflect the purchase of land.

During the year, actual revenues were greater than budgetary estimates by .78% and actual expenditures were less than budgetary expenditures by 1.41%.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's net investment in capital assets for its governmental activities as of December 31, 2020, amounts to \$1,483,192 (net of accumulated depreciation). This investment in capital assets includes land, buildings, office furniture and equipment, vehicles and machinery and equipment.

CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)**Capital Assets (Continued)**

	<u>2020</u>	<u>2019</u>
Land	\$ 169,500	\$ 80,500
Buildings	1,565,906	1,565,906
Vehicles	1,582,598	1,555,084
Machinery and equipment	381,051	394,269
Office furniture and equipment	<u>8,583</u>	<u>7,565</u>
Totals	<u>\$ 3,707,638</u>	<u>\$ 3,603,324</u>

Significant capital asset purchases included:

- Land at 6119 Grand Caillou Road, \$89,000.
- Rescue boat, motor and trailer, \$27,514.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

- The ad valorem tax revenue budgeted represents the estimated amount of the November 2020 assessment, which the District will receive, for the most part, in January 2021.
- The proposed year 2021 budget does not provide for capital items.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Board of Commissioners of the Terrebonne Parish Fire District No. 4-A, 6129 Grand Caillou Rd., Houma, LA 70363.

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

December 31, 2020

	General Fund	Adjustments (Exhibit B)	Statement of Net Position
Assets and Deferred Outflows of Resources			
Cash	\$ 802,183	\$ -	\$ 802,183
Receivables - taxes	672,775	-	672,775
Due from other governmental units	647,792	-	647,792
Prepaid insurance	-	47,423	47,423
Deposits	105	-	105
Capital assets:			
Non-depreciable	-	169,500	169,500
Depreciable, net of accumulated depreciation	-	1,313,692	1,313,692
Total assets	2,122,855	1,530,615	3,653,470
Deferred outflows of resources			
Pension	-	625,894	625,894
Total assets and deferred outflows of resources	<u>\$ 2,122,855</u>	<u>2,156,509</u>	<u>4,279,364</u>
Liabilities and Deferred Inflows of Resources			
Accounts payables and accrued expenditures	\$ 22,895	-	22,895
Due to other governmental units	91,044	-	91,044
Long-term liabilities:			
Due after one year	-	1,630,411	1,630,411
Total liabilities	113,939	1,630,411	1,744,350
Deferred inflows of resources			
Unavailable revenue - property taxes	1,339,615	-	1,339,615
Pension	-	188,881	188,881
Total deferred inflows of resources	1,339,615	188,881	1,528,496
Total liabilities and deferred inflows of resources	<u>1,453,554</u>	<u>1,819,292</u>	<u>3,272,846</u>
Fund Balance/Net Position			
Fund balances:			
Assigned - subsequent year's expenditures	17,776	(17,776)	-
Unassigned	651,525	(651,525)	-
Total fund balance	669,301	(669,301)	-
Total liabilities and fund balances	<u>\$ 2,122,855</u>		
Net position (deficit):			
Net investment in capital assets		1,483,192	1,483,192
Deficit		(476,674)	(476,674)
Total net position		<u>\$ 1,006,518</u>	<u>\$ 1,006,518</u>

See notes to financial statements.

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

Terrebonne Parish Fire District No. 4-A

December 31, 2020

Fund Balances - Governmental Fund		\$ 669,301
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.		
Governmental capital assets	\$ 3,707,638	
Less accumulated depreciation	<u>(2,224,446)</u>	1,483,192
Deferred outflows of resources used in governmental activities are not financial resources and are not reported in governmental funds.		
Pension		625,894
Other assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Prepaid insurance		47,423
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Net pension liability		(1,630,411)
Deferred inflows of resources are not due and payable in the current period and are not reported in governmental funds.		
		<u>(188,881)</u>
Net Position of Governmental Activities		<u><u>\$ 1,006,518</u></u>

See notes to financial statements.

