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American Society of Certified Public Accountants
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August 17, 2023

Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Legislative Auditor:

The St. Tammany Parish Fire Protection District No.8 audit report for the year ending December 31, 2022, had to be re-issued due to the inadvertent omission of the state-wide agreed-upon procedures report. The attached report has been revised to include the agreed-upon procedures report. Please discard any previously issued reports.

We apologize for any inconvenience this may have caused.

Sincerely,

Robert J. Furman, CPA

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ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

Financial Statements with Supplementary Information

December 31, 2022

(With Independent Auditors' Report Thereon)

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

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Independent Auditors' Report

**Board of Commissioners
St. Tammany Parish Fire Protection District No. 8
Abita Springs, Louisiana**

Opinions

We have audited the financial statements of the governmental activities and the major fund of the St. Tammany Parish Fire Protection District No. 8 (the District), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 District, as of December 31, 2022, 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 (GAAS) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District 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.

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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 auditors' 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 GAAS 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 GAAS 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of employer's share of the net pension liability, schedule of employer's contributions, and the related notes to the required supplementary information as described in the table of contents 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.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District'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 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 of compensation paid to board members and compensation, benefits and other payments to agency head are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Griffin & Furman, LLC

April 27, 2023

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

Management's Discussion and Analysis

For the Year Ended December 31, 2022

Our discussion and analysis of St. Tammany Parish Fire Protection District No. 8's (the District's) financial performance provides an overview of the District's financial activities for the year ended December 31, 2022.

The Management's Discussion and Analysis is an element of the reporting model adopted by the Government Accounting Standards Board (GASB) in their Statement No. 34 issued in June 1999, as amended by GASB Codifications.

Financial Highlights:

A summary of the basic government-wide financial statements is as follows:

Condensed statements of net position as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>	<u>Change</u>
Total current assets	\$ 2,382,440	2,102,973	279,467
Lease receivable	68,292	-	68,292
Capital assets, net of depreciation	<u>812,963</u>	<u>830,648</u>	<u>(17,685)</u>
Total assets	3,263,695	2,933,621	330,074
Deferred outflows related to pensions	<u>679,675</u>	<u>415,677</u>	<u>263,998</u>
Total assets and deferred outflows	<u>3,943,370</u>	<u>3,349,298</u>	<u>594,072</u>
Total current liabilities	99,691	90,363	9,328
Long-term liabilities	<u>1,514,396</u>	<u>814,891</u>	<u>699,505</u>
Total liabilities	<u>1,614,087</u>	<u>905,254</u>	<u>708,833</u>
Deferred inflows:			
Deferred amounts related to lease	67,990	-	67,990
Deferred amounts related to pensions	<u>149,889</u>	<u>602,513</u>	<u>(452,624)</u>
Total deferred inflows	<u>217,879</u>	<u>602,513</u>	<u>(384,634)</u>
Net position			
Net investment in capital assets	812,963	830,648	(17,685)
Unrestricted – undesignated	1,093,098	947,695	145,403
Unrestricted - board designated	<u>205,343</u>	<u>63,188</u>	<u>142,155</u>
Total net position	<u>2,111,404</u>	<u>1,841,531</u>	<u>269,873</u>
Total liabilities, deferred inflows, and net position	<u>\$ 3,943,370</u>	<u>3,349,298</u>	<u>594,072</u>

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

Management's Discussion and Analysis

For the Year Ended December 31, 2022

Condensed statements of activities for the year ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>	<u>Change</u>
Operating grants	\$ 76,756	-	76,756
General revenues	<u>1,821,346</u>	<u>1,684,355</u>	<u>136,991</u>
Total revenues	1,898,102	1,684,355	213,747
Expenditures	<u>1,628,229</u>	<u>1,338,664</u>	<u>289,565</u>
Change in net position	269,873	345,691	(75,818)
Net position – beginning of year	<u>1,841,531</u>	<u>1,495,840</u>	<u>345,691</u>
Net position – end of year	<u>\$ 2,111,404</u>	<u>1,841,531</u>	<u>269,873</u>

Capital Assets

At the end of 2022, the District had \$2,392,762 invested in capital assets, including building, firefighting equipment, and vehicles, net of accumulated depreciation of \$1,579,799. The increase in capital assets is related to the improvements to the stations and equipment purchased during the year. More detailed information about the District's capital assets is presented in Note 4 of the financial statements.

Contingencies

Claims, suits, and complaints arising in the ordinary course of operations could be filed against the District at any time. Management is not aware of any claims, suits, or complaints in existence as of December 31, 2022.

Economic Factors and Next Year's Budgets and Rates

The District considered many factors when setting the original operating budget for its general fund for the year ended December 31, 2022. Factors such as collectable revenue, projected salary and benefit expenditures, capital equipment and facility needs, and other operating costs were reviewed and estimated. In comparison with the budget, revenue was higher than projected and expenditures were controlled which accounted for a surplus. The items identified in the capital budget at the beginning of 2022 were purchased in accordance with the budget.

Since 2016, the District has been setting aside surpluses along with funds categorized as 'Depreciation' to be used for replacing apparatus and equipment that has outlived its usefulness and for upgrading and repairing its fire stations.

In its budget for the year ending December 31, 2022, the District does not expect significant changes to the operating budget. Under the capital budget, the District is planning to use funds that have been set aside to continue their plan for replacing equipment and make additional upgrades/repairs to facilities. Under the plan, the District is expecting to be sufficiently funded for the foreseeable future without rate increases or borrowed funds.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

Management's Discussion and Analysis

For the Year Ended December 31, 2022

Contacting the District's Financial Management

This financial report is designed to provide citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to St. Tammany Parish Fire Protection District No. 8, located at 22455 Hwy. 36 East, Abita Springs, Louisiana 70420.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

Statement of Net Position

December 31, 2022

	<u>Governmental Activities</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 670,414
Certificates of deposit	120,219
Receivables - ad valorem, net of allowance of \$30,974	1,491,071
Receivables - state revenue sharing	45,403
Lease receivable	68,292
Prepaid expenses	55,333
Capital assets, net of accumulated depreciation	<u>812,963</u>
Total assets	<u>3,263,695</u>
<u>Deferred Outflows of Resources</u>	
Deferred amounts related to pensions	<u>679,675</u>
<u>Liabilities</u>	
Payroll and retirement liabilities	50,478
Sheriff's pension deduction payable	49,213
Compensated absences payable	13,324
Net pension liability	<u>1,501,072</u>
Total liabilities	<u>1,614,087</u>
<u>Deferred Inflows of Resources</u>	
Deferred amounts related to lease	67,990
Deferred amounts related to pensions	<u>149,889</u>
Total deferred inflows	<u>217,879</u>
<u>Net Position</u>	
Net investment in capital assets	812,963
Unrestricted - undesignated	1,093,098
Unrestricted - board designated	<u>205,343</u>
	\$ <u>2,111,404</u>

