

ANNUAL FINANCIAL REPORT
ST. TAMMANY PARISH
FIRE PROTECTION DISTRICT NO. 3
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2022



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
St. Tammany Parish Fire Protection District No. 3
Lacombe, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of St. Tammany Parish Fire Protection District No. 3, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of St. Tammany Parish Fire Protection District No. 3, as of December 31, 2022, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements 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 Statement

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

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.



St. Tammany Parish Fire Protection District No. 3

May 30, 2023

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



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May 30, 2023

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Required Supplementary Information

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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise of the District's basic financial statements. The schedules of compensation paid to board members and compensation, benefits, and other payments to agency head. 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.



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May 30, 2023

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 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, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the St. Tammany Parish Fire Protection District No. 3's internal control over financial reporting and compliance.

May 30, 2023

Mandeville, Louisiana

Erickson Krentel, LLP
Certified Public Accountants

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
STATEMENT OF NET POSITION
DECEMBER 31, 2022

ASSETS:

Cash and cash equivalents	\$ 1,252,784
Receivables:	
Ad valorem taxes, net of allowance for uncollectible taxes of \$93,785	1,760,964
State revenue sharing	32,837
EMS receivable, net of allowance for uncollectible accounts of \$254,041	129,638
Other receivables	4,787
Prepaid insurance	38,886
Capital assets, net of accumulated depreciation	<u>1,369,464</u>
 Total assets	 <u>4,589,360</u>

DEFERRED OUTFLOWS OF RESOURCES:

Pensions	<u>843,334</u>
 Total deferred outflows of resources	 <u>843,334</u>

LIABILITIES:

Accounts payable	21,468
Accrued expenses	38,213
Compensated absences	45,537
Net pension liability	1,762,837
Debt:	
Current portion of long-term debt	100,000
Long-term debt	<u>305,000</u>
 Total liabilities	 <u>2,273,055</u>

DEFERRED INFLOWS OF RESOURCES:

Pensions	<u>680,934</u>
 Total deferred inflows of resources	 <u>680,934</u>

NET POSITION:

Net investment in capital assets	1,369,464
Unrestricted	<u>1,109,241</u>
 Total net position	 <u>\$ 2,478,705</u>

The accompanying notes are an integral part of this statement

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

<u>Function/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Net Position</u>
<u>Governmental activities:</u>				
Public Safety - Fire protection	\$ 2,046,349	\$ -	\$ 105,370	\$ (1,940,979)
Public Safety - EMS	<u>49,120</u>	<u>700,637</u>	<u>-</u>	<u>651,517</u>
 Total governmental activities	 <u>\$ 2,095,469</u>	 <u>\$ 700,637</u>	 <u>\$ 105,370</u>	 <u>(1,289,462)</u>
 General revenues:				
				1,788,592
				69,873
				50,732
				33,914
				<u>161,599</u>
				 2,104,710
				 <u>2,104,710</u>
				 815,248
				 1,663,457
				 <u>1,663,457</u>
				 \$ 2,478,705
				 <u>\$ 2,478,705</u>

The accompanying notes are an integral part of this statement

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2022

ASSETS:

Cash and cash equivalents	\$ 1,252,784
Receivables:	
Ad valorem taxes, net of allowance for uncollectible taxes of \$93,785	1,760,964
State revenue sharing	32,837
EMS receivable, net of allowance for uncollectible accounts of \$254,041	129,638
Other receivables	4,787
Prepaid insurance	<u>38,886</u>
 Total assets	 <u>\$ 3,219,896</u>

LIABILITIES:

Accounts payable	\$ 21,468
Accrued expenses	<u>38,213</u>
 Total liabilities	 <u>59,681</u>

DEFERRED INFLOWS OF RESOURCES:

Unavailable revenue - property taxes	<u>172,147</u>
 Total deferred inflows of resources	 <u>172,147</u>

FUND BALANCE:

Unrestricted	<u>2,988,068</u>
 Total fund balance	 <u>2,988,068</u>
 Total liabilities, deferred inflows of resources and fund balance	 <u>\$ 3,219,896</u>

The accompanying notes are an integral part of this statement

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2022

Fund balance - total governmental funds	\$ 2,988,068
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	1,369,464
Deferred outflows of resources related to pensions are not reported in governmental funds	843,334
Deferred inflows of resources related to pensions are not reported in governmental funds	(680,934)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. All liabilities (both current and long-term) are reported in the Statement of Net Position:	
Accrued annual leave	(45,537)
Pension liability	(1,762,837)
Bonds payable	(405,000)
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.	172,147
Net position of governmental activities	\$ 2,478,705