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

Terrebonne Parish Fire District No. 4-A

For the year ended December 31, 2020

	General Fund	Adjustments (Exhibit D)	Statement of Activities
Revenues			
Taxes	\$ 1,435,468	\$ -	\$ 1,435,468
State of Louisiana:			
State revenue sharing	14,891	-	14,891
Fire insurance tax	25,852	-	25,852
Supplemental pay	43,154	-	43,154
Miscellaneous:			
Interest	6,903	-	6,903
Other income	45,493	59,000	104,493
Total revenues	<u>1,571,761</u>	<u>59,000</u>	<u>1,630,761</u>
Expenditures/Expenses			
Current:			
General Government:			
Ad valorem tax adjustment	12,134	-	12,134
Ad valorem tax deductions	47,732	-	47,732
Total general government	<u>59,866</u>	<u>-</u>	<u>59,866</u>
Public safety:			
Personal services	1,159,151	20,004	1,179,155
Supplies and materials	75,022	3,292	78,314
Other services and charges	154,926	(12,932)	141,994
Repairs and maintenance	96,804	-	96,804
Depreciation and amortization	-	146,768	146,768
Total public safety	<u>1,485,903</u>	<u>157,132</u>	<u>1,643,035</u>
Capital outlay	<u>59,132</u>	<u>(59,132)</u>	<u>-</u>
Total expenditures/expenses	<u>1,604,901</u>	<u>98,000</u>	<u>1,702,901</u>
Excess (Deficit) of Revenues Over Expenditures	(33,140)	33,140	-
Change in Net Position	-	(72,140)	(72,140)
Fund Balance/Net Position			
Beginning of year	702,441	376,217	1,078,658
End of year	<u>\$ 669,301</u>	<u>\$ 337,217</u>	<u>\$ 1,006,518</u>

See notes to financial statements.

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

Terrebonne Parish Fire District No. 4-A

For the year ended December 31, 2020

Net Change in Fund Balance - Governmental Fund **\$ (33,140)**

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	\$ 59,132	
Depreciation expense	<u>(146,768)</u>	(87,636)

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

Donated capital assets		59,000
Disposal of capital assets		<u>(3,292)</u>

Some expenditures reported in the Statement of Activities
do not require the use of current financial resources
and, therefore, are not reported as expenditures in
governmental funds.

Increase in prepaid insurance	12,932	
Pension expense	<u>(20,004)</u>	<u>(7,072)</u>

Change in Net Position of Governmental Activities **\$ (72,140)**

See notes to financial statements.

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

Terrebonne Parish Fire District No. 4-A

For the year ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,494,610	\$ 1,420,829	\$ 1,435,468	\$ 14,639
Intergovernmental:				
State of Louisiana:				
State revenue sharing	10,000	5,872	14,891	9,019
Fire insurance tax	25,000	38,252	25,852	(12,400)
Supplemental pay	42,000	41,769	43,154	1,385
Miscellaneous:				
Interest	10,000	4,418	6,903	2,485
Other	2,500	48,405	45,493	(2,912)
Total revenues	<u>1,584,110</u>	<u>1,559,545</u>	<u>1,571,761</u>	<u>12,216</u>
Expenditures				
General government:				
Ad valorem tax adjustment	12,134	12,134	12,134	-
Ad valorem tax deductions	47,732	47,732	47,732	-
Total general government	<u>59,866</u>	<u>59,866</u>	<u>59,866</u>	<u>-</u>
Public safety:				
Personal services	1,056,200	1,156,551	1,159,151	(2,600)
Supplies and materials	51,500	72,051	75,022	(2,971)
Other services and charges	173,000	172,190	154,926	17,264
Repairs and maintenance	50,000	86,809	96,804	(9,995)
Total public safety	<u>1,330,700</u>	<u>1,487,601</u>	<u>1,485,903</u>	<u>1,698</u>
Capital outlay	<u>35,000</u>	<u>80,426</u>	<u>59,132</u>	<u>21,294</u>
Total expenditures	<u>1,425,566</u>	<u>1,627,893</u>	<u>1,604,901</u>	<u>22,992</u>
Excess (Deficit) of Revenues Over Expenditures	158,544	(68,348)	(33,140)	35,208
Fund Balance				
Beginning of year	<u>769,712</u>	<u>702,441</u>	<u>702,441</u>	<u>-</u>
End of year	<u>\$ 928,256</u>	<u>\$ 634,093</u>	<u>\$ 669,301</u>	<u>\$ 35,208</u>