See accompanying notes to financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

Statement of Activities

For the Year Ended December 31, 2022

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue & Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants</u>	
Governmental Activities:				
Public safety	\$ 1,628,229	-	76,756	(1,551,473)
Total	\$ <u>1,628,229</u>	<u>-</u>	<u>76,756</u>	<u>(1,551,473)</u>
General Revenues:				
Ad valorem taxes				1,528,307
State revenue sharing				45,402
Fire insurance premium tax				52,602
Workers compensation dividend				38,824
Cellular tower rental				15,498
Other				123,890
Interest				<u>16,823</u>
Total general revenues				<u>1,821,346</u>
Change in net position				269,873
Net position - beginning of year				<u>1,841,531</u>
Net position - end of year				\$ <u><u>2,111,404</u></u>

See accompanying notes to the financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

Governmental Funds

Balance Sheet

December 31, 2022

Assets

	<u>General</u>	Total Governmental Funds
Assets:		
Cash and cash equivalents	\$ 670,414	670,414
Certificates of deposit	120,219	120,219
Receivables - ad valorem, net of allowance of \$30,974	1,491,071	1,491,071
Receivables - state revenue sharing	45,403	45,403
Lease receivable	68,292	68,292
Prepaid expenses	55,333	55,333
	<hr/>	<hr/>
	\$ <u>2,450,732</u>	<u>2,450,732</u>

Liabilities, Deferred Inflows of Resources, & Fund Balance

Liabilities:		
Payroll and retirement liabilities	\$ 50,478	50,478
Sheriff's pension deduction payable	49,213	49,213
	<hr/>	<hr/>
Total liabilities	99,691	99,691
Deferred Inflows of Resources:		
Deferred amounts related to lease	67,990	67,990
Deferred amounts related to ad valorem taxes	75,671	75,671
	<hr/>	<hr/>
Total deferred inflows of resources	143,661	143,661
Fund Balance:		
Nonspendable	55,635	55,635
Assigned	205,343	205,343
Unassigned	1,946,402	1,946,402
	<hr/>	<hr/>
Total fund balance	2,207,380	2,207,380
Total liabilities, deferred inflows of resources, & fund balance	\$ <u>2,450,732</u>	<u>2,450,732</u>

See accompanying notes to the financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

**Reconciliation of the Balance Sheet Fund Balance - Governmental Funds to
the Statement of Net Position**

For the Year Ended December 31, 2022

Fund Balance - total governmental funds	\$	<u>2,207,380</u>
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 funds		812,963
Deferred outflows of contributions for retirement systems are not payable from current expendable resources and, therefore are not reported in the funds		679,675
Long-term liabilities at December 31, 2022:		
Compensated absences		(13,324)
Net pension liability		(1,501,072)
Deferred inflows of contributions for retirement systems are not payable from current expendable resources and, therefore are not reported in the funds		(149,889)
Certain property tax collections are not available to pay for current period expenditures and therefore are reported as deferred inflows of resources in the governmental funds		<u>75,671</u>
Net Position of Governmental Activities	\$	<u><u>2,111,404</u></u>

See accompanying notes to the financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balance

For the Year Ended December 31, 2022

	<u>General</u>	<u>Total Governmental Funds</u>
Revenues:		
Ad valorem taxes	\$ 1,520,581	1,520,581
State revenue sharing	45,402	45,402
Fire insurance premium tax	52,602	52,602
Workers compensation dividend	38,824	38,824
Cellular tower rental	15,498	15,498
Other	63,293	63,293
Grants	76,756	76,756
Interest	16,823	16,823
	<hr/>	<hr/>
Total revenues	1,829,779	1,829,779
	<hr/>	<hr/>
Expenditures:		
Public safety - fire protection		
Salaries and benefits	1,180,512	1,180,512
Repairs and maintenance	49,655	49,655
Insurance	42,852	42,852
Dispatching	27,176	27,176
Utilities	24,568	24,568
Professional fees	34,682	34,682
Training and education	11,219	11,219
Fuel and oil	24,205	24,205
Uniforms	8,061	8,061
Telephone	2,389	2,389
Office	6,265	6,265
Other	7,768	7,768
Medical supplies and treatment	13,308	13,308
Sheriff's pension deduction	49,213	49,213
Total public safety	1,481,873	1,481,873
	<hr/>	<hr/>
Capital outlay	85,190	85,190
	<hr/>	<hr/>
Total expenditures	1,567,063	1,567,063
	<hr/>	<hr/>
Net change in fund balance	262,716	262,716
	<hr/>	<hr/>
Fund balance, beginning of year	1,944,664	1,944,664
	<hr/>	<hr/>
Fund balance, end of year	\$ 2,207,380	2,207,380
	<hr/>	<hr/>

See accompanying notes to the financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

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

For the Year Ended December 31, 2022

Net Change in Fund Balance - total governmental funds \$ 262,716

Amounts reported for governmental activities in the statement of net position
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
their estimated useful lives and reported as depreciation expense:

Capital asset additions	85,190
Depreciation expense	(102,875)

Property tax revenues in the government-wide statement of activities
include economic resources that are not reported as revenues in the
governmental fund operating statement. This is the amount by which
current year deferred inflows of resources in the governmental funds
of \$75,671 was more than prior year deferred inflows of resources in the
governmental funds of \$67,946 7,725

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

Accrued annual leave - The change in the amount by which current
year accrued annual leave of \$13,324 was less than prior year accrued
annual leave of \$17,297 3,973

Contributions to the pension plan in the current fiscal year are not
included in the statement of activities 185,437

Contributions to pension plan from non-employer contributing entities 60,597

Pension expense is based on employer contributions in the Statement
of Revenues, Expenditures, and Changes in Fund Balance but is an
actuarially calculated expense on the Statement of Activities (232,890)

Change in Net Position of Governmental Activities \$ 269,873

See accompanying notes to the financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

Notes to Financial Statements

December 31, 2022

(1) Summary of Significant Accounting Policies

The mission of St. Tammany Parish Fire Protection District No. 8 (the District) is to acquire, maintain and operate equipment necessary to provide fire protection and control, and emergency medical services. 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 established by joint ordinance of the St. Tammany Parish Police Jury and the Town of Abita Springs on May 16, 1974. The District is governed by a Board of Commissioners consisting of five members. Two commissioners each are appointed by the Town of Abita Springs and the St. Tammany Parish Council (the Council) and one is appointed by the St. Tammany Parish President. Those five appointed members elect a Chairman of the Board from this group.

