

**ST. TAMMANY PARISH FIRE PROTECTION
DISTRICT NO. 11
PEARL RIVER, LOUISIANA**

ANNUAL FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2023



**Hebert Johnson
& Associates, Inc.**
Certified Public Accountants

A Professional Accounting Corporation

St. Tammany Parish Fire Protection District No. 11
Pearl River, Louisiana
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A PROFESSIONAL ACCOUNTING CORPORATION

Independent Auditor's Report

To the Board of Commissioners
St. Tammany Parish Fire Protection District No. 11
Pearl River, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the St. Tammany Parish Fire Protection District No. 11 as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the St. Tammany Parish Fire Protection District No. 11'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 major fund of the St. Tammany Parish Fire Protection District No. 11, as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 St. Tammany Parish Fire Protection District No. 11, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 the budgetary comparison information on page 25 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 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise of the St. Tammany Parish Fire Protection District No. 11's basic financial statements. The accompanying schedules of compensation paid to board members and compensation, benefits and other payments to agency head are presented to comply with the requirements issued by the State of Louisiana, and are 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. The 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 schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2024 on our consideration of the St. Tammany Parish Fire Protection District No. 11's internal control over financial reporting and on 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 St. Tammany Parish Fire Protection District No. 11's internal control over financial reporting and compliance.

Chris Johnson

Hebert Johnson & Associates, Inc.
A Professional Accounting Corporation
Ponchatoula, Louisiana
May 10, 2024

Basic Financial Statements
Government-Wide Financial Statements

**St. Tammany Parish Fire Protection District No. 11
Pearl River, Louisiana**

Statement A

**Statement of Net Position
December 31, 2023**

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	\$ 4,141,795
Ad Valorem Tax Receivable, Net	2,261,621
State Revenue Sharing	38,177
EMS Receivable, Net	58,530
Other Receivables	12,995
Prepaid Expenses	28,577
Down Payment on Fire Truck	677,380
Land	69,787
Right of Use Assets, Net of Accumulated Amortization	490,168
Capital Assets, Net of Depreciation	<u>541,959</u>
Total Assets	<u>8,320,989</u>
 Liabilities	
Accounts Payable	29,463
Accrued Wages	40,955
Sheriffs Pension Payable	71,933
Lease Liability - Current	156,177
Lease Liability - Noncurrent	<u>563,245</u>
Total Liabilities	<u>861,773</u>
 Net Position	
Net Investment in Capital Assets	1,059,872
Unrestricted	<u>6,399,344</u>
Total Net Position	<u>\$ 7,459,216</u>

The notes to the financial statements are an integral part of this statement.

St. Tammany Parish Fire Protection District No. 11
Pearl River, Louisiana

Statement B

Statement of Activities
For the Year Ended December 31, 2023

Functions/Programs	Expenses
Governmental Activities:	
Public Safety	\$ 1,890,273
Interest on Long-Term Debt	44,982
Total Governmental Activities	1,935,255
Program Revenues:	
Charges for Services	234,372
General Revenues:	
Property Taxes	2,280,388
Revenue Sharing	38,177
2% Fire Insurance Rebate	38,170
Workers Compensation Dividend	32,673
Interest Income	170,603
Tax Abatement Revenue	100,000
State Supplemental Income	50,800
Other	18,670
Total Revenues	2,963,853
Change in Net Position	1,028,598
Net Position, Beginning	6,430,618
Net Position, Ending	\$ 7,459,216

The notes to the financial statements are an integral part of this statement.

Basic Financial Statements
Governmental Fund Financial Statements

**St. Tammany Parish Fire Protection District No. 11
Pearl River, Louisiana**

Statement C

**Governmental Funds Balance Sheet
December 31, 2023**

	<u>General Fund</u>
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 4,141,795
Ad Valorem Tax Receivable, Net	2,261,621
State Revenue Sharing	38,177
EMS Receivable, Net	58,530
Other Receivable	12,995
Down Payment on Fire Truck	677,380
Prepaid Expenses	<u>28,577</u>
Total Current Assets/Total Assets	<u>\$ 7,219,075</u>
 Liabilities and Fund Balance	
Current Liabilities:	
Accounts Payable and Accrued Liabilities	\$ 29,463
Accrued Wages	40,955
Sheriff's Pension Payable	<u>71,933</u>
Total Current Liabilities/Total Liabilities	<u>142,351</u>
 Deferred Inflow of Resources	
Unavailable Ad Valorem Taxes	<u>83,277</u>
Total Deferred Inflow of Resources	<u>83,277</u>
 Fund Balance	
Nonspendable, Prepaid Expenses	28,577
Committed, Capital Projects	1,141,534
Unassigned Fund Balance	<u>5,823,336</u>
Total Fund Balance	<u>6,993,447</u>
Total Liabilities/Deferred Inflows and Fund Balance	<u>\$ 7,219,075</u>

The notes to the financial statements are an integral part of this statement.