See notes to financial statements.

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

December 31, 2020

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Reporting Entity

The District is a component unit of the Terrebonne Parish Consolidated Government (the "Parish") and as such, these financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ended December 31, 2020.

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

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of Presentation

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

General Fund - The General Fund is the general operating fund of the District. It is used to account for and report all financial resources except those that are required to be accounted for and reported in another fund. The General Fund is always a major fund.

c) Measurement Focus and Basis of Accounting

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

Government-Wide Financial Statements

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting (Continued)

Fund Financial Statements

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

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Ad valorem taxes and the related state revenue sharing (intergovernmental revenue) are recognized as revenue in the period for which levied, thus the 2020 property taxes which are being levied to finance the 2020 budget will be recognized as revenue in 2021. The 2020 tax levy is recorded as deferred inflows of resources in the District's 2020 financial statements. Charges for services are recorded when earned since they are measurable and available. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable until actually received.

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

d) Use of Estimates

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Operating Budgetary Data

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

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

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

f) Accounts Receivable

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

g) Investments

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

h) Prepaid Insurance

The District has recorded prepaid insurance in its government-wide financial statements. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. In the fund financial statements insurance premiums are recognized as other services and charges expenditures when paid.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Capital Assets

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

j) Long-Term Obligations

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Long-Term Obligations (Continued)

Government-Wide Financial Statements

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

Fund Financial Statements

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

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.

Full time employees are entitled to eighteen days of vacation after one year of service. Each year the employee must take their vacation time before their anniversary date (day they first began working). If not taken by their anniversary date, the vacation time is forfeited. The vacation period shall be increased one day for each year of service over ten years, up to a maximum vacation period of thirty days. There was no material accumulated vacation as of December 31, 2020.

Every fireman in the employment of a fire protection district shall be entitled to full pay during sickness or incapacity not brought about by his own negligence or culpable indiscretion for a period of no less than fifty-two weeks. A fireman 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 fireman is entitled to sick leave benefits even though the injury or illness may have occurred while off duty. Firemen are not prohibited from engaging in part-time employment while receiving sick leave. A probationary fireman who is not a regular or permanent fireman is not entitled to sick leave benefits provided by the District. Sick leave does not vest or accumulate from prior years; accordingly, there is no accumulated sick leave for the District as of December 31, 2020.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) Deferred Outflows/Inflows of Resources

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

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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Equity (Continued)

Government-Wide Statements (Continued)

- b. Restricted - Consists of assets and deferred outflow of resources less liabilities and deferred inflow of resources (net position) with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. As of December 31, 2020, the District had no restricted resources.

Fund Financial Statements

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

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Equity (Continued)

For the classification of government fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available. The District's fund balance was classified as assigned and unassigned as of December 31, 2020.

o) New GASB Statements

Statement No. 95, "*Postponement for the Effective Dates of Certain Authoritative Guidance*" provides temporary relief to governments and other stockholders in light of the Coronavirus (COVID-19). That objective is accomplished by postponing the effective dates of certain statements and implementation guides to those dates reported as follows:

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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) New GASB Statements (Continued)

Statement No. 92, "*Omnibus 2020*" establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance related activities of public entity risk pools, fair value measurements, and derivative instruments. 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.