The accompanying notes are an integral part of this statement

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>General Fund</u>
<u>GENERAL REVENUES:</u>	
Ad valorem taxes	\$ 1,699,463
Intergovernmental revenues:	
State revenue sharing	50,732
2% Fire tax	69,873
Federal and state grants	35,028
Charges for services (EMS)	700,637
Investment earnings	33,914
Contributions	60,000
Miscellaneous	<u>101,599</u>
Total general revenues	<u>2,751,246</u>
<u>EXPENDITURES:</u>	
Public Safety - Fire Protection:	
Salaries	1,078,871
Retirement	206,414
Health insurance	140,772
Insurance	105,653
Professional fees	165,140
Payroll taxes	28,062
Vehicles - repairs	51,775
Communication	17,657
Utilities	24,271
Repairs and maintenance	38,571
Office supplies	5,763
Turn Out Gear	6,074
Supplies	22,593
Vehicles - fuel	37,138
Training	6,084
Miscellaneous	11,069
Advertisement	415
Bond interest	10,724
Uniforms	<u>5,486</u>
Total current fire protection expenditures	<u>1,962,532</u>

The accompanying notes are an integral part of this statement

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

EXPENDITURES:

Public Safety - EMS:	
Ambulance repairs	1,604
Medical Director	12,000
Medical supplies	26,404
Ambulance fuel	6,990
EMS Training	<u>2,122</u>
Total current EMS expenditures	<u>49,120</u>
Capital outlays	53,545
Debt service repayment	<u>95,000</u>
Total expenditures	<u>2,160,197</u>
Excess of revenues over expenditures	591,049
 <u>FUND BALANCE:</u>	
Beginning of year (as restated)	<u>2,397,019</u>
End of year	<u>\$ 2,988,068</u>

The accompanying notes are an integral part of this statement

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

Net change in fund balance - governmental fund \$ 591,049

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated lives and reported as depreciation expense. This is the amount by which depreciation expense of \$127,742 exceeded capital asset additions of \$53,545 in the current period (78,583)

Repayments of note principal are reported as financing used in governmental funds and thus contribute to the reduction in fund balance. In the Statement of Net Position, however, repayment of debt decreases the long-term liabilities and does not affect the Statement of Activities. 95,000

Under the modified accrual basis of accounting used in the governmental funds, advances of derived tax revenues is not recognized until received, rather than as it is earned. This is the amount by which prior year advances of derived tax revenues recognized of \$83,018 were exceeded by current advances of derived tax revenues recognized of \$172,147. 89,129

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 prior year accrued annual leave recognized of \$43,772 was subceeded by current accrued annual leave recognized of \$45,537.	(1,765)
Pensions	70,342
Non-employer contributions for pensions	50,076
	815,248

Change in net position \$ 815,248

The accompanying notes are an integral part of this statement

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The mission of St. Tammany Parish Fire Protection District No. 3 (the District) is to provide fire protection in that area of St. Tammany Parish (the Parish) which includes Lacombe, Louisiana. The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America applicable to government entities. The following is a summary of significant accounting policies.

Reporting Entity

The District was created in 1954 by Ordinance 3017 of St. Tammany Parish. The District is governed by a Board of Commissioners, which is appointed by St. Tammany Parish. The Board consists of five Commissioners who serve two-year terms.

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

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

Basis of Presentation

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

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

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

In the government-wide Statement of Net Position (Exhibit A), the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables, as well as long-term debt and obligations. The District's net position are reported in two parts – net investment in capital assets and restricted for fire protection, debt service, and capital outlay.

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

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

Basic Financial Statements – Fund Financial Statements (FFS)

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

Governmental Fund:

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

General Fund

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

Basis of Accounting

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accrual

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

Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

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

Revenues

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

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

All other revenues are recorded when received.

Expenditures

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

Cash and Cash Equivalents

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables and Payables

All property tax receivables are shown net of a 5% allowance for uncollectibles. The allowance is based on prior years' experience.

Property taxes are levied on a calendar year basis, become due on December 31 and are considered delinquent on January 1. The District authorized and levied a 34.95 mill ad valorem tax for operations and maintenance for the year ended December 31, 2022. The following are the principal taxpayers and related property tax revenue for the entity:

	<u>Assessed Valuation</u>	<u>% of Total Assessed Value</u>
Stirling Medical Lacombe LLC	\$ 3,611,579	5.01%
Southern Natural Gas	2,681,770	3.72%
Central LA Elec Co	1,793,050	2.50%
Pavestone, LLC	813,111	1.12%
Atmos Energy Corporation	792,450	1.10%
Coastal Environmental Services	586,217	0.81%
LA Heart MOB, LP	467,915	0.65%
SRB Enterprises LLC	437,281	0.60%
Bell South Communications	431,320	0.59%
G&E HC Reit II Lacombe MOB, LLC	<u>403,730</u>	<u>0.56%</u>
	<u>\$ 12,018,423</u>	<u>16.70%</u>