**St. Tammany Parish Fire Protection District No. 11
Pearl River, Louisiana**

Statement D

**Reconciliation of the Governmental Fund Balance Sheet to
the Government-Wide Statement of Net Position
December 31, 2023**

Fund Balances, Governmental Funds, Statement C \$ 6,993,447

Amounts reported for governmental activities in the statement of net position are different because:

Right of use assets used in governmental activities are not financial resources
and, therefore, are not reported in the governmental funds. 490,168

Capital assets used in governmental activities are not financial resources and therefore
are not reported in the governmental funds. 611,746

Deferred inflows of resources - unavailable ad valorem taxes are not reported on
government-wide financial statements. 83,277

Long-term liabilities, including bonds payable, are not due and payable in the current period
and, therefore, are not reported in the governmental funds.

Lease Liability (719,422)

Net Position, Governmental Activities, Statement A \$ 7,459,216

The notes to the financial statements are an integral part of this statement.

**St. Tammany Parish Fire Protection District No. 11
Pearl River, Louisiana**

Statement E

**Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the Year Ended December 31, 2023**

	<u>General Fund</u>
Revenues	
Ad Valorem Taxes	\$ 2,267,244
Revenue Sharing	38,177
Fire Insurance Rebate	38,170
Grant Revenue	100,000
State Supplemental Income	50,800
Charges for Services (EMS)	234,372
Interest Income	170,603
Workers Compensation Dividend	32,673
Other	18,670
Total Revenues	<u>2,950,709</u>
Expenditures	
Public Safety - Fire Protection:	
Salaries and Benefits	1,079,051
Dispatching	33,895
Fuel and Oil	26,559
Insurance	194,508
Office Expense	10,527
Other	4,968
Professional Fees	80,732
Repairs and Maintenance	108,161
Sheriff's Pension	71,933
Supplies	55,489
Training and Education	18,957
Uniforms	8,992
Utilities	33,134
Capital Outlay	66,644
Debt Service - Principal	224,306
Debt Service - Interest	44,982
Total Expenditures	<u>2,062,838</u>
Excess (Deficiency) of Revenues over Expenditures	887,871
Other Financing Sources:	
Proceeds from Financed Lease	<u>677,380</u>
Total Other Financing Sources	<u>677,380</u>
Net Change in Fund Balance	<u>1,565,251</u>
Fund Balance, Beginning	<u>5,428,196</u>
Fund Balance, Ending	<u>\$ 6,993,447</u>

The notes to the financial statements are an integral part of this statement.

**St. Tammany Parish Fire Protection District No. 11
Pearl River, Louisiana**

Statement F

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
of Governmental Funds to the Statement of Activities**

For the Year Ended December 31, 2023

Net Change in Fund Balance, Governmental Funds, Statement E **\$ 1,565,251**

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. These differences consist of:

Capital Outlay	66,644
Depreciation Expense	(163,367)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Change in Unavailable Ad Valorem Taxes	13,144
--	--------

Lease proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Proceeds from Financed Lease	(677,380)
Repayment of Debt Principal	224,306

Change in Net Position, Governmental Activities, Statement B **\$ 1,028,598**

The notes to the financial statements are an integral part of this statement.

St. Tammany Parish Fire Protection District No. 11
Pearl River, Louisiana

Notes to Financial Statements
As of and for the Year Ended December 31, 2023

1. Summary of Significant Accounting Policies

The mission of St. Tammany Parish Fire Protection District No. 11 (the District) is to provide fire protection in that area of St. Tammany Parish (the Parish) which includes Pearl River, Louisiana. The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America applicable to government entities. The following is a summary of significant accounting policies.

A. Reporting Entity

The District was created in 1977 by Ordinance 691 of St. Tammany Parish Government. The District is governed by a Board of Commissioners, which is appointed by St. Tammany Parish. The Board consists of five Commissioners who serve two-year terms.