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). The reliability and relevance of reported information will be maintained by requiring that agreements that effectively maintain an existing hedging arrangement continue to be accounted for in the same manner as before the replacement of a reference rate. As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021. 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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) New GASB Statements (Continued)

(APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for the years beginning after June 15, 2022. Management has yet to determine the effect of this Statement on the financial statements.

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

Statement No. 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 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) 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 22, 2021, which is the date the financial statements were available to be issued.

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.

Bank Deposits

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

The year-end balances of deposits are as follows:

	<u>Bank Balances</u>	<u>Reported Amounts</u>
Cash	<u>\$207,392</u>	<u>\$177,313</u>

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a written policy for custodial credit risk but does comply with State law in custodial activities. As of December 31, 2020, none of the District's bank balance of \$207,392 was exposed to custodial credit risk. These deposits were insured with FDIC insurance.

Note 2 - DEPOSITS (Continued)

Investments

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

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

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

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investment policy requires the application of the prudent-person rule. This policy states, investments should be made with the judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. Primary emphasis shall be placed on the safety of the principal, secondly to maintain liquidity to meet operating requirements and finally to obtain the most favorable rate of return. The District's investment policy limits investments to those discussed earlier in this note. LAMP has a Standard & Poor's Rating of AAAm.

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

LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement

Note 2 - DEPOSITS (Continued)

Investments (Continued)

of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed or backed by the U.S. Treasury, the U.S. Government or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by the securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued at amortized cost. The fair value of participant's position is the same as the value of the pool shares. LAMP is designed to be highly liquid to give its participants immediate access to their account balance. Investment in LAMP as of December 31, 2020 amounted to \$624,870 and is reported in cash as of December 2020.

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

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

As of December 31, 2020 the balance reported as cash included the following:

Deposits in bank	\$ 177,313
Investment in LAMP	<u>624,870</u>
Total cash and cash equivalents	<u>\$ 802,183</u>

Note 3 - PROPERTY TAXES

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the District. Assessed values are established by the Terrebonne Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A statewide reevaluation of all property is required to be completed no less than every four years. The last statewide reevaluation was completed for the list of January 1, 2020. Taxes

Note 3 - PROPERTY TAXES (Continued)

are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2020 was \$17.87 per \$1,000 of assessed valuation on property within Terrebonne Parish Fire District No. 4-A for the purpose of constructing, maintaining, and operating fire protection facilities within the District and paying the cost of obtaining water for fire protection purposes, including charges for fire hydrant rentals and services. As indicated in Note 1c, taxes levied November 1, 2020 are for budgeted expenditures in 2021 and were recognized as revenues in 2021.

Note 4 - DUE FROM OTHER GOVERNMENTS

Amounts due from and to other governmental units as of December 31, 2020 consisted of the following:

	<u>Due From</u>	<u>Due To</u>
State of Louisiana:		
State revenue sharing	\$ 10,830	\$ -
Firefighters' retirement system contributions	-	79,802
Terrebonne Parish Consolidated Government		
Insurance premiums	-	11,242
Terrebonne Parish Tax Collector - December 2020 collections remitted to the District in January 2021:		
Ad valorem taxes	631,547	-
State revenue sharing	<u>5,415</u>	<u>-</u>
Totals	<u>\$647,792</u>	<u>\$91,044</u>

Note 5 - CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020 was as follows:

	Balance January 1, 2020	Additions	Deletions	Balance December 31, 2020
Capital assets not being depreciated:				
Land	\$ 80,500	\$ 89,000	\$ -	\$ 169,500
Capital assets being depreciated:				
Buildings	1,565,906	-	-	1,565,906
Vehicles	1,555,084	27,514	-	1,582,598
Machinery and equipment	394,269	-	(13,218)	381,051
Office furniture and equipment	7,565	1,618	(600)	8,583
Total capital assets being depreciated	3,522,824	29,132	(13,818)	3,538,138
Less accumulated depreciation:				
Buildings	(678,968)	(39,883)	-	(718,851)
Vehicles	(1,172,534)	(81,338)	-	(1,253,872)
Machinery and equipment	(231,904)	(24,718)	9,926	(246,696)
Office furniture and equipment	(4,798)	(829)	600	(5,027)
Total accumulated depreciation	(2,088,204)	(146,768)	10,526	(2,224,446)
Total capital assets being depreciated, net	1,434,620	(117,636)	(3,292)	1,313,692
Total capital assets, net	\$ 1,515,120	\$ (28,636)	\$ (3,292)	\$ 1,483,192