Tax Abatements

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

The St. Tammany Parish Economic Development District entered into a Lease Agreement with a private company on June 1, 2003, in connection with the issuance of \$25 million of bonds issued for the benefit of the company. While the lease is in effect and the project is owned by the Development District, the project is exempt from ad valorem tax. The lease requires that the company make an annual payment to the Development District, in an amount based on a formula, between \$55,000 and \$75,000. The Development District makes a contribution of 80% of this payment to St. Tammany Parish Fire Protection District No. 3. The contribution for the year ended December 31, 2022 was \$60,000.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Emergency Medical Services (EMS) Receivable

Residents, who use the emergency medical transportation service provided by the District, are charged a fee ranging from \$300 to \$746 based on the type of medical care. Mileage is billed at \$20 per mile. The District has agreements with other third-party payers that provide for payments at amounts different from its established rates. Net emergency medical service revenue is recorded at the estimated realizable amount from patients, third-party payers, and others for services rendered, based upon prior years' experience and management's analysis of possible bad debts. Emergency medical receivables are charged against the allowance when it is determined by the District that payment will not be received. The current policy is to allow for any accounts that are inactive for three months. For the year ended December 31, 2022, the District provided \$969,060 for contractual adjustments to established rates billed and \$254,041 for an allowance for doubtful accounts.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include property and equipment, are reported in the government-wide statements. Capital assets are recorded at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold of \$2,500 or more for capitalizing capital assets.

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

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

Buildings and improvements	30 Years
Vehicles	5 - 15 Years
Equipment	10 - 15 Years
Computers	5 Years
Infrastructure	25 Years

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has one item that qualifies for reporting in this category, deferred amounts related to pensions.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows and Inflows of Resources (Continued)

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. Currently, the District has one item that qualifies for reporting in this category, deferred amounts related to pensions.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Firefighters' Retirement System of Louisiana (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. 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.

Equity Classifications

In the government-wide financial statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Classifications

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

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

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

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

Use of Estimates

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

Adoption of New Accounting Pronouncement

For fiscal year ended December 31, 2022, the District adopted GASB No.87, Leases. The objectives of GASB 87 are to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The adoption of this Statement had no material impact on the District’s financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Subsequent events have been evaluated through May 30, 2023, which is the date the financial statements were available to be issued.

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A public hearing was held on December 8, 2021 and the board adopted the budget. The budget is prepared using GAAP basis of accounting. All appropriations lapse at year end. Formal budget integration within the accounting records is employed as a management control device during the year. The board also reviews budget versus actual reports on a monthly basis. Changes or amendments are made upon approval of the board.

(3) AD VALOREM TAXES

The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized</u>	<u>Levied</u>
Maintaining, acquiring, constructing, improving, and operating fire protection and rescue services. Expires 2032.	25.01	25.01
Maintaining, acquiring, constructing, improving, and operating fire protection and rescue services Expires 2029.	9.94	9.94

(4) CASH AND CASH EQUIVALENTS

The following is a summary of cash and cash equivalents at December 31, 2022:

Demand deposits	\$ <u>1,252,784</u>
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These deposits are stated at cost, which approximates market. The District does not have a policy for custodial credit risk; however, under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging agent bank in a holding or custodial bank that is mutually acceptable to both parties.

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

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

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

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

(4) CASH AND CASH EQUIVALENTS (CONTINUED)

At December 31, 2022, the carrying amount and the bank balances of deposits of the primary government are summarized as follows:

	Bank Balances Category			Bank Balance
	1	2	3	
Cash	\$ 250,000	\$ 1,017,832	\$ -	\$ 1,267,832

(5) 2% FIRE INSURANCE TAX

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

(6) CAPITAL ASSETS

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

	1/1/2022	Additions	Reductions	12/31/2022
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 287,350	\$ -	\$ -	\$ 287,350
Construction in progress	4,386	-	4,386	-
Total capital assets not being depreciated	291,736	-	4,386	287,350
<u>Governmental Activities:</u>				
Capital assets being depreciated:				
Buildings and improvements	936,244	22,674	-	958,918
Firefighting and rescue equipment	660,747	26,585	-	687,332
Communication equipment	105,643	2,675	-	108,318
Other equipment	68,355	-	(2,667)	65,688
Vehicles	1,191,580	5,997	-	1,197,577
Infrastructure	26,400	-	-	26,400
Total capital assets being depreciated	2,988,969	53,545	(2,667)	3,039,847

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

(6) CAPITAL ASSETS (CONTINUED)

Less accumulated depreciation for:

Buildings and improvements	500,822	26,458	-	527,280
Firefighting and rescue equipment	506,185	44,316	-	550,501
Communication equipment	35,354	7,620	-	42,974
Other equipment	68,355	-	(2,667)	65,688
Vehicles	714,726	52,678	-	767,404
Infrastructure	<u>7,216</u>	<u>1,056</u>	<u>-</u>	<u>8,272</u>

Total accumulated depreciation	<u>1,832,658</u>	<u>132,128</u>	<u>(2,667)</u>	<u>1,962,119</u>
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Total capital assets being depreciated, net	<u>1,156,311</u>	<u>(74,197)</u>	<u>-</u>	<u>1,082,114</u>
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Governmental activities capital assets, net	<u>\$1,448,047</u>	<u>\$ (74,197)</u>	<u>\$ -</u>	<u>\$1,369,464</u>
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Depreciation expense of \$132,128 for the year ended December 31, 2022, was charged to fire protection and EMS.