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB Statement No. 14, *The Financial Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, the District is considered a component unit of the St. Tammany Parish Council. As a component unit, the accompanying financial statements are included within the reporting of the primary government, either blended into those financial statements or separately reported as discrete component units.

B. Basis of Presentation

The District's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements-and Management 's Discussion and Analysis- for State and Local Governments*, issued in June 1999, as amended by GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's fire protection activities and related general administrative services are classified as governmental activities. The District does not have any business-type activities.

C. Basic Financial Statements - Government-Wide Financial Statements (GWFS)

In the government-wide Statement of Net Position (Statement A), the governmental activities column is

**St. Tammany Parish Fire Protection District No. 11
Pearl River, Louisiana**

**Notes to Financial Statements
As of and for the Year Ended December 31, 2023**

presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables, as well as long-term debt and obligations. The District's net position are reported in two parts - net investment in capital assets and restricted for fire protection, debt service, and capital outlay.

The government-wide Statement of Activities (Statement B) reports both gross and net cost of the District's function. The function is supported by general government revenues (ad valorem tax). Any program revenues and operating grants received would reduce gross expenses in the Statement of Activities.

This government-wide focus is on the sustainability of the District as an entity and the change in the District's net position resulting from current year's activities.

D. Basic Financial Statements - Fund Financial Statements (FFS)

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflow of resources, liabilities, deferred inflow of resources, reserves, fund equity, revenues and expenditures. The District's current operations require the use of only the following fund types:

Governmental Fund:

The focus of the governmental fund's measurement (in the fund statement) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. In general, fund balance represents the accumulated expendable resources, which may be used to finance future operations of the District.

General Fund

The General Fund is the principal fund of the District and is used to account for the operations of the District. General revenues are accounted for in this fund. General operating expenditures are paid from this fund.

E. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Accrual

The governmental activities in the government-wide financial are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related

**St. Tammany Parish Fire Protection District No. 11
Pearl River, Louisiana**

**Notes to Financial Statements
As of and for the Year Ended December 31, 2023**

liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

The District records are maintained on the cash basis of accounting. However, the General Fund reported in the accompanying financial statements has been converted to a modified accrual basis of accounting utilizing the following practices in recording revenues and expenditures:

Revenues

Property taxes, parcel fees, state revenue sharing, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual, subject to availability, and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Interest income on investments is recorded when the investments have matured and income is available.

All other revenues are recorded when received.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

F. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Under State law, the District may deposit funds in demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. In addition, the District may invest in United States bonds, treasury notes, or certificates.

In accordance with state law, the District limits its investments to those allowed under R.S. 33:2955. Certificates of deposit are classified as investments if their original maturities exceed 90 days. Investments are reported at fair market. The District does not have a formal investment policy.

G. Receivables and Payables

All property tax receivables are shown net of a 2% allowance for uncollectibles. The allowance is based on prior years' experience.

Property taxes are levied on a calendar year basis, become due on December 31 and are considered delinquent on January 1. The District authorized and levied a 43.00 mill ad valorem tax for operations and maintenance for the year ended December 31, 2023. The following are the principal taxpayers and related property tax revenue for the entity:

**St. Tammany Parish Fire Protection District No. 11
Pearl River, Louisiana**

**Notes to Financial Statements
As of and for the Year Ended December 31, 2023**

	Assessed Valuation	% of Total Assessed Value
Associated Wholesale Grocers	\$ 18,693,713	34.78%
Rooms to Go Louisiana Corporation	3,545,273	6.60%
Central LA Elec Co	1,968,030	3.66%
84 Lumber Co #2717	999,572	1.86%
St. Joe Brick Works Inc	503,633	1.07%
NSA Property Holdings LLC	504,475	0.94%
SIKA Investments LLC	412,671	0.77%
Norfolk Southern Corp	387,500	0.72%
Planet Storage LLC	347,926	0.65%
SKF Properties LLC	320,989	0.60%
	\$ 27,683,782	51.65%

H. Tax Abatements

St. Tammany Parish negotiates tax abatement agreements on the District's behalf on an individual basis. The agreements are negotiated under a special exemption through St. Tammany Parish Development District for a variety of economic development purposes, including business relocation, retention, and expansion. The abatements may be granted to any business located within the Parish for promising to relocate to the Parish's geographic area.