As the governing authority of St. Tammany Parish (the Parish) for financial reporting purposes, the St. Tammany Parish Council is the financial reporting entity for the Parish. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The Governmental Accounting Standards Board (GASB) Codification Section 2100 Defining the Financial Reporting Entity has set forth criteria to be considered in determining financial accountability. These criteria include:

- i. Appoints a voting majority of an organization's governing body, and the ability of the Parish to impose its will on that organization and/or the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.
- ii. Organizations for which the Parish does not appoint a voting majority but are fiscally dependent on the Parish.
- iii. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

The St. Tammany Parish Fire Protection District No. 8 was determined to be a component unit of St. Tammany Parish, the reporting entity, because the reporting entity's financial statements would be misleading if data of the St. Tammany Parish Fire Protection District No. 8 was not included due to the significance of the relationship and scope of public services. The accompanying financial statements present information only on the funds maintained by the St. Tammany Parish Fire Protection District No. 8 and do not present information on the Parish, the general government services provided by the Parish, or other governmental units that comprise the financial reporting entity.

While the District is an integral part of the Parish reporting entity, GASB Codification Section 2600, Reporting Entity and Component Unit Presentation and Disclosure, provides that a component unit may also issue financial statements separate from those of the reporting entity. Accordingly, the accompanying financial statements present information only on the funds maintained by the District and do not present information on the Parish, the general government

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

Notes to Financial Statements

December 31, 2022

services provided by that governmental unit, or the governmental units that comprise the financial reporting entity.

(b) Basis of Presentation

Government-Wide Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Separate financial statements are provided for the governmental funds.

Fund Financial Statements:

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are classified as governmental. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the District or the total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10% of the corresponding total for all governmental funds.

The fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of GASB Statement No. 34. Emphasis is now on the major funds in either the governmental or business-type categories. Non-major funds (by category) or fund type are summarized into a single column.

The District reports one major governmental fund and has no non-major funds.

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.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

Notes to Financial Statements

December 31, 2022

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. It accounts for all the financial resources except those that are required to be accounted for in other funds. General operating expenditures are paid from this fund.

(c) Measurement Focus and Basis of Accounting

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

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

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

The government-wide financial statements are accounted for using an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income and changes in net position. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

Accrual

The government-wide financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

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 liability is incurred. The exception to this

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Notes to Financial Statements

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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.

(d) Operating Budgetary Data

As required by the Louisiana Revised Statute 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 public hearing on the budget prior to adoption. Any amendment involving the transfers of monies from one function to another or increases in expenditures must be approved by the Board. The District amended its budget once during the year. All budgeted amounts which are not expended, or obligated through contracts, lapse at the year end.

The General Fund budget is adopted on a non-GAAP or cash basis and is included in the budget presentation in the basic financial statements.

(e) Assets, Liabilities, Net Position / Fund Balances, Revenues, and Expenditures

Cash & Cash Equivalents

Cash includes amounts in interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the municipality may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days, however, if the original maturities are 90 days or less, they are classified as cash equivalents.

Receivables

The allowance for uncollectible receivables is \$30,974 which represents 2% of the total ad valorem tax receivable at December 31, 2022. The estimate is based on the District's history of collections within this revenue stream.

Property taxes are levied on a calendar year basis, become due on December 31st and are considered delinquent on January 1st. The District authorized and levied a 34.18 mill ad valorem tax for operations and maintenance for the year ended December 31, 2022.

The District's recorded a lease receivable which measured at the present value of lease payments expected to be received during the lease term. A deferred inflow of resources is also recorded for the lease and is amortized on a straight-line basis over the term of the lease.

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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 \$3,000 or more are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

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

Land improvements	20 years
Vehicles	15 years
Buildings and building improvements	40 years
Furniture and fixtures	5 years
Equipment	5-10 years

Fund Financial Statements:

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

Compensated Absences

Employees of the District are entitled to an annual vacation of eighteen days with full pay. This vacation period shall be increased one day for each year of service over ten years, up to a maximum vacation period of thirty days. The cost of current leave privileges, computed in accordance with GASB Codification C60 Compensated Absences, is recognized as a current-year expense when leave is actually taken. Annual leave available to employees is earned in the year preceding its availability thus a liability for such leave benefits is reported in the statement of net position. Sick leave cannot be carried over to the following year therefore there are no accumulated sick leave benefits recorded as a liability.

Long-Term Debt

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

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Government-wide Financial Statements - All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. The long-term debt consists of general obligation bonds.

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 principle and interest reported as expenditures.

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 (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.

Deferred Outflows and Inflows of Resources

Government-wide Financial Statements - 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 a future period and so will not be recognized as an expense or expenditure until then. The District has one item that meets this criterion for this category – deferred amounts related to pension. 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 that applies to a future period and so will not be recognized as revenue until then. The District has two items that meet the criterion for this category - deferred amounts related to pension and deferred amounts related to lease.

Fund Financial Statements - In addition to liabilities, the balance sheet 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 so will not be recognized as revenue until then. The District has two items that meet the criterion for this category - receipt of ad valorem taxes more than 60 days after year-end and deferred amounts related to lease.

Net Position

In accordance with GASB Codification, net position is classified into three components – net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

- 1. 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**

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bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

2. **Restricted net position** – Consists of 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.
3. **Unrestricted net position** – All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”. Within unrestricted net position the District has designated \$63,188 for capital asset acquisitions.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed. As of December 31, 2022, and for the year then ended, the District did not have or receive restricted net assets.

Fund Balance

The District uses fund accounting to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The District has adopted GASB Codification Sections 1300 Fund Accounting and 1800 Classification and Terminology, which changed the reporting of fund balance in the balance sheets of governmental type funds. In fund financials, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned, and unassigned.

1. **Nonspendable** - This component consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
2. **Restricted** - This component consists of amounts that have constraints placed on them either externally by third parties (bond creditors) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the District to assess payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.
3. **Committed** - This component consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District. Those committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed previously to commit those amounts.

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4. **Assigned - This component consists of amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed.**
5. **Unassigned - This component consists of amounts that have not been restricted, committed or assigned to specific purposes within the general fund.**

The District has no restricted or committed fund balances as of December 31, 2022. As of December 31, 2022, the non-spendable fund balance amounted to \$55,635 and the assigned balance consisted of \$205,343 to be used for capital assets acquisitions.

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 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.

Revenues

Property taxes, 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) 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 the report amounts and disclosures. Accordingly, actual results could differ from those estimates.

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(2) Cash, Cash Equivalents, and Certificates of Deposit

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana or any other federally insured investment.

Bank Deposits:

State law requires deposits (cash and certificates of deposit) 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.

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 and collateralized.