(7) LONG-TERM DEBT

	<u>Balance at</u> <u>12/31/2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>12/31/2022</u>	<u>Due Within</u> <u>One Year</u>
Limited tax certificates of indebtedness Series 2021, interest rate at 2.37%, maturing on March 1, 2026.	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ 95,000</u>	<u>\$ 405,000</u>	<u>\$ 100,000</u>
Total debt	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ 95,000</u>	<u>\$ 405,000</u>	<u>\$ 100,000</u>

Following is a summary of future principal and interest requirements:

<u>Year</u> <u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 100,000	\$ 8,414	\$ 108,414
2024	100,000	6,044	106,044
2025	100,000	3,674	103,674
2026	<u>105,000</u>	<u>1,244</u>	<u>106,244</u>
	<u>\$ 405,000</u>	<u>\$ 19,376</u>	<u>\$ 424,376</u>

Interest costs incurred and charged to expense for the year ended December 31, 2022 was \$10,724.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022

(8) OPERATING LEASES

The District leases copier and radio equipment for a period of less than 12 months. Total payments charged to leased equipment expense for the year ended December 31, 2022 was \$1,744.

(9) PENSION PLAN

All full-time employees of the District are members of the Louisiana Firefighters' Retirement System (the System), a cost-sharing, multiple-employer defined benefit plan administered by a separate board of trustees.

Membership in the System is mandatory for all full-time firefighters employed by a municipality, parish or fire district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit payable monthly for life, equal to three and one-third percent of their final average salary for each year of creditable service, not to exceed 100 percent of their final average salary. Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service stated above and do not withdraw their employee contributions may retire at or after age 55 (or at or after 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination.

The system also provides death and disability benefits. Benefits are established by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Louisiana Firefighters' Retirement System, Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling, (225) 925-4060.

Funding Policy

For the twelve months ended December 31, 2022, members of the System are required to contribute 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate. At December 31, 2022, the employer contribution rate was 33.25% above poverty and 35.25% below poverty.

The contribution requirements of plan members and the District are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

Contributions

According to state statute, for the System, contribution requirements for all employees are actuarially determined each year. State statute requires covered employees to contribute a percentage of their salaries to the System. The actual employer contribution rate and the actuarially determined employer contribution differ due to state statutes that require the contribution rate be calculated and set two years prior to the year effective.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

(9) PENSION PLAN (CONTINUED)

Contributions (continued)

The amount of the District's employer contributions to the System for the year ended December 31, 2022 was \$217,777. The District's covered payroll for the System for the year ended December 31, 2022 was \$606,292.

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

At December 31, 2022, the District reported a liability totaling \$1,762,837 for its proportionate share of the net pension liability for the System. 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 the District's historical contributions to the Plan relative to the historical contributions of all participating employers. At June 30, 2022, the District's proportion was 0.250002% for the System, which was a decrease of 0.066943% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the District recognized pension expense for the System totaling \$151,658. Subtracted from pension expense is the employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions totaling \$129,544 for the System.

For the year ended December 31, 2022, the District recognized revenue from ad valorem taxes and revenue sharing funds received by the System. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities totaling \$71,165.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 10,536	\$ 83,090
Change in assumptions	145,359	-
Net difference between projected and actual earnings on pension plan investments	399,329	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	187,289	597,844
Employer contributions subsequent to the measurement date	100,821	-
Total	<u>\$ 843,334</u>	<u>\$ 680,934</u>

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

(9) PENSION PLAN (CONTINUED)

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

Employer contributions subsequent to the measurement date totaling \$100,821 and reported as deferred outflows of resources will be recognized as a reduction of the Net Pension Liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:

2023	\$	(32,083)
2024		(21,025)
2025		(7,823)
2026		213,275
2027		(36,353)
2028		<u>(54,412)</u>
Total	\$	<u>61,579</u>

Actuarial Assumptions

The total pension liability in the June 30, 2022 actuarial valuation for the System was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal Cost
Estimated Remaining Service Life	7 years, closed period
Investment Rate of Return	6.90% per annum (net of fees)
Inflation Rate	2.50% per annum
Salary increases	Vary from 14.10% in the first years of service to 5.20% after 3 or more years of service
Cost of Living Adjustments	Only those previously granted included

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

(9) PENSION PLAN (CONTINUED)

Mortality Rate

The mortality rate assumption used was set based upon an experience study performed on plan data for the period July 1, 2009, through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. The RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables, projected to 2031 using Scale AA, were selected for employee, annuitant, and beneficiary mortality. The RP-2000 Disabled Lives Mortality Table set back five years for males and set back three years for females was selected for disabled annuitants. Setbacks in these tables were used to approximate mortality improvement.