Note 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenditures as of December 31, 2020 consisted of the following:

Governmental funds:	
Vendors	\$ 14,418
Payroll, withholdings and payroll taxes	8,477
Total accounts payable and accrued expenditures	\$ 22,895

Note 7 - LONG-TERM OBLIGATIONS

Through December 31, 2020, the District recognized obligations in the amount of \$1,630,411 for the defined benefit pension plan as further described in Note 8.

The following is a summary of changes in long-term debt for the year ended December 31, 2020:

	Payable January 1, 2020	Issuance	Obligations Retired	Payable December 31, 2020
Net pension liability	<u>\$ 1,524,443</u>	<u>\$105,968</u>	<u>\$ -</u>	<u>\$ 1,630,411</u>

Note 8 - DEFINED BENEFIT PENSION PLAN

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

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

Benefits Provided - The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Benefit provisions are authorized within Act 434 of 1979 and amended by Louisiana Revised Statutes 11:2251 through 11:2272. Annual benefits to which retired members are entitled are equal to 3.33% of their final average compensation based on the 36 consecutive months of highest pay multiplied by years of service, not to exceed 100%. The State Legislature authorized the System to establish a deferred retirement option plan

Note 8 - DEFINED BENEFIT PENSION PLAN (Continued)

(DROP). After completing 20 years of creditable service and age 50 or 25 years at any age, a member may elect to participate in DROP for up to 36 months. When a member enters DROP their status changes from active to retired even though they continue to work and draw their salary. Upon commencement of participation in the deferred retirement option plan, employer and employee contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the deferred retirement option plan account. Upon termination of employment, a participant in the program shall receive, at his option, a lump-sum payment from the account or an annuity based on the deferred retirement option plan account balance in addition to his regular monthly benefit. If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to the System. No payments may be made from the deferred retirement option plan account until the participant retires.

Contributions - Employer contributions are actuarially determined each year. The employer contribution rate for employees above the poverty line/below the poverty line for the period January 1, 2020 through June 30, 2020 was 27.75%/29.75% and 32.25%/34.25% for the period July 1, 2020 through December 31, 2020. 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, 2020, were \$200,344.

Pension Liabilities - As of December 31, 2020, the District reported a net pension liability of \$1,630,411 for its proportionate share of the System's net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of the contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of June 30, 2020, the District's proportion was 0.235216% which was a decrease of 0.008231% from its proportion measured as of June 30, 2019.

Pension Expense - For the year ended December 31, 2020, the District recognized pension expense of \$220,348.

Note 8 - DEFINED BENEFIT PENSION PLAN (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - As of December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$(104,313)
Changes in assumptions	157,609	-
Changes in proportion	170,335	(84,568)
Net difference between projected and actual earnings on pension plan investments	179,551	-
Contributions subsequent to the measurement date:		
Current year	<u>118,399</u>	<u>-</u>
	<u>\$625,894</u>	<u>\$(188,881)</u>

The District reported \$118,399 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as presented below:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 75,746
2022	124,960
2023	80,402
2024	45,523
2025	(5,346)
2026	<u>(2,671)</u>
Total	<u>\$ 318,614</u>

Note 8 - DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions - The actuarial assumptions used in the June 30, 2020 valuation were based on the assumptions used in the June 30, 2020 actuarial funding valuation. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2020 are as follows:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Estimated Remaining Service Life	7 years, closed period
Investment Rate of Return	7.00% per annum (net of investment expenses, including inflation).
Inflation Rate	2.50% per annum
Salary Increases	14.10% in the first two years of service and 5.20% with three or more years of service; includes inflation and merit increases.
Cost of Living Adjustments	Only those previously granted.