The District is subject to in lieu of property tax agreements with two entities as of December 31, 2023:

- Associated Wholesale Grocers - abatement on land, building, and immovable equipment and furniture.
- Rooms to Go - abatement on land, building, and immovable equipment and fixtures.

During the year ended December 31, 2023, the District received \$100,000 in lieu of the property taxes that would have been assessed for these entities.

I. Emergency Medical Services (EMS) Receivable

The District has agreements with other third-party payers that provide for payments at amounts different from its established rates. Net emergency medical service revenue is recorded at the estimated realizable amount from patients, third-party payers, and others for services rendered, based upon prior years' experience and management's analysis of possible bad debts. Emergency medical receivables are charged against the allowance when it is determined by the District that payment will not be received. The current policy is to allow for any accounts that are inactive for three months. For the year ended December 31, 2023, the District provided \$301,210 for contractual adjustments to established rates billed and \$71,642 for an allowance for doubtful accounts.

J. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid

**St. Tammany Parish Fire Protection District No. 11
Pearl River, Louisiana**

**Notes to Financial Statements
As of and for the Year Ended December 31, 2023**

items in both government-wide and fund financial statements.

K. Capital Assets

Capital assets, which include property and equipment, are reported in the government-wide statements. Capital assets are recorded at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold of \$3,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Buildings and Improvements	40 Years
Vehicles	15 Years
Land Improvements	20 Years
Furniture and Fixtures	5 Years
Equipment	5 - 10 Years

L. Right of Use Assets

The District has recorded right of use lease assets as a result of implementing GASB 87. The right of use assets are initially measured at an amount equal to the initial measurement date of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus any ancillary charges necessary to place the lease in service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

M. Long-Term Debt

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

Government-wide financial statements -All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide financial statements.

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 payment of principal and interest are reported as expenditures.

N. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District does not have any items that qualify for

St. Tammany Parish Fire Protection District No. 11
Pearl River, Louisiana

Notes to Financial Statements
As of and for the Year Ended December 31, 2023

reporting in this category.

In addition to liabilities, the Statement of Financial 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 or fund balance that applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. Currently, the District has one item that qualifies for reporting in this category, receipt of ad valorem taxes more than 60 days after year end.

O. Equity Classifications

In the government-wide financial 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 and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.
- b) Restricted net position - consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c) Unrestricted net position - net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

Governmental fund equity is classified as fund balance. In the governmental fund financial statements, fund balances are classified as follows:

- a) Nonspendable - amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- b) Restricted - amounts that can be spent only for specific purposes because of state, local or federal awards or externally imposed conditions by grantors or creditors.
- c) Committed - amounts that can be used for specific purposes determined by formal action by an ordinance or resolution.
- d) Assigned - amounts that are designated by the formal action of the government's highest level of decision making authority.
- e) Unassigned - amounts not included in other classifications.

The Board of Commissioners, as the highest level of decision-making authority, can establish, modify or rescind a fund balance commitment by formal vote at a public board meeting. For assigned fund balance the Board of Commissioners authorizes management to assign amounts for a specific purpose.

When both restricted and unrestricted fund balances are available for use, it is the District's policy to use

St. Tammany Parish Fire Protection District No. 11
Pearl River, Louisiana

Notes to Financial Statements
As of and for the Year Ended December 31, 2023

restricted resources first, then unrestricted as needed. When committed, assigned or unassigned fund balances are available for use it is the District's policy to use committed resources first, then assigned resources and unassigned resources as they are needed.

P. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

Q. Date of Management's Review

Subsequent events have been evaluated through May 10, 2024, which is the date the financial statements were available to be issued.

2. Stewardship, Compliance and Accountability

Budgetary procedures applicable to the District are defined in state law, Louisiana Revised Statutes 39:1301-14. The major requirements of the Local Government Budget Act are summarized as follows:

1. The District must adopt a budget each year for the general fund and each special revenue fund, if applicable.
2. The manager must prepare a proposed budget and submit the proposed budget to the Board of Commissioners for consideration no later than fifteen days prior to the beginning of each fiscal year. At the same time, if total proposed expenditures are \$500,000 or more, a notice of public hearing on the proposed budget must be published in the official journal in each parish in which the District has jurisdiction.
3. All action necessary to adopt and implement the budget must be completed prior to the beginning of the fiscal year. The budget was adopted on November 29, 2022.
4. Budgetary amendments involving the transfer of funds from one program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Commissioners.
5. The District uses the modified cash basis of accounting to report actual inflows and outflows. The reconciliation on the next page shows how the modified cash basis differs from GAAP.