The year end balances of deposits are as follows:

	<u>Bank Balances Category</u>			<u>Book</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Balance</u>
Demand deposits	\$ 718,972	-	-	670,414
Certificate of deposit	<u>120,219</u>	<u>-</u>	<u>-</u>	<u>120,219</u>
Total	<u>\$ 839,191</u>	<u>-</u>	<u>-</u>	<u>790,633</u>

(3) Property Taxes

Property 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 in 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, 2022 was \$34.18 per \$1,000 of assessed valuation on property within

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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) Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2022 for the primary government is as follows:

	Balance January 1, <u>2022</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2022</u>
Capital assets not being depreciated				
Land	\$ 52,608	-	-	<u>52,608</u>
Capital assets being depreciated				
Buildings	625,186	-	-	625,186
Equipment	450,527	71,622	-	522,149
Vehicles	<u>1,179,251</u>	<u>13,568</u>	-	<u>1,192,819</u>
Total capital assets being depreciated	2,254,964	85,190	-	2,340,154
Less accumulated depreciation	<u>(1,476,924)</u>	<u>(102,875)</u>	-	<u>(1,579,799)</u>
Total capital assets being depreciated, net	<u>778,040</u>	<u>(17,685)</u>	-	<u>760,355</u>
Total capital assets, net	<u>\$ 830,648</u>	<u>(17,685)</u>	-	<u>812,963</u>

The District recorded \$102,875 of depreciation expense on its capital assets for the year ended December 31, 2022.

(5) Lease

In July 2022, the District, as a lessor, entered into a five-year renewal term for a lease of land. As a result, the District recorded a lease receivable and deferred inflow of resources totaling \$75,544. The receivable is reduced and interest income is recorded as rental payments are received and the deferred inflow of resources is being amortized on a straight-line basis over the 60-month term of the renewal period. For the year ended December 31, 2022, the District recognized interest income of \$827 and lease revenue of \$7,554 in connection with this lease.

(6) Pension Plan

Plan Description

The Firefighters' Retirement System is the administrator of a cost-sharing multiple-employer defined benefit pension plan. The System provides retirement, disability, and death benefits for their members.

The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit

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terms and any additional legal agreements to provide benefits that are in force at the measurement date.

Benefit provisions are authorized within Act 434 of 1979 and amended by R.S. 11:2251-11:2272. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Eligibility Requirements

Any person who becomes an employee as defined in R.S. 11:2252 on and after January 1, 1980, shall become a member as a condition of employment. Members in the System consist of fulltime firefighters, eligible employees of the retirement system, or any person in a position as defined in the municipal fire and police civil service system that earns at least \$375 per month, excluding state supplemental pay, and is employed by a fire department of any municipality, parish, or fire district of the state of Louisiana, except for Orleans Parish and the City of Baton Rouge.

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

Any person who has retired from service under any retirement system or pension fund maintained basically for public officers and employees of the state, its agencies or political subdivisions, and who is receiving retirement benefits therefrom may become a member of this System, provided the person meets all other requirements for membership. Service credit from the retirement system or pension plan from which the member is retired shall not be used for reciprocal recognition of service with this System, or for any other purpose in order to attain eligibility or increase the amount of service credit in this System.

Retirement Benefits

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

If employees terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to their employer's contributions.

Benefits are payable over the employees' lives in the form of a monthly annuity. An employee may elect an unreduced benefit or any of seven options at retirement.

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

Disability Benefits

A member who acquires a disability, and who files for disability benefits while in service, and who upon medical examination and certification as provided for in Title 11, is found to have a total disability

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solely as the result of injuries sustained in the performance of his official duties, or for any cause, provided the member has at least five years of creditable service and provided that the disability was incurred while the member was an active contributing member in active service, shall be entitled to disability benefits under the provisions of R.S. 11:2258(B).

Death Benefits

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

Deferred Retirement Option Plan

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

Upon commencement of participation in the 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 has several options to receive their DROP benefit. A member may (1) elect to roll over all or a portion of their DROP balance into another eligible qualified plan, (2) receive a lump sum payment from the account, (3) receive single withdrawals at the discretion of the member, (4) receive monthly or annual withdrawals, or (5) receive an annuity based on the DROP account balance. These withdrawals are 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.

Initial Benefit Option Plan

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

Cost of Living Adjustments (COLA):

Under the provisions of R.S. 11:246 and 11:2260(A)(7), the board of trustees is authorized to grant retired members and widows of members who have retired an annual cost of living increase of up to 3% of their current benefit, and all retired members and widows who are 65 years of age and older a 2% increase in their original benefit. In order for the board to grant either of these increases, the System must meet certain criteria detailed in the statute related to funding status and interest earnings (R.S. 11:243). In lieu of these COLAs, pursuant to R.S. 11:241, the board may also grant an increase based on a formula equal to up to \$1 times the total number of years of credited service accrued at retirement or at death of the member or retiree plus the number of years since retirement or since death of the member or retiree to the system's fiscal year end preceding the payment of the benefit increase. If there are not sufficient funds to fund the benefit at the rate of one dollar per year for such

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total number of years, then the rate shall be reduced in proportion to the amount of funds that are available to fund the cost of living adjustment.

Contributions:

Contribution requirements for employers, non-employer contributing entities, and employees are established and may be amended in accordance with Title 11 and Title 22 of the Louisiana Revised Statutes.

Employer and Employee Contributions

According to State statute, employer contributions are actuarially determined each year. For the year ended June 30, 2022, employer and employee contributions for members above the poverty line were 33.75% and 10.0%, respectively. The employer and employee contribution rates for those members below the poverty line were 33.75% and 8.0%, respectively. For the year ended June 30, 2023, employer and employee contributions for members above the poverty line were 33.25% and 10.0%, respectively. The employer and employee contribution rates for those members below the poverty line were 35.25% and 8.0%, respectively.

Non-employer contributions

According to State statute, the System receives insurance premium tax funds from the State of Louisiana. The tax is considered support from a non-employer contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions were recognized as revenue during the year ended June 30, 2022, and were excluded from pension expense. Non-employer contributions received by the System during the year ended June 30, 2022 was \$28,465,639 of which the District's allocable share was \$60,597.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2022, the District reported a liability of \$1,501,072 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the District's proportion was 0.212879%, which was a decrease of 0.012185% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the District recognized pension expense of \$239,446 less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$7,289.