Long-term Expected Real Rate of Return

The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation, 2.50%. The long term expected nominal rate of return was 6.90% as of June 30, 2022.

Best estimates of real rates of return for each major asset class included in FRS' 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 Portfolio Real Rate of Return</u>
U.S. core fixed income	18.00%	0.84%
U.S. tips	3.00%	0.51%
Emerging market debt	5.00%	2.99%
U.S. equity	27.50%	5.64%
Non-U.S. equity	11.50%	5.89%
Global equity	10.00%	5.99%
Emerging market equity	7.00%	7.75%
Real estate	6.00%	4.57%
Real assets	3.00%	4.89%
Private equity	<u>9.00%</u>	<u>8.99%</u>
Totals	<u>100.0%</u>	
Inflation		2.50%
Expected arithmetic nominal return		6.90%

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

(9) PENSION PLAN (CONTINUED)

Discount Rate

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

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District’s proportionate share of the Net Pension Liability using the discount rate of 6.90%, as well as what the District’s proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District’s proportionate share of the Net Pension Liability	\$ 2,607,922	\$ 1,762,837	\$ 1,057,977

Retirement System Audit Report

Firefighters’ Retirement System issued a stand-alone audit report on its financial statements for the year ended June 30, 2022. Access to the audit report can be found on the System’s website: www.lafirefightersret.com or on the Office of Louisiana Legislative Auditor’s official website: www.lla.state.la.us.

(10) CHANGES IN LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended December 31, 2022 are as follows:

	<u>Balance at January 1, 2022</u>	<u>Net Increase (Decrease)</u>	<u>Balance at December 31, 2022</u>
Compensated absences	\$ 43,772	\$ 1,765	\$ 45,537
Net pension liability	<u>1,123,206</u>	<u>639,631</u>	<u>1,762,837</u>
	<u>\$ 1,166,978</u>	<u>\$ 641,396</u>	<u>\$ 1,808,374</u>

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

(11) RISKS AND UNCERTAINTIES

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

(12) NEW ACCOUNTING PRONOUNCEMENT

The GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements. The Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The Statement is effective for fiscal years beginning after June 15, 2022.

The GASB has released Statement No. 101, [Compensated Absences](#) (Statement 101), which replaces GASB Statement No. 16, Accounting for Compensated Absences. The Statement 101 requires liabilities for compensated absences to be recognized for: Leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. Under the new Statement a liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered; (b) the leave has accumulated; and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits is not included in the compensated absences liability. The Statement also addresses the timing of the recognition of a liability for certain types of compensated absences, such as sabbatical leave, parental leave, military leave, jury duty leave and other specific types of compensated balances. The Statement is effective for fiscal years beginning after December 15, 2023.

(13) PRIOR PERIOD ADJUSTMENT

The 2021 annual financial statements presented the obligation for the limited tax certificates of indebtedness on the fund balance sheet. Such obligations should only be reflected on the government-wide statement of financial position. Beginning fund balance has been restated by \$500,000 to reflect this adjustment.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Adopted Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>GENERAL REVENUES:</u>			
Ad valorem taxes	\$ 1,638,843	\$ 1,699,463	\$ 60,620
Intergovernmental revenues:			
State revenue sharing	48,760	50,732	1,972
2% fire tax	36,463	69,873	33,410
Federal and state grants	-	35,028	35,028
Charges for services (EMS)	300,000	700,637	400,637
Investment earnings	15,000	33,914	18,914
Contributions	60,000	60,000	-
Miscellaneous	72,100	101,599	29,499
	<u>2,171,166</u>	<u>2,751,246</u>	<u>580,080</u>
<u>EXPENDITURES:</u>			
Public Safety - Fire protection:			
Salaries	1,042,250	1,078,871	(36,621)
Retirement	270,000	206,414	63,586
Health insurance	159,850	140,772	19,078
Insurance	110,035	105,653	4,382
Professional fees	260,081	165,140	94,941
Payroll taxes	18,800	28,062	(9,262)
Vehicles - repairs	45,000	51,775	(6,775)
Communication	16,000	17,657	(1,657)
Utilities	23,000	24,271	(1,271)
Repairs and maintenance	21,000	38,571	(17,571)
Office supplies	6,200	5,763	437
Turn Out Gear	10,000	6,074	3,926
Awards	500	-	500
Office expense	22,700	22,593	107
Vehicles - fuel	24,000	37,138	(13,138)
Training	9,500	6,084	3,416
Miscellaneous	11,904	11,069	835
Advertisement	3,000	415	2,585
Bond Interest	-	10,724	(10,724)
Uniforms	6,000	5,486	514
	<u>2,059,820</u>	<u>1,962,532</u>	<u>97,288</u>
Total current fire protection expenditures			
Public Safety - EMS:			
Ambulance repairs	10,000	1,604	8,396
Medical director	12,000	12,000	-
Medical supplies	22,000	26,404	(4,404)
Medical equipment	4,500	6,990	(2,490)
EMS training	4,000	2,122	1,878
	<u>52,500</u>	<u>49,120</u>	<u>3,380</u>
Total current EMS expenditures			
Capital outlays	-	53,545	(53,545)
Debt service repayment	-	95,000	(95,000)
	<u>2,112,320</u>	<u>2,160,197</u>	<u>(47,877)</u>
Total expenditures			
Excess of revenues over expenditures	<u>58,846</u>	<u>591,049</u>	<u>532,203</u>