St. Tammany Parish Fire Protection District No. 11
Pearl River, Louisiana

Notes to Financial Statements
As of and for the Year Ended December 31, 2023

Excess (Deficiency) of Revenues over Expenditures (Schedule E)	\$ 887,871
Add: Prior Year Receivables, Net	1,944,931
Prior Year Prepaid Expenses	30,552
Current Year Payables	103,179
Current Year Deferred Inflow of Resources	83,277
Less: Current Year Receivables, Net	(2,371,323)
Current Year Prepaid Expenses	(28,577)
Prior Year Payables	(83,046)
Prior Year Deferred Inflow of Resources	(70,133)
Net Change in Budgetary Fund Balance (Schedule 1)	<u>\$ 496,731</u>

3. Ad Valorem Taxes

Ad valorem taxes are levied each November 1st on the assessed value listed as of the prior January 1st for all real property, merchandise, and movable property located within the Parish. Assessed values are established by the St. Tammany Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. Taxes are due and payable December 31st with interest being charged on payments after January 1st. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2023 was \$43.00 per \$1,000 of assessed valuation on property within the District 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.

4. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents at December 31, 2023:

Cash and Cash Equivalents	<u>\$ 4,141,795</u>
---------------------------	---------------------

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging

**St. Tammany Parish Fire Protection District No. 11
Pearl River, Louisiana**

**Notes to Financial Statements
As of and for the Year Ended December 31, 2023**

agent bank in a holding or custodial bank that is mutually acceptable to both parties. The District does not have a custodial credit risk policy.

Cash and deposits are categorized into three categories of credit risk.

Category 1 includes deposits covered by federal depository insurance or by collateral held by the District or its agent, in the District's name.

Category 2 includes deposits covered by collateral held by the pledging financial institution's trust department, or its agent in the District's name.

Category 3 includes deposits covered by collateral held by the pledging financial institution, or its trust department or agent but not in the District's name, and deposits which are uninsured or uncollateralized.

At December 31, 2023, the carrying amount and the bank balances of deposits of the primary government are summarized as follows:

	Bank Balances Category			
	1	2	3	Bank Balance
Cash	\$ 4,117,849	\$ -	\$ -	\$ 4,117,849

5. 2% Fire Insurance Tax

The District is eligible and receives a pro-rata share of the fire insurance tax collected by the State of Louisiana. The amounts received by the District are based on the population of the areas that it serves. In accordance with Louisiana Revised Statutes (LRS), such money shall be used only for the purpose of "rendering more efficient and efficacious" fire protection, as the District shall direct.

6. Right of Use Assets

The District has recorded right of use assets for equipment. The related leases are discussed in Note 9. The right of use assets are amortized on a straight line basis over the estimated useful lives of the equipment. Amortization expense totaled \$57,433 for the year ended December 31, 2023. Right of use asset activity as of and for the year ended December 31, 2023 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Right of Use Assets				
Equipment	\$ 861,497	\$ -	\$ -	\$ 861,497
Less Accumulated Amortization:	(313,896)	(57,433)		(371,329)
Total Right of Use Assets	\$ 547,601	\$ (57,433)	\$ -	\$ 490,168

St. Tammany Parish Fire Protection District No. 11
Pearl River, Louisiana

Notes to Financial Statements
As of and for the Year Ended December 31, 2023

7. Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2023 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 69,787	\$ -	\$ -	\$ 69,787
Machinery and Equipment	7,750	-	(7,750)	-
Total Capital Assets Not Being Depreciated	<u>77,537</u>	<u>-</u>	<u>(7,750)</u>	<u>69,787</u>
Other Capital Assets:				
Buildings & Improvements	384,551	-	-	384,551
Machinery and Equipment	1,922,195	74,394	-	1,996,589
Total Capital Assets	<u>2,306,746</u>	<u>74,394</u>	<u>-</u>	<u>2,381,140</u>
Less Accumulated Depreciation:				
Buildings & Improvements	(226,147)	(10,613)	-	(236,760)
Machinery and Equipment	(1,507,100)	(95,321)	-	(1,602,421)
Total Accumulated Depreciation	<u>(1,733,247)</u>	<u>(105,934)</u>	<u>-</u>	<u>(1,839,181)</u>
Other Capital Assets, Net	<u>573,499</u>	<u>(31,540)</u>	<u>-</u>	<u>541,959</u>
Governmental Activities Capital, Net	<u>\$ 651,036</u>	<u>\$ (31,540)</u>	<u>\$ (7,750)</u>	<u>\$ 611,746</u>

Depreciation expense of \$105,934 for the year ended December 31, 2023, was charged to public safety.