At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 8,972	(70,752)
Changes in assumptions	123,774	-
Net difference between projected and actual Investment earnings on pension plan investments	340,032	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	108,693	(79,137)
Employer contributions subsequent to measurement date	<u>98,204</u>	<u>-</u>
	<u>\$ 679,675</u>	<u>(149,889)</u>

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

Year ended:

December 31, 2023	\$ 90,712
December 31, 2024	\$ 86,023
December 31, 2025	\$ 53,047
December 31, 2026	\$ 199,948
December 31, 2027	\$ 14,911
December 31, 2028	\$ (13,059)

Actuarial Methods and Assumptions

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position. The components of the net pension liability of the District as of December 31, 2022 are as follows:

Total Pension Liability	\$ 5,927,776
Plan Fiduciary Net Position	<u>(4,426,704)</u>
Total Net Pension Liability	<u>\$ 1,501,072</u>

A summary of the actuarial methods and assumptions used in determining the total net pension liability as of June 30, 2022 are as follows:

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Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	6.90% per annum (net of investment expenses, including inflation)
Expected Remaining Service Lives	7 years, closed period
Inflation Rate	2.50% per annum
Salary Increases	14.10% in the first two years of service and 5.20% with 3 or more years of service; includes inflation and merit increases
Cost of Living Adjustments	For purposes of determining the present value of benefits, COLA's were deemed not to be substantially automatic and only those previously granted were included.

For the June 30, 2022 valuation, assumptions for mortality rates were based on the following:

- For active members, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees.
- For annuitants and beneficiaries, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees.
- For disabled retirees, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees.
- In all cases the base table was multiplied by 105% for males and 115% for females, each with full generational projection using the appropriate MP-2019 scale.

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

The June 30, 2022 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 as of January 2022 and the G.S. Curran & Company Consultant Average study for 2022. The Consultant 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 received were arithmetic, the actuary simply reduced the return assumption by the long-term inflation assumption. 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

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assumption. Using the target asset allocation for the System and the 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. Subsequent to the actuary's calculation of the long term expected real rate of return in January 2022, the Board voted to amend the target asset allocation. These changes include an increase to target weight in public equity, a decrease in the target weight in fixed income, and the inclusion of a target weight in private real assets. The changes to the target asset allocation are reflected in the table below. The System's long-term assumed rate of inflation of 2.50% was used in this process for the fiscal year ended June 30, 2022.

Best estimates of arithmetic real rates of return for each major class included in the System's target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Equity – U.S.	27.50%	5.64%
Equity – Non–U.S.	11.50%	5.89%
Equity – Global	10.00%	5.99%
Equity – Emerging Market Equity	7.00%	7.75%
Fixed Income – U.S. Core	18.00%	0.84%
Fixed Income – TIPS	3.00%	0.51%
Fixed Income – Emerging Market Debt	5.00%	2.99%
Alternatives – Real Estate	6.00%	4.57%
Alternatives – Private Equity	9.00%	8.99%
Alternatives – Real Assets	3.00%	4.89%
Multi-Asset Strategies – Global Tactical Asset Allocation	0.00%	3.14%
Multi-Asset Strategies – Risk Parity	<u>0.00%</u>	3.14%
	<u>100.00%</u>	

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates, and that contributions from participating employers and non-employer contributing entities will be made at the actuarially-determined rates approved by the Board of Trustees and by the Public Retirement Systems' Actuarial Committee taking into consideration the recommendation of the System's actuary. Based on these 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 to Changes in Discount Rate

The following presents the net pension liability of the participating employers calculated using the discount rate of 6.90%, as well as what the employer's net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2022:

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

Notes to Financial Statements

December 31, 2022

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Employer's proportionate share of the net pension liability	\$ <u>2,220,669</u>	<u>1,501,072</u>	<u>900,877</u>

Change in Net Pension Liability

The changes in the net pension liability for the year ended June 30, 2022 were recognized in the current reporting period except as follows:

Differences between Expected and Actual Experience

Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred outflow of resources of \$10,766 and a deferred inflow of resources in the amount of \$95,903 for the year ended June 30, 2022. Pension expense and remaining deferred outflow for the year ended June 30, 2022 was \$1,794 and \$8,972, respectively. Pension benefit and remaining deferred inflow for the year ended June 30, 2022 was \$21,562 and \$70,752, respectively.

Differences between projected and Actual Investment Earnings

Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a net deferred inflow of resources in the amount of \$424,830 for the year ended June 30, 2022. Pension benefit and remaining net deferred inflow for the year ended June 30, 2022 was \$84,797 and \$340,032, respectively.

Changes in Assumptions or Other Inputs

Changes in assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The changes in assumptions or other inputs resulted in a deferred outflow of resources of \$163,476 for the year ended June 30, 2022. Pension expense and remaining deferred outflow for the year ended June 30, 2022 was \$39,702 and \$123,774, respectively.

Change in Proportion

Changes in the employer's proportionate share of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

Notes to Financial Statements

December 31, 2022

Retirement System Audit Report

The System issued a standalone audit report on its financial statements for the year ended June 30, 2022. Access to the audit report can be found on the Louisiana Legislative Auditor’s official website (www.lla.la.gov) and the System’s website (www.ffret.com).

(7) Supplemental Salaries

During the year ended December 31, 2022, the full-time employees received additional pay in the amount of \$63,250 from the State of Louisiana. These intergovernmental funds are reflected in the statement of revenues, expenditures, and changes in fund balance - governmental fund in salaries and benefits expense for the year ended December 31, 2022.

(8) Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Compensated absences	\$ 17,297	-	(3,973)	13,324	-
Net pension liability	<u>797,594</u>	<u>703,478</u>	<u>-</u>	<u>1,501,072</u>	<u>-</u>
Total	<u>\$ 814,891</u>	<u>703,478</u>	<u>(3,973)</u>	<u>1,514,396</u>	<u>-</u>

(9) Risk Management

The District is exposed to all common perils associated with fire protection and emergency medical 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.

(10) Compensation of Board Member

The Board of Commissioners serves the District without compensation.

(11) Concentration of Revenue

Of the District's revenues, \$1,520,581 (83%) of the revenues are obtained through a single source, ad valorem taxes, for the year ended December 31, 2022.

(12) Subsequent Events

The District evaluated subsequent events through April 27, 2023, the date which the financial statements were available to be issued.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