(See Independent Auditors' Report)

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Adopted Budget	Actual	Variance- Favorable (Unfavorable)
Net change in fund balance	<u>\$ 58,846</u>	<u>\$ 591,049</u>	<u>\$ 532,203</u>
<u>FUND BALANCE:</u>			
Beginning of year	<u>2,397,019</u>	<u>2,397,019</u>	
End of year	<u>\$ 2,455,865</u>	<u>\$ 2,988,068</u>	

(See Independent Auditors' Report)

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>12/31/2022</u>	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>
District's Proportion of the Net Pension Liability	0.250002%	0.316945%	0.310290%	0.263918%	0.331971%	0.397645%	0.451168%	0.425008%
District's Proportionate Share of the Net Pension Liability	\$ 1,762,837	\$ 1,123,206	\$ 2,150,790	\$ 1,652,631	\$ 1,909,523	\$ 2,279,242	\$ 2,951,047	\$ 2,293,816
District's Covered-Employee Payroll	\$ 681,046	\$ 806,151	\$ 775,203	\$ 693,249	\$ 791,893	\$ 857,692	\$ 980,537	\$ 974,191
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	258.84%	139.33%	277.45%	238.39%	241.13%	265.74%	300.96%	235.46%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.68%	86.78%	72.61%	73.96%	74.76%	73.55%	68.16%	72.45%

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

**The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.*

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
SCHEDULE OF CONTRIBUTIONS - RETIREMENT PLAN
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>12/31/2022</u>	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>
Contractually Required Contribution	\$ 217,897	\$ 256,990	\$ 214,940	\$ 169,451	\$ 209,851	\$ 220,862	\$ 257,546	\$ 265,467
Contributions in Relation to the Contractually Required Contribution	<u>(217,897)</u>	<u>(256,990)</u>	<u>(214,940)</u>	<u>(169,451)</u>	<u>(209,851)</u>	<u>(220,862)</u>	<u>(257,546)</u>	<u>(265,467)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>							
Authority's covered-employee payroll	\$ 606,292	\$ 779,517	\$ 796,877	\$ 693,249	\$ 791,893	\$ 857,692	\$ 980,537	\$ 974,191
Contributions as a Percentage of Covered-Employee Payroll								
January 1 to June 30	33.75%	32.25%	27.75%	26.50%	26.50%	25.25%	27.25%	29.25%
July 1 to December 31	33.25%	33.75%	32.25%	28.00%	26.50%	26.50%	25.25%	27.25%

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022

(1) PENSION PLAN SCHEDULES

Changes of Benefit Terms

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

Changes of Assumptions

For the year ended December 31, 2022 (measurement date of June 30, 2022), the Firefighter's Retirement System inflation rate assumption stayed at 2.50% annually, and the real investment rate of return stayed at 6.90%. The salary increase assumptions range stayed at (14.10%-5.2%) annually.

For the year ended December 31, 2021 (measurement date of June 30, 2021), the Firefighter's Retirement System inflation rate assumption stayed at 2.50% annually, and the real investment rate of return was lowered from 7.00% to 6.90%. The salary increase assumptions range stayed at (14.10%-5.2%) annually.

For the year ended December 31, 2020 (measurement date of June 30, 2020), the Firefighter's Retirement System inflation rate assumption stayed at 2.50% annually, and the real investment rate of return was lowered from 7.15% to 7.00%. The salary increase assumptions range went from (14.75%-4.5%) to (14.10%-5.20%).

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 2.75% annually, and the real investment rate of return was lowered from 7.30% to 7.15%.

