
**St. Tammany Parish
Fire Protection District No. 9**

Financial Statements

December 31, 2022

St. Tammany Parish Fire Protection District No. 9

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Independent Auditor’s Report

To the Board of Commissioners
St. Tammany Parish Fire Protection District No. 9
Bush, Louisiana

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the St. Tammany Parish Fire Protection District No. 9 (the “District”), a component unit of the St. Tammany Parish Government, 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 the District as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Management has omitted the management's discussion and analysis information 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 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.

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule – general fund on page 29; schedule of employer's proportionate share of net pension liability at page 30; and schedule of employer's pension contributions at page 31 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.

Supplementary and Other 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 accompanying schedule of compensation, benefits, and other payments to district head at page 34, as required by the State of Louisiana, is presented for purposes of additional analysis and is not a required part of the financial statements.

The schedule of compensation, benefits, and other payments to District head is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits, and other payments is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

To the Board of Commissioners
St. Tammany Parish Fire Protection District No. 9
Bush, Louisiana

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Covington, Louisiana
June 30, 2023

Government-Wide Financial Statements

St. Tammany Parish Fire Protection District No. 9
Statement of Net Position
December 31, 2022

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current Assets

Cash and cash equivalents	\$ 579,989
Cash and cash equivalents - restricted	164,162
Receivables - ad valorem taxes, net	983,041
Receivables - state revenue sharing	19,638
	<u>1,746,830</u>

Noncurrent Assets

Capital assets, net	1,120,204
	<u>2,867,034</u>

Deferred Outflows of Resources

Deferred pension amounts	683,110
	<u>\$ 3,550,144</u>

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES,
AND NET POSITION**

Current Liabilities

Accounts payable	\$ 23,319
Accrued payroll and related expenses	17,292
Accrued interest	46,270
Certificates of indebtedness, due within one year	21,000
	<u>107,881</u>

Noncurrent liabilities

Accrued compensated absences	124,588
Certificates of indebtedness, net of balance due within one year	1,452,000
Net pension liability	1,286,536
	<u>2,863,124</u>
	2,971,005

Deferred Inflows of Resources

Deferred pension amounts	167,502
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Net Position

Net investment in capital assets	618,651
Restricted - debt service	164,162
Unrestricted	(371,176)
	<u>411,637</u>
	<u>\$ 3,550,144</u>

The accompanying notes are an integral part of the financial statements.

St. Tammany Parish Fire Protection District No. 9
Statement of Activities
For the Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Public safety - fire protection	\$ 1,568,522	\$ -	\$ 7,725	\$ -	\$ (1,560,797)
Bond issuance costs	20,625	-	-	-	(20,625)
Interest	48,226	-	-	-	(48,226)
	<u>\$ 1,637,373</u>	<u>\$ -</u>	<u>\$ 7,725</u>	<u>\$ -</u>	<u>(1,629,648)</u>
General Revenues					
Ad valorem taxes					1,002,304
Intergovernmental revenues					
State revenue sharing					29,595
Fire insurance premium tax					40,200
State supplemental					44,700
Other income					58,456
Gain on sale of assets					43,470
Interest					14,299
					<u>1,233,024</u>
Change in net position					<u>(396,624)</u>
Net position, beginning of year					<u>808,261</u>
Net position, end of year					<u>\$ 411,637</u>

The accompanying notes are an integral part of the financial statements.

Fund Financial Statements

St. Tammany Parish Fire Protection District No. 9
Balance Sheet
December 31, 2022

	General Fund	Debt Service Fund	Total Funds
Assets			
Cash and cash equivalents	\$ 579,989	\$ -	\$ 579,989
Cash and cash equivalents - restricted	-	164,162	164,162
Receivables - ad valorem taxes, net	983,041	-	983,041
Receivables - state revenue sharing	19,638	-	19,638
	<u>\$ 1,582,668</u>	<u>\$ 164,162</u>	<u>\$ 1,746,830</u>
Liabilities			
Accounts payable	\$ 23,319	\$ -	\$ 23,319
Accrued payroll and related expenses	17,292	-	17,292
	40,611	-	40,611
Deferred Inflows of Resources			
Unavailable ad valorem taxes	38,302	-	38,302
Fund Balances			
Restricted	-	164,162	164,162
Unassigned	1,503,755	-	1,503,755
	<u>1,503,755</u>	<u>164,162</u>	<u>1,667,917</u>
	<u>\$ 1,582,668</u>	<u>\$ 164,162</u>	<u>\$ 1,746,830</u>

The accompanying notes are an integral part of the financial statements.