Governmental Funds

**Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual - General Fund**

For the Year Ended December 31, 2022

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Adjustments to Budgetary	Non-GAAP Budgetary	Variance Favorable
	<u>Budget</u>	<u>Budget</u>		<u>Basis</u>	<u>Basis</u>	<u>(Unfavorable)</u>
Revenues:						
Ad valorem taxes	\$ 1,314,434	1,314,434	1,520,581	(176,826)	1,343,755	29,321
State revenue sharing	40,000	40,000	45,402	-	45,402	5,402
Fire insurance premium tax	27,000	27,000	52,602	-	52,602	25,602
Workers compensation dividend	25,000	25,000	38,824	-	38,824	13,824
Cellular tower rental	15,828	15,828	15,498	-	15,498	(330)
Other	-	-	63,293	(63,250)	43	43
Grants	-	-	76,756	-	76,756	76,756
Interest	900	900	16,823	-	16,823	15,923
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	1,423,162	1,423,162	1,829,779	(240,076)	1,589,703	166,541
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures:						
Public safety						
Salaries and benefits	1,096,767	1,096,767	1,180,512	(63,250)	1,117,262	20,495
Repairs and maintenance	33,500	33,500	49,655	-	49,655	16,155
Insurance	36,000	36,000	42,852	-	42,852	6,852
Dispatching	27,176	27,176	27,176	-	27,176	(0)
Utilities	25,000	25,000	24,568	-	24,568	(432)
Professional fees	13,800	13,800	34,682	-	34,682	20,882
Training and education	25,000	25,000	11,219	-	11,219	(13,781)
Fuel and oil	18,000	18,000	24,205	-	24,205	6,205
Uniforms	11,000	11,000	8,061	-	8,061	(2,939)
Telephone	2,500	2,500	2,389	-	2,389	(111)
Office	25,000	25,000	6,265	-	6,265	(18,735)
Other	7,200	7,200	7,768	-	7,768	568
Medical supplies and treatment	9,500	9,500	13,308	-	13,308	3,808
Depreciation	92,719	92,719	102,875	-	102,875	10,156
Sheriff's pension deduction	-	-	49,213	(49,213)	-	-
Capital outlay	225,000	225,000	85,190	-	85,190	(139,810)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	1,648,162	1,648,162	1,669,938	(112,463)	1,557,475	90,687
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	(225,000)	(225,000)	159,841	(127,613)	32,228	75,854
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, beginning						
of year	<u>1,944,664</u>	<u>1,944,664</u>	<u>1,944,664</u>			
Fund balance, end						
of year	<u>\$ 1,719,664</u>	<u>1,719,664</u>	<u>2,104,505</u>			

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

Schedule of Employer's Share of Net Pension Liability

Last 10 Years*

Firefighters' Retirement System:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Employer's proportion of net pension liability	0.22632%	0.22538%	0.19898%	0.20121%	0.19890%	0.20481%	0.22506%	0.21288%
Employer's proportionate share of net pension liability	1,221,453	1,474,195	1,140,501	1,157,387	1,245,475	1,419,678	797,594	1,501,072
Employer's covered-employee payroll	466,834	508,183	475,156	479,051	483,641	510,023	564,307	553,950
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	262%	290%	240%	242%	258%	278%	141%	271%
Plan fiduciary net position as a percentage of the total pension liability	72.4%	68.2%	73.6%	74.8%	74.0%	72.6%	86.8%	74.7%
Measurement date	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022

* *Schedule is intended to show information for 10 years. Additional years will be displayed as they become available. Amounts presented for each year are as of and for the twelve months ending of the applicable measurement date.*

See accompanying notes to required supplementary information.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

Schedule of Employer's Contributions

Last 10 Years*

<u>Firefighters' Retirement System:</u>					Contributions	Contributions
		Contributions in			as a % of	as a % of
	Contractually	Relation to	Contribution	Employer's	Covered	Covered
	Required	Contractually	Deficiency	Covered	Employee	Employee
<u>Date</u>	<u>Contribution</u>	<u>Required</u>	<u>(Excess)</u>	<u>Payroll</u>	<u>Payroll</u>	<u>Payroll</u>
		<u>Contribution</u>			<u>January to</u>	<u>July to</u>
					<u>June</u>	<u>December</u>
2015	137,896	137,896	-	488,600	29.25%	27.25%
2016	130,549	130,549	-	510,152	27.25%	25.25%
2017	122,054	122,054	-	471,692	25.25%	26.50%
2018	126,632	126,632	-	477,858	26.50%	26.50%
2019	133,873	134,470	(597)	493,639	26.50%	27.75%
2020	163,169	162,659	510	542,974	27.75%	32.25%
2021	191,492	191,492	-	580,124	32.25%	33.75%
2022	186,158	186,158	-	555,955	33.75%	33.25%

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

See accompanying notes to required supplementary information.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

Notes to Required Supplementary Information

Last 10 Years *

Firefighters' Retirement System:

Changes in Benefit Terms:

There were no changes in benefit terms during any of the years presented.

Changes in Assumptions:

For the year ended December 31, 2022, there were no changes in assumptions.

For the year ended December 31, 2021 (measurement date of June 30, 2021), the Firefighter's Retirement System real investment rate of return was lowered from 7.00% to 6.90%, the tables utilized for mortality were updated to the Pub-2010 Public Retirement Plans mortality table, and salary growth rates changed to 14.10% for 1-2 years and 5.20% for service of 3 years and over. Previously these were 14.75% for 1-2 years of service, 5.50% for 3-14 years of service, 5.00% for 15-24 years of service, and 4.50% for service of 25 years and over.

For the year ended December 31, 2020 (measurement date of June 30, 2020), the Firefighter's Retirement System real investment rate of return was lowered from 7.15% to 7.00%, the tables utilized for mortality were updated to the Pub-2010 Public Retirement Plans mortality table, and salary growth rates changed to 14.10% for 1-2 years and 5.20% for service of 3 years and over. Previously these were 14.75% for 1-2 years of service, 5.50% for 3-14 years of service, 5.00% for 15-24 years of service, and 4.50% for service of 25 years and over.

For the year ended December 31, 2019 (measurement date of June 30, 2019), the Firefighter's Retirement System inflation rate assumption was lowered from 2.70% to 2.50% annually, and the real investment rate of return was lowered from 7.3% to 7.15%.

For the year ended December 31, 2018 (measurement date of June 30, 2018), the Firefighter's Retirement System inflation rate assumption was lowered from 2.775% to 2.70% annually, and the real investment rate of return was lowered from 7.4% to 7.3%.

For the year ended December 31, 2017 (measurement date of June 30, 2017), the Firefighter's Retirement System inflation rate assumption was lowered from 2.875% to 2.775% annually, and the real investment rate of return was lowered from 7.5% to 7.4%.

For the year ended December 31, 2016 (measurement date of June 30, 2016), the Firefighter's Retirement System inflation rate assumption was lowered from 3% to 2.875% annually, and the salary increase range assumption was lowered from 5.5% - 15% to 4.75% - 15%.

** Schedule is intended to show information for ten years. Additional years will be displayed as they become available.*

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

Schedule of Compensation Paid to Board Members

For the Year Ended December 31, 2022

Michael Anderson	\$	-
Sandra Slifer		-
Brandon Brener		-
Stephen Saussy		-
Jeff King		-
Total		-
	\$	-

The schedule of compensation paid to board members was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. In accordance with Louisiana Revised Statute 40:1498, members, including police jurors serving ex-officio, may be paid per diem of \$30 for attending board meetings - not to exceed two meetings in one calendar month.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

**Schedule of Compensation, Benefits, and Other
Payments to Agency Head**

For the Year Ended December 31, 2022

Agency Head Name: Brandon Stein, Fire Chief

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 87,328
Retirement contributions	29,239
Health insurance premiums	4,862
Dental insurance premiums	402
Life insurance premiums	210
Expense reimbursements	196
	<hr/>
	\$ 122,237
	<hr/> <hr/>

INDEPENDENT AUDITORS' 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. 8
Abita Springs, Louisiana

We have audited, 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, the financial statements of the governmental activities and major fund of the St. Tammany Parish Fire Protection District No. 8 (the District), as of and for the year then ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 27, 2023.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for their 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 misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 were not identified. 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 have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings that we consider to be a significant deficiency – 2022-1.