8. Long-Term Debt

The following is a summary of long-term debt for the year ended December 31, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance
Note payable with imputed interest at 3.3%, annual payments of \$12,995 until maturity in March 2023	\$ 12,574	\$ -	\$ (12,574)	\$ -
	<u>\$ 12,574</u>	<u>\$ -</u>	<u>\$ (12,574)</u>	<u>\$ -</u>

9. Financed Leases

The District has entered into two leases for fire equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of inception of the respective leases. The assets are being amortized over their estimated useful lives. Amortization of the assets under the leases is included in depreciation expense for the year ended December 31, 2023. The following is a summary of long-term debt transactions of the District for the year ended December 31, 2023:

**St. Tammany Parish Fire Protection District No. 11
Pearl River, Louisiana**

**Notes to Financial Statements
As of and for the Year Ended December 31, 2023**

	Balance at 12/31/22	Additions	Deletions	Balance at 12/31/23	Due Within One Year
\$478,946 Financed Lease	\$ 55,250	\$ -	\$ 55,250	\$ -	\$ -
\$322,551 Financed Lease	198,524	-	64,580	133,944	66,162
\$677,380 Financed Lease	-	677,380	91,902	585,478	90,015
Totals	<u>\$ 253,774</u>	<u>\$ -</u>	<u>\$ 211,732</u>	<u>\$ 719,422</u>	<u>\$ 156,177</u>

\$322,551 financed lease dated June 8, 2020, with PNC Equipment Finance, LLC, with interest at 2.45%, payable in annual installments of principal and interest totaling \$69,443 through June 8, 2025.

\$ 133,944

\$677,380 financed lease dated March 11, 2022 with PNC Equipment Finance, LLC, with interest at 3.22%, payable in annual installments of principal and interest totaling \$108,867 through December 16, 2029. This lease is for the purchase of a new Pierce Enforcer Pumper. The District should be receiving in May 2024. On the statement of net position and governmental fund balance sheet, \$677,380 is listed as a down payment on the truck.

\$ 585,478

Future minimum lease payments under the leases as of December 31, 2023 are as follows:

Year Ending December 31,	\$322,551 Financed Lease	\$193,131 Financed Lease	Total
2024	\$ 69,443	\$ 108,867	\$ 178,310
2025	69,443	108,867	178,310
2026	-	108,867	108,867
2027	-	108,867	108,867
2028	-	108,867	108,867
2029	-	108,867	108,867
Total Payments	<u>138,886</u>	<u>653,202</u>	<u>792,088</u>
Less: Interest	<u>4,942</u>	<u>67,724</u>	<u>72,666</u>
	<u>\$ 133,944</u>	<u>\$ 585,478</u>	<u>\$ 719,422</u>

10. Deferred Compensation Plan

The District allows its employees to participate in the Louisiana Public Employees 457(b) Deferred Compensation Plan (the Plan). The Plan was established in accordance with Section 457 of the Internal Revenue Code of 1986, as amended and allows employees to voluntarily elect to contribute a portion of their

**St. Tammany Parish Fire Protection District No. 11
Pearl River, Louisiana**

**Notes to Financial Statements
As of and for the Year Ended December 31, 2023**

compensation, up to the lesser of 25% of their compensation or the current IRC limits. The District's contributions for the year ended December 31, 2023 were \$56,176.

11. Risks and Uncertainties

The District is exposed to all common perils associated with fire protection and EMS services. To minimize loss occurrence and transfer risk, the District carries various commercial insurance policies including property, casualty, employee dishonesty, public official's liability, business auto and other miscellaneous policies. These policies are reviewed for adequacy by management annually.

12. On-Behalf Payments for Fringe Benefits and Salaries

For the fiscal year ended December 31, 2023, the State of Louisiana made on behalf payments in the form of supplemental pay to the District's firemen. In accordance with GASB 24, the District recorded \$50,800 of on-behalf payments as revenue and as an expenditure in the General Fund.