For the year ended December 31, 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 7.40% to 7.30%.

For the year ended December 31, 2017, the Firefighter's Retirement System's inflation rate assumption was lowered to 2.775%, and the discount rate, or investment rate of return, assumption was lowered from 7.50% to 7.40%.

There were no changes of assumptions during 2016.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS
FOR THE YEAR ENDED DECEMBER 31, 2022

<u>Board of Commissioners</u>	<u>Compensation</u>
Raymond Batiste	\$550
Danny MacGregor, Chairman	\$550
Leo Casanave, Secretary	\$450
Murphy Arsenaux, Vice-Chairman	\$600
Jeanne Hutchison, Treasurer	\$550

(See Independent Auditors' Report)

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2022

Patrick Sicard, Fire Chief

<u>Purpose</u>	<u>Amount</u>
Salary*	\$ 105,880
Benefits - insurance	18,943
Benefits - retirement**	<u>37,478</u>
 Total compensation, benefits and other payments	 <u><u>\$ 162,301</u></u>

* This amount is gross, including State Supplemental Pay of \$6,500 annually.

** This is the employer portion of the retirement contribution.



**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. 3
Mandeville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of St. Tammany Parish Fire Protection District No. 3, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the St. Tammany Parish Fire Protection District No. 3's basic financial statements, and have issued our report thereon dated May 30, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered St. Tammany Parish Fire Protection District No. 3'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 the purpose of expressing an opinion on the effectiveness of St. Tammany Parish Fire Protection District No. 3's internal control. Accordingly, we do not express an opinion on the effectiveness of St. Tammany Parish Fire Protection District No. 3's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of St. Tammany Parish Fire Protection District No. 3's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



To the Board of Commissioners
St Tammany Parish Fire Protection District No. 3
May 30, 2023

Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. Tammany Parish Fire Protection District No. 3's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

May 30, 2023
Mandeville, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2022

SECTION I SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unmodified opinion on the financial statements of St. Tammany Parish Fire Protection District No. 3.
2. No significant deficiencies or material weaknesses disclosed during the audit of the financial statements is reported in the 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*.
3. No instances of noncompliance material to the financial statements of St. Tammany Parish Fire Protection District No. 3, which would be required to be reported in accordance with *Government Auditing Standards*, was disclosed during the audit.
4. A management letter was not issued for the year ended December 31, 2022.

SECTION II FINANCIAL STATEMENT FINDINGS

Not Applicable

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2022

**SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE
FINANCIAL STATEMENTS**

There were no findings related to the financial statements for the year ended December 31, 2021.

ST. TAMMANY PARISH FIRE
PROTECTION DISTRICT NO. 3
LACOMBE, LOUISIANA
AGREED-UPON PROCEDURES
FOR THE YEAR ENDED
DECEMBER 31, 2022



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS



INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Members of the Board of Commissioners
St. Tammany Parish Fire Protection District No. 3
Lacombe, Louisiana

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified by the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the year ended December 31, 2022. St. Tammany Parish Recreation District No. 1's management is responsible for those C/C areas identified in the agreed-upon procedures.

St. Tammany Parish Fire Protection District No. 3 has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the year ended December 31, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

Our procedures and associated findings are detailed in Schedule "1".

We were engaged by the District 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 agreed-upon procedures. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the District and to meet 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 agreed-upon procedures, 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.

May 31, 2023
Mandeville, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
AGREED-UPON PROCEDURES
FOR THE YEAR ENDED DECEMBER 31, 2022

1) **WRITTEN POLICIES AND PROCEDURES**

- A. **Procedures:** Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving.
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - e) ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate 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.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
AGREED-UPON PROCEDURES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

1. **WRITTEN POLICIES AND PROCEDURES (CONTINUED)**

- j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- 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.

Results: No exceptions were found as a result of applying the procedure.

2. **BOARD OR FINANCE COMMITTEE**

- A. **Procedures:** Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, 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.
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - d) 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.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
AGREED-UPON PROCEDURES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

2. **BOARD OR FINANCE COMMITTEE (CONTINUED)**

Results: No exceptions were found as a result of applying the procedure.

3. **BANK RECONCILIATIONS**

A. **Procedures:** 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 five additional accounts (or all accounts if less than five). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within two months of the related statement closing date (e.g., initialed and dated or electronically logged).
- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: No exceptions were found as a result of applying the procedure.

4. **COLLECTIONS (EXCLUDING ELECTRONIC FUNDS TRANSFERS)**

A. **Procedure:** 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 five deposit sites (or all deposit sites if less than five).