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*.

Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Griffin & Furman, LLC

April 27, 2023

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

Schedule of Findings and Management Corrective Action Plan

For the Year Ended December 31, 2022

Summary of Audit Results:

1. Type of Report Issued – Unqualified
2. Internal Control Over Financial Reporting
 - a. Significant Deficiencies - Yes (2022-1)
 - b. Material Weaknesses - No
3. Compliance and Other Matters – No
4. Management Letter – No

Finding 2022-1:

Criteria:

Management is responsible for developing internal controls related to the preparation of financial statements as well as preparing financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition & Cause:

As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting entries and to prepare the District's annual financial statements. This condition is intentional by management based upon the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles.

Effect:

Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls. Recently issued Statement on Auditing Standards (SAS) 115 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

Recommendation:

As mentioned above, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 115's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies an auditor reports under SAS 115. In this case we do not believe that curing the significant deficiency described above would be cost effective or practical and accordingly do not believe any corrective action is necessary.

Management Corrective Action Plan:

In response to the finding, management feels that it is a prudent use of funds to engage the auditor to prepare the Company's annual financial reports. We therefore agree with the auditors' recommendation that no correction action is necessary.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

Status of Prior Year Findings

For the Year Ended December 31, 2022

Finding 2021-1:

Criteria:

Management is responsible for developing internal controls related to the preparation of financial statements as well as preparing financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition & Cause:

As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting entries and to prepare the District's annual financial statements. This condition is intentional by management based upon the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles.

Effect:

Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls. Recently issued Statement on Auditing Standards (SAS) 115 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

Recommendation:

As mentioned above, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 115's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies an auditor reports under SAS 115. In this case we do not believe that curing the significant deficiency described above would be cost effective or practical and accordingly do not believe any corrective action is necessary.

Management Corrective Action Plan:

In response to the finding, management feels that it is a prudent use of funds to engage the auditor to prepare the Company's annual financial reports. We therefore agree with the auditors' recommendation that no correction action is necessary.

Status:

There is no change in the status of this finding.

**ST. TAMMANY PARISH FIRE
PROTECTION DISTRICT NO. 8**

Agreed-Upon Procedures

For the Year Ending December 31, 2022

**ST. TAMMANY PARISH FIRE
PROTECTION DISTRICT NO. 8**

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Stephen M. Griffin, CPA
Robert J. Furman, CPA

Jessica S. Benjamin, Director
Racheal D. Alvey, Director
Michael R. Choate, CPA, Director

American Society of Certified Public Accountants
Society of Louisiana CPAs

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners
St. Tammany Parish Fire Protection District No. 8
Abita Springs, Louisiana

We have performed the procedures enumerated below as they are a required part of the engagement. We are required to perform each procedure and report the results, including any exceptions. Management is required to provide a corrective action plan that addresses all exceptions noted. For any procedures that do not apply, we have marked “not applicable.”

Management of the St. Tammany Parish Fire Protection District No. 8, is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. These procedures were agreed to by management of the Board and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the District's compliance with certain laws and regulations during the period of January 1, 2022 to December 31, 2022.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

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

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(225) 292-7434 Phone
(225) 293-3651 Fax

4900 Cypress St. #15
West Monroe, LA 71291
(318) 397-2472 Phone

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.

Finding: Procedures performed without exceptions.

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, at a minimum, on proprietary funds, and semi-annual budget- to-actual, 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.

Finding: *Procedures performed with one exception. The Board did not receive written updates on the progress of resolving the audit findings.*

Bank Reconciliations

- A. 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 (e.g., initialed and dated, 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.

Finding: *Procedures performed with two exceptions:*

- 1. *The reconciliation for the general fund account was prepared outside of two months.*
- 2. *There were 18 reconciling items outside of 12 months with no evidence of being researched.*

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 agency 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.

Finding: *Procedures performed without exception.*

Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Finding: *There is only one location that processes payments.*

- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the 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
- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - b) At least two employees are involved in processing and approving payments to vendors;
 - c) 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;
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
 - e) 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.

Finding: *Procedure performed with two exceptions:*

1. *Only one employee is involved in the initiation of a purchase request.*
 2. *The same employee who initiates a purchase request can also add or modify vendor files.*
- C. 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.

Finding: *Procedure performed without exception*

- D. 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.

Finding: *Procedure performed without exception.*

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.

Finding: Procedure performed without exception.

- 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.

Finding: Not applicable.

- C. Using the monthly statements or combined statements selected under procedure #6B 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.

Finding: Procedure performed without exception.

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.

Finding: *Procedures performed without exception.*

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.

Finding: *Not applicable.*

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.

Finding: *The District does not maintain pay rates in employee personnel files. For full-time employees, we did agree the rate of pay to a payroll exhibit included in the District's Board approved budget. For part-time employees, we were able to recalculate the rate of pay based on a board approved base rate of pay adjusted for length of employment and any incentive adjustments for each employee.*

- 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.

Finding: Procedure performed with one exception. For the attendance records reviewed, there was no documentation of supervisor approval

- 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.

Finding: Procedure performed without exception.

- 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.

Finding: Procedure performed without exception.

Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
 - i. 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
 - ii. 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.

Finding: We observed the employee files and noted that one employee completed ethics training in 2022. Additionally, we reviewed the ethics policy and noted no changes were made in the fiscal year.

- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Finding: Inquired with management and noted no ethics designee has been appointed by the District.

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.

Finding: Not applicable.

- 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).

Finding: Not applicable.

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.

Finding: Not applicable.

- 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.

Finding: Not applicable.

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.

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

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Finding: *We performed the procedure and discussed the results with management.*

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.

Finding: *We observed five employee files and noted one employee completed sexual harassment training in 2022.*

- 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).

Finding: *The Fire District did not post the sexual harassment policy on the website; however, we did observe the policy posted in the main hallway of the premises.*

- 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.

Finding: *Procedure performed without exception.*

We were engaged by St. Tammany Parish Fire Protection District No. 6 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. 6 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.