Required Supplemental Information

St. Tammany Parish Fire Protection District No. 11
Pearl River, Louisiana

Schedule 1

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (Non-GAAP) and Actual
 For the Year Ended December 31, 2023**

Revenues	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable (Unfavorable)
Ad Valorem Taxes	\$ 1,784,931	\$ 1,784,931	\$ 1,876,563	\$ 91,632
Revenue Sharing	31,000	31,000	34,973	3,973
Fire Insurance Rebate	27,000	27,000	38,170	11,170
Grant Revenue	100,000	100,000	100,000	-
Charges for Services (EMS)	180,000	180,000	219,040	39,040
Interest Income	45,000	45,000	170,603	125,603
Workers Comp Dividend	-	-	32,673	32,673
Other	55,000	55,000	69,470	14,470
Total Revenues	<u>2,222,931</u>	<u>2,222,931</u>	<u>2,541,492</u>	<u>318,561</u>
 Expenditures				
Public Safety:				
Salaries and Benefits	1,237,800	1,237,800	1,079,051	158,749
Dispatching	43,000	43,000	33,895	9,105
Fuel and Oil	26,200	26,200	26,559	(359)
Insurance	163,500	163,500	188,315	(24,815)
Office Expense	7,000	7,000	10,133	(3,133)
Other	18,000	18,000	4,703	13,297
Professional Fees	100,300	100,300	83,446	16,854
Repairs and Maintenance	132,350	132,350	105,697	26,653
Sheriff's Pension	-	-	59,787	(59,787)
Supplies	64,800	64,800	49,952	14,848
Training and Education	22,000	22,000	18,957	3,043
Uniforms	21,000	21,000	10,731	10,269
Utilities	42,400	42,400	27,845	14,555
Capital Outlay	90,000	90,000	76,402	13,598
Debt Service - Principal	150,000	150,000	224,306	(74,306)
Debt Service - Interest	12,697	12,697	44,982	(32,285)
Total Expenditures	<u>2,131,047</u>	<u>2,131,047</u>	<u>2,044,761</u>	<u>86,286</u>
 Net Change in Budgetary Fund Balance	 91,884	 91,884	 496,731	 404,847
 Budgetary Fund Balance, Beginning	 <u>5,170,632</u>	 <u>5,170,632</u>	 <u>124,919</u>	 <u>-</u>
Budgetary Fund Balance, Ending	<u>\$ 5,262,516</u>	<u>\$ 5,262,516</u>	<u>\$ 621,650</u>	<u>\$ 404,847</u>

See independent auditor's report.

Supplemental Information

**St. Tammany Parish Fire Protection District No. 11
Pearl River, Louisiana**

Schedule 2

**Schedule of Compensation Paid to Board Members
For the Year Ended December 31, 2023**

<u>Board of Commissioners</u>	<u>Compensation</u>
Michelle Blackwell, Board Chairman	\$1,300
Floyd Trascher, Vice-Chairman	\$1,300
Russell Lindsey, Treasurer	\$1,000
Eugene Swann, Jr., Secretary	\$1,100
Ryan Dreux, Board Member	\$1,200

See independent auditor's report.

St. Tammany Parish Fire Protection District No. 11
Pearl River, Louisiana

Schedule 3

Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended December 31, 2023

Agency Head: Jack Dockery, Fire Chief

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 99,507
State Supplemental Pay	6,350
Benefits - Insurance	6,797
Benefits - Retirement	10,286
Travel	23
Dues	75
Total Payments	\$ <u>123,038</u>

See independent auditor's report.

Other Independent Auditor's Report

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A PROFESSIONAL ACCOUNTING CORPORATION

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
St. Tammany Parish Fire Protection District No. 11
Pearl River, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of St. Tammany Parish Fire Protection District No. 11, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the St. Tammany Parish Fire Protection District No. 11's basic financial statements, and have issued our report thereon dated May 10, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered St. Tammany Parish Fire Protection District No. 11'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 St. Tammany Parish Fire Protection District No. 11's internal control. Accordingly, we do not express an opinion on the effectiveness of St. Tammany Parish Fire Protection District No. 11'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 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 weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. Tammany Parish Fire Protection District No. 11's financial statements are free from 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 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Chris Johnson

Hebert Johnson & Associates, Inc.
A Professional Accounting Corporation
Ponchatoula, Louisiana
May 10, 2024

**St. Tammany Parish Fire Protection District No. 11
Pearl River, Louisiana**

**Schedule of Current Year Audit Findings, Recommendations and Responses
For the Year Ended December 31, 2023**

We have audited the basic financial statements of the St. Tammany Parish Fire Protection District No. 11 as of and for the year ended December 31, 2023, and have issued our report thereon dated May 10, 2024. 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 audit of the financial statements as of December 31, 2023 resulted in an unmodified opinion.