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

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

Note 8 - DEFINED BENEFIT PENSION PLAN (Continued)

The estimated long-term expected rate of return on pension plan investments was determined by the System's actuary using the System's target asset allocation and the G.S. Curran & Company Consultant Average study for 2020. 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, 2020.

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 2020 and 2019 from the System's actuary. The actuary's method incorporates information from multiple consultants and investment firms regarding future expected rates of return, variances, and correlation coefficients for each asset class. The actuary's method integrates data from multiple sources to produce average values thereby reducing reliance on a single data source.

Note 8 - DEFINED BENEFIT PENSION PLAN (Continued)

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

Asset Class	Long-Term Target Asset Allocation	Long-Term Expected Real Rate of Return
Equity:		
U.S. Equity	26.00%	5.72%
Non-U.S. Equity	12.00%	6.24%
Global Equity	10.00%	6.23%
Emerging Market Equity	6.00%	8.61%
Fixed Income:		
U.S. Core Fixed Income	26.00%	1.00%
Emerging Market Debt	5.00%	3.40%
Alternatives:		
Real Estate	6.00%	4.20%
Private Equity	9.00%	10.29%
Multi-Asset Strategies:		
Global Tactical Asset Allocation	0.00%	4.22%
Risk Parity	0.00%	4.22%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 7.00%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage-point higher (8.00%) than the current rate as of June 30, 2020.

Note 8 - DEFINED BENEFIT PENSION PLAN (Continued)

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	<u>\$2,355,113</u>	<u>\$1,630,411</u>	<u>\$1,025,499</u>

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

Note 9 - SUPPLEMENTAL PAY

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

As per Louisiana Revised Statute 33:2004, any full-time, regular employee of the parish fire protection district who is hired after March 31, 1986, who has passed a certified firemen's training program equal to the National Fire Protection Association Standard 1001 and who is paid three hundred dollars per month from public funds is eligible for supplemental pay. These full-time employees are carried on the payroll paid from funds of the Parish obtained through lawfully adopted bond issues or lawfully assessed taxes, either directly or through a board or commission set up by law or ordinance. Employees employed by the District are not eligible for supplemental pay if they are presently drawing a retirement or disability pension, clerical employees and mechanics and for those employees who have not passed a certified firemen's training program but are hired after March 31, 1986. State supplemental pay for firefighters must be taken into account in calculating firefighters longevity pay, holiday pay and overtime pay. The period of service for computing additional compensation includes prior service of employees who have returned or who hereafter return to such service provided that service in any parish or fire protection district fire department shall be used in computing such prior service which includes full-time employees of a volunteer fire department.

Note 9 - SUPPLEMENTAL PAY (Continued)

As of December 31, 2020, the District has recognized revenue and expenditures of \$43,154 in salary supplements that the State of Louisiana has paid directly to the District's employees.

Note 10 - RISK MANAGEMENT

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

The Parish is self-insured for the first \$175,000 of each claim relating to group health insurance. The aggregate deductible of all group claims relating to group insurance for 2019 was \$16,375,093. 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, \$2,290,142 as of December 31, 2019, then secondly by the District. As of December 31, 2020, the District had no claims in excess of the above coverage limits.

Coverage for workers' compensation claims excess of the statutory limits are funded by an insurance contract for claims up to aggregate limits. Workers' compensation claims in excess of the aggregate limits are funded first by the assets of the Parish's Workers' Compensation Internal Service Fund then secondly by the District. As of December 31, 2020, 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, 2020 totaled \$110,976.