Griffin & Furman, LLC

August 17, 2023

**ST. TAMMANY PARISH FIRE
PROTECTION DISTRICT NO. 8**

Schedule of Findings

For the Year Ended December 31, 2022

2022-1 – Board or Finance Committee

Procedure: 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; 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.

Finding: The Board did not receive written updates on the progress of resolving the audit findings.

Recommendation: We recommend the Board receives updates on the progress of resolving audit findings.

2022-2 – Bank Reconciliations

Procedure: 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:

- iv. 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);
- v. 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 (e.g., initialed and dated, electronically logged); and
- vi. 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.

Finding: The procedures performed with two exceptions:

- 1. The reconciliation for the general fund account was prepared outside of two months.
- 2. There were 18 reconciling items outside of 12 months with no evidence of being researched.

Recommendation: We recommend preparing bank reconciliations within 2 months of each month end and researching and resolving items that are outstanding greater than 12 months.

2022-3 – Non-Payroll Disbursements

Procedure: 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

**ST. TAMMANY PARISH FIRE
PROTECTION DISTRICT NO. 8**

Schedule of Findings

For the Year Ended December 31, 2022

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
- b) At least two employees are involved in processing and approving payments to vendors;
- c) 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;
- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
- e) 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.

Finding: Only one employee is involved in purchase initiation and that same employee can add and/or modify vendor files.

Recommendation: We recommend that more than one person is involved in the initiation of a purchase request and that the vendor list is reviewed by someone other than the person who can add/and or modify regularly.

2022-4 – Payroll and Personnel

Procedure: 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.

Finding: The District does not maintain pay rates in employee personnel files.

Recommendation: We recommend that the District create payroll change forms that document the employees current rate of pay, is approved by the Chief, update and approve the form anytime a payrate is adjusted, and maintain these forms in the employee personnel files.

2022-5 – Ethics

Procedure: Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and:

- i. 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
- ii. 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.

Finding: We observed the employee files and noted that one employee completed ethics training in 2022.

**ST. TAMMANY PARISH FIRE
PROTECTION DISTRICT NO. 8**

Schedule of Findings

For the Year Ended December 31, 2022

Recommendation: We recommend all employees complete at least one hour of ethics training as required by R.S. 42:1170.

2022-6 – Ethics

Procedure: Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Finding: Inquired with management and noted no ethics designee has been appointed by the District.

Recommendation: We recommend the district appoint an ethics designee as required by R.S. 421170.

2022-7 – Prevention of Sexual Harassment

Procedure: 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.

Finding: We observed five employee files and noted one employee completed sexual harassment training in 2022.

Recommendation: We recommend all employees complete at least one hour of sexual harassment training as required by R.S. 42:343.



August 16, 2023

Griffin & Furman, LLC
2270 7th Street, Suite 1
Mandeville, Louisiana 40777

Re: Fiscal Year 2022 Agreed Upon Procedures Schedule of Findings

Dear Mr. Furman,

In response to the above referenced Schedule of Findings, the St. Tammany Fire Protection District No. 8 acknowledges the finding and agrees to take the following corrective actions.

2022-1 – Board or Finance Committee

Procedure: 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; 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.

Finding: The Board did not receive written updates on the progress of resolving the audit findings.

Recommendation: We recommend the Board receives updates on the progress of resolving audit findings.

St. Tammany Parish Fire Protection District No. 8 Corrective Action: Agreed. The 2022 Audit Fiscal package was provided to the board and the 2022 audit findings was included in the August 16th board meeting agenda under new business. Any unresolved items will be carried over on subsequent meeting agendas.

2022-2 – Bank Reconciliations

Procedure: 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 (e.g., initialed and dated, 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.

Finding: The procedures performed with two exceptions:

- 1. The reconciliation for the general fund account was prepared outside of two months.
- 2. There were 18 reconciling items outside of 12 months with no evidence of being researched.

Recommendation: We recommend preparing bank reconciliations within 2 months of each month end and researching and resolving items that are outstanding greater than 12 months.

St. Tammany Parish Fire Protection District No. 8 Corrective Action: Bank reconcilements are now completed within 1 month of the bank statement month end date. As of June 31, 2023, all 18 of the outstanding items were researched with 13 resolutions. The remaining plus all 2022 outstanding items will be resolved by the end of August.

2022-3 – Non-Payroll Disbursements

Procedure: 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

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
- b) At least two employees are involved in processing and approving payments to vendors;
- c) 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;
- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
- e) 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.

Finding: Only one employee is involved in purchase initiation and that same employee can add and/or modify vendor files.

Recommendation: We recommend that more than one person is involved in the initiation of a purchase request and that the vendor list is reviewed by someone other than the person who can add/and or modify regularly.

St. Tammany Parish Fire Protection District No. 8 Corrective Action: The administrative assistant does occasionally order administrative office supplies. A purchase order request will be submitted for approval by management prior to purchase.

Any addition to the vendor list is added to the board meeting agenda and presented in the Secretary's report under Communication. A current vendor list will be provided annually to the board each January. The current list was provided at the August 16th board meeting to ensuring all updates were current to date.

2022-4 – Payroll and Personnel

Procedure: 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.

Finding: The District does not maintain pay rates in employee personnel files.

Recommendation: We recommend that the District create payroll change forms that document the employees current rate of pay, is approved by the Chief, update and approve the form anytime a payrate is adjusted, and maintain these forms in the employee personnel files.

St. Tammany Parish Fire Protection District No. 8 Corrective Action: An Employee Appointment / Status Change Form will be placed in each employee's file containing current rate of pay and benefits.

2022-5 – Ethics

Procedure: Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and:

- i. 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
- ii. 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.

Finding: We observed the employee files and noted that one employee completed ethics training in 2022.

Recommendation: We recommend all employees complete at least one hour of ethics training as required by R.S. 42:1170.

St. Tammany Parish Fire Protection District No. 8 Corrective Action: Agree, all employees will be required to complete one hour of ethics training.

2022-6 – Ethics

Procedure: Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Finding: Inquired with management and noted no ethics designee has been appointed by the District.

Recommendation: We recommend the district appoint an ethics designee as required by R.S. 42:1170.

St. Tammany Parish Fire Protection District No. 8 Corrective Action: The administrative assistant will be assigned the role as the ethics designee and will work with the captains to ensure all employees complete the required training.

2022-7 – Prevention of Sexual Harassment

Procedure: 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.

Finding: We observed five employee files and noted one employee completed sexual harassment training in 2022.

Recommendation: We recommend all employees complete at least one hour of sexual harassment training as required by R.S. 42:343.

St. Tammany Parish Fire Protection District No. 8 Corrective Action: Agreed. The administrative assistant will work with the captains to ensure all employees complete the required sexual harassment training.

Sincerely,

A handwritten signature in black ink, appearing to read 'B. Stein', written over a horizontal line.

Brandon Stein
Fire Chief