Section I - Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control
Material Weakness, No Significant Deficiencies, No

Compliance
Compliance Material to Financial Statements, No

b. Federal Awards

Not Applicable

Was a management letter issued? No

**ST. TAMMANY PARISH FIRE PROTECTION
DISTRICT NO. 11**

STATEWIDE AGREED-UPON PROCEDURES REPORT

Fiscal Period January 1, 2023 through December 31, 2023



A Professional Accounting Corporation

CHARLES P. HEBERT, CPA

CHRISTOPHER S. JOHNSON, CPA, MBA

ADAM C. HEBERT, CPA

MEMBER

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A PROFESSIONAL ACCOUNTING CORPORATION

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
FOR THE YEAR ENDED DECEMBER 31, 2023

To the Board of Commissioners of
St. Tammany Parish Fire Protection District No. 11
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2023 through December 31, 2023. St. Tammany Parish Fire Protection District No. 11's management is responsible for those C/C areas identified in the SAUPs.

St. Tammany Parish Fire Protection District No. 11 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 LLA's SAUPs for the fiscal period January 1, 2023 through December 31, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. 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 are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - 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 quotes.

- c) **Disbursements**, including processing, reviewing, and approving.
- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency 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).
- 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 rates of pay or approval and maintenance of pay rate schedules.
- 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.
- g) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- h) **Credit Cards (and debit cards, fuel cards, purchase 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).
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) 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.
- l) **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

No exceptions were found as a result of these procedures.

2) 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
 - i. 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, bylaws, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

No exceptions were found as a result of these procedures.

3) Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly 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:
 - i. 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);
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and

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

Exception: The District's outside CPA prepares reconciliations for the District. There is no evidence a member of management or a board member reviews bank reconciliations. There were two reconciling items on the bank reconciliation that were outstanding for more than 12 months.

Management's Response: The District will request the reconciliations be reviewed by a member of management. The District will research the outstanding items on the bank reconciliation.

4) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/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).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then 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
 - i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. Each employee responsible for collecting cash is not also 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; and
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (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). *Alternatively, the practitioner may use a source*

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

- i. Observe that receipts are sequentially pre-numbered.
- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- iii. Trace the deposit slip total to the actual deposit per the bank statement.
- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- v. Trace the actual deposit per the bank statement to the general ledger.

No exceptions were found as a result of these procedures.

5) Non-Payroll Disbursements (excluding card purchases, 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. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

[Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

10. For each location selected under procedure #5A above, obtain the entity'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
 - i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. *Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.*

No exceptions were found as a result of these procedures.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase 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.

- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. 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
 - a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

- b) Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #7B 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 (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

No exceptions were found as a result of these procedures.

7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements and 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
 - i. 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);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions were found as a result of these procedures.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection*

source, such as an active vendor list. 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

- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
- ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions were found as a result of these procedures.

9) Payroll and Personnel

- A. 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.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave

records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

- D. 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, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

No exceptions were found as a result of these procedures.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
 - a. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - b. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- 23. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

No exceptions were found as a result of these procedures.

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

No exceptions were found as a result of these procedures.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on

the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

- B. Observe that the entity 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.

No exceptions were found as a result of these procedures.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**
- i. Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government’s local server or network, and (c) was encrypted.
 - ii. Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - iii. Obtain a listing of the entity’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.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.
- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency’s information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:
- Hired before June 9, 2020 - completed the training; and
 - Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

We performed the procedure and discussed the results with management.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
 - i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

No exceptions were found as a result of these procedures.

We were engaged by St. Tammany Parish Fire Protection District No. 11 to perform this agreed-upon procedures engagement and conducted our engagement in accordance with 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 those 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 St. Tammany Parish Fire Protection District No. 11 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or

compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Chris Johnson

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Ponchatoula, Louisiana
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