B. **Procedures:** For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. five collection locations for five deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.
- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
AGREED-UPON PROCEDURES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

4. **COLLECTIONS (EXCLUDING ELECTRONIC FUNDS TRANSFERS) (CONTINUED)**

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

- D. **Procedures:** Randomly select two deposit dates for each of the five bank accounts selected for procedure #3A under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). 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 ten deposits and:

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

Results: No exceptions were found as a result of applying the procedure.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
AGREED-UPON PROCEDURES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

5. NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES/PAYMENTS, TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES)

- A. **Procedure:** 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 five).
- B. **Procedures:** For each location selected under #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, 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/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.
 - 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.

Results: No exceptions were found as a result of applying the procedure.

- C. **Procedures:** For each location selected under #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 five disbursements for each location, obtain supporting documentation for each transaction and:
- a) Observe that the disbursement matched the related original itemized invoice, and that supporting documentation indicates that deliverables included on the invoice were received by the entity.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #5B, as applicable.

Results: No exceptions were found as a result of applying the procedure.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
AGREED-UPON PROCEDURES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

5. **NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES/PAYMENTS, TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES) (CONTINUED)**

D. **Procedures:** 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, (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.

Results: No exceptions were found as a result of applying the procedure.

6. **CREDIT CARDS/DEBIT CARDS/FUEL CARDS/PURCHASE CARDS (CARDS)**

A. **Procedures:** 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.

Results: No exceptions were found as a result of applying the procedure.

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

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

Results: No exceptions were found as a result of applying the procedure.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
AGREED-UPON PROCEDURES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

6. **CREDIT CARDS/DEBIT CARDS/FUEL CARDS/PURCHASE CARDS (CARDS)**
(CONTINUED)

C. **Procedures:** Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (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 note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: No exceptions were found as a result of applying the procedure.

7. **TRAVEL AND TRAVEL-RELATED EXPENSE REIMBURSEMENTS (EXCLUDING CARD TRANSACTIONS)**

A. **Procedures:** 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 five reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected:

- a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: No exceptions were found as a result of applying the procedure.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
AGREED-UPON PROCEDURES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

8. **CONTRACTS**

- A. **Procedures:** 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 five contracts (or all contracts if less than five) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g. if approval is required for any amendment was approval documented).
 - d) Randomly select one payment from the fiscal period for each of the five 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.

Results: No exceptions were found as a result of applying the procedure.

9. **PAYROLL AND PERSONNEL**

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

Results: No exceptions were found as a result of applying the procedure.

- B. **Procedures:** Randomly select one pay period during the fiscal period. For the five employees or officials selected under #9A above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
 - b) Observe that supervisors approved the attendance and leave of the selected employees or officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
AGREED-UPON PROCEDURES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

9. **PAYROLL AND PERSONNEL (CONTINUED)**

- d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Results: No exceptions were found as a result of applying the procedure.

- C. **Procedures:** 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 of 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 officials' personnel files, and agree the termination payment to entity policy.

Results: No exceptions were found as a result of applying the procedure.

- D. **Procedure:** 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.

Results: No exceptions were found as a result of applying the procedure.

10. **ETHICS**

- A. **Procedures:** Using the five randomly selected employees/officials from procedure #9A under "Payroll and Personnel" above: obtain ethics documentation from management, and:

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period, as applicable.
- b) Observe that the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
AGREED-UPON PROCEDURES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

11. **DEBT SERVICE**

- A. **Procedure:** 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.

Results: Not applicable. No bond/notes and other debt instruments were issued during the year.

- B. **Procedure:** 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).

Results: No exceptions were found as a result of applying the procedure.

12. **FRAUD NOTICE**

- A. **Procedure:** 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 Organization attorney of the parish in which the entity is domiciled.

Results: No exceptions were found as a result of applying the procedure.

- B. **Procedure:** 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.

Results: No exceptions were found as a result of applying the procedure.

13. **INFORMATION TECHNOLOGY DISASTER RECOVERY/BUSINESS CONTINUITY**

- A. **Procedures:** Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."
- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
AGREED-UPON PROCEDURES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

13. **INFORMATION TECHNOLOGY DISASTER RECOVERY/BUSINESS CONTINUITY (CONTINUED)**

- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- c) 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.

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

- B. **Procedures:** 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.

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

14. **SEXUAL HARASSMENT**

- A. **Procedures:** Using the 5 randomly selected employees/officials from procedure #9A under "Payroll and Personnel" above, 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.

Results: No exceptions were found as a result of applying the procedure

- B. **Procedure:** 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).

Results: No exceptions were found as a result of applying the procedure

- C. **Procedure:** 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 it includes the applicable requirements of R.S. 42:344:

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
AGREED-UPON PROCEDURES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

14. **SEXUAL HARASSMENT**

- b. Number of sexual harassment complaints received by the agency;
- c. Number of complaints which resulted in a finding that sexual harassment occurred;
- d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and amount of time it took to resolve each complaint.

Results: No exceptions were found as a result of applying the procedure