Note 11 - COMPENSATION OF BOARD MEMBERS

The following amounts were paid to Board Members for the year ended December 31, 2020:

<u>Board Members</u>	<u>Number of Meetings Attended</u>	<u>Per Diem</u>
Roland Aucoin	5	\$ 150
Pamela Carlos	5	150
Louis Pitre	*	-
Marty Theriot	5	150
Kirby Verret	5	<u>150</u>
Total		<u>\$ 600</u>

* Louis Pitre waived his right to receive a per diem.

Note 12 - STATE OF LOUISIANA TAX ABATEMENTS

The District's ad valorem tax revenue was reduced by \$80,993 under agreements entered into with the State of Louisiana.

REQUIRED SUPPLEMENTARY INFORMATION

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

Terrebonne Parish Fire District No. 4-A

For the six years ended December 31, 2020 through 2015

	<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>0.235216%</u>	<u>0.243447%</u>	<u>0.253389%</u>	<u>0.231931%</u>	<u>0.220924%</u>	<u>0.164431%</u>
District's proportionate share of the net pension liability	<u>\$ 1,630,411</u>	<u>\$ 1,524,443</u>	<u>\$ 1,457,513</u>	<u>\$ 1,329,393</u>	<u>\$ 1,445,043</u>	<u>\$ 887,453</u>
District's covered payroll	<u>\$ 586,387</u>	<u>\$ 587,773</u>	<u>\$ 601,896</u>	<u>\$ 529,451</u>	<u>\$ 498,066</u>	<u>\$ 377,072</u>
District's proportionate share of the net pension liability as a percentage of its covered payroll	278.04%	259.36%	242.15%	251.09%	290.13%	235.35%
Plan fiduciary net position as a percentage of the total pension liability	<u>72.61%</u>	<u>73.96%</u>	<u>74.76%</u>	<u>73.55%</u>	<u>68.16%</u>	<u>72.45%</u>

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

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

For the six years ended December 31, 2020 through 2015

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

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

SUPPLEMENTARY INFORMATION

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

Terrebonne Parish Fire District No. 4-A

For the year ended December 31, 2020

Agency Head Name: Shawn Bumm, Fire Chief

Purpose

Salary	\$ 76,778
Benefits - insurance	6,374
Benefits - retirement	22,734
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	238
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Meals	-
	<hr/>
	<u>\$ 106,124</u>

Note:

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

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Terrebonne Parish Fire District No. 4-A (the "District") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's financial statements and have issued our report thereon dated June 22, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Certified Public Accountants.

Houma, Louisiana,
June 22, 2021.

SCHEDULE OF FINDINGS AND RESPONSES

Terrebonne Parish Fire District No. 4-A

For the year ended December 31, 2020

Section I - Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? ☐ Yes ☒ No

b) Federal Awards

Terrebonne Parish Fire District No. 4-A did not expend federal awards in excess of \$750,000 during the year ended December 31, 2020 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

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 reported during the audit for the year ended December 31, 2020.

Section III - Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Terrebonne Parish Fire District No. 4-A

For the year ended December 31, 2020

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

Internal Control Over Financial Reporting

2019-001 Reporting Cash

Recommendation - It was recommended that the District perform accurate monthly reconciliations of cash, with outstanding items consisting only of deposits and checks that are expected to clear the account.

Management's Response - Resolved. The District performs accurately monthly reconciliations of cash accounts.

Compliance and Other Matters

2019-002 Public Notices

Recommendation - It was recommended that the District publish all minutes for 2019 that were not previously published in the official journal (The Houma Courier) and continue to publish minutes immediately after adoption by the Board of Commissioners.

Management's Response - Resolved. The District will published Board meeting minutes and all subsequent minutes in the official journal.

Section II - Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Fire District No. 4-A did not expend federal awards in excess of \$750,000 during the year ended December 31, 2019 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, 2019.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Terrebonne Parish Fire District No. 4-A

For the year ended December 31, 2020

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 reported during the audit for the year ended December 31, 2020.

Section II - Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Fire District No. 4-A did not expend federal awards in excess of \$750,000 during the year ended December 31, 2020 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, 2020.