St. Tammany Parish Fire Protection District No. 9
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
For the Year Ended December 31, 2022

Total fund balances as reported on the governmental funds balance sheet	\$ 1,667,917
Net capital assets used in the governmental activities are not financial resources and are not reported in the governmental funds balance sheet	1,120,204
Ad valorem taxes receivable that are not available to pay current period expenditures are reported as deferred inflows of resources in the governmental funds	38,302
Deferred inflows and outflows are not due and payable in the current period or do not represent current financial resources and are not reported in the governmental funds:	
Deferred outflows of resources related to the pension plan	683,110
Deferred inflows of resources related to the pension plan	(167,502)
Long-term liabilities are not due and payable in the current period and are not reported in the governmental funds balance sheet:	
Accrued compensated absences	(124,588)
Certificates of indebtedness	(1,473,000)
Pension liability	(1,286,536)
Accrued interest on certificates of indebtedness is not reported in the governmental funds balance sheet	<u>(46,270)</u>
Net position, as reported on the statement of net position	<u><u>\$ 411,637</u></u>

The accompanying notes are an integral part of the financial statements.

St. Tammany Parish Fire Protection District No. 9
Statement of Revenues, Expenditures, and Changes in
Fund Balance – Governmental Funds
For the Year Ended December 31, 2022

	General Fund	Debt Service Fund	Total Funds
Revenues			
Ad valorem taxes	\$ 1,042,080	\$ -	\$ 1,042,080
Intergovernmental revenues			
State revenue sharing	29,595	-	29,595
Fire insurance premium tax	40,200	-	40,200
State supplemental	44,700	-	44,700
Grants and contributions	7,725	-	7,725
Other income	58,456	-	58,456
Interest	11,381	2,918	14,299
	<u>1,234,137</u>	<u>2,918</u>	<u>1,237,055</u>
Expenditures			
Public safety - fire protection			
Salaries and benefits	1,037,230	-	1,037,230
Operating supplies and services	71,189	-	71,189
Insurance	88,063	-	88,063
Dispatcher fees	12,933	-	12,933
Repairs and maintenance	42,886	-	42,886
Utilities	17,977	-	17,977
Administration	92,393	-	92,393
Legal and professional services	25,884	-	25,884
Debt service			
Principal	-	9,000	9,000
Interest	-	2,489	2,489
Bond issuance costs	20,625	-	20,625
Capital outlay	428,553	-	428,553
	<u>1,837,733</u>	<u>11,489</u>	<u>1,849,222</u>
Excess (deficiency) of revenues over expenditures	<u>(603,596)</u>	<u>(8,571)</u>	<u>(612,167)</u>

The accompanying notes are an integral part of the financial statements.

St. Tammany Parish Fire Protection District No. 9
Statement of Revenues, Expenditures, and Changes in
Fund Balance – Governmental Funds (Continued)
For the Year Ended December 31, 2022

	General Fund	Debt Service Fund	Total Funds
	<u> </u>	<u> </u>	<u> </u>
Excess (deficiency) of revenues over expenditures	(603,596)	(8,571)	(612,167)
Other financing sources (uses)			
Proceeds from sale of capital assets	45,500	-	45,500
Proceeds from issuance of bonds	1,400,000	-	1,400,000
Transfers in	-	171,778	171,778
Transfers out	(171,778)	-	(171,778)
	<u>1,273,722</u>	<u>171,778</u>	<u>1,445,500</u>
Net change in fund balances	670,126	163,207	833,333
Fund balances, beginning of year	<u>833,629</u>	<u>955</u>	<u>834,584</u>
Fund balances, end of year	<u>\$ 1,503,755</u>	<u>\$ 164,162</u>	<u>\$ 1,667,917</u>

The accompanying notes are an integral part of the financial statements.

St. Tammany Parish Fire Protection District No. 9
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2022

Net change in fund balances as reported on the statement of revenues, expenditures, and changes in fund balance	\$ 833,333
Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of these assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount depreciation expense exceeds capital outlay	302,077
The statement of revenues, expenditures, and changes in fund balance reports all proceeds from the sale of assets. However, the statement of activities recognizes only the gain on sale of assets. This is the amount by which sale proceeds exceeded the gain	(2,030)
Some revenues in the statement of activities do not provide current financial resources; therefore, are not reported as revenues in the governmental funds:	
Change in deferred inflows of resources related to ad valorem taxes	(39,776)
Some expenses reported in the statement of activities do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds:	
Change in accrued compensated absences	(50,584)
Change in pension liability	(798,636)
Change in deferred inflows / outflows related to the pension plan	795,729
Change in accrued interest on bonds	(45,737)
Bond proceeds provide current financial resources to governmental funds. However, issuing debt increases long-term liabilities in the statement of net position	(1,400,000)
Repayment of debt principal is an expenditure in the statement of revenues, expenditures, and changes in fund balance, but the repayment reduces noncurrent liabilities in the statement of net position	<u>9,000</u>
Change in net position as reported on the statement of activities	<u>\$ (396,624)</u>

The accompanying notes are an integral part of the financial statements.

St. Tammany Parish Fire Protection District No. 9

Notes to Financial Statements

1. History and Summary of Significant Accounting Policies

Organization

The St. Tammany Parish Fire Protection District No. 9 (the "District") was created by the St. Tammany Parish Police Jury (now known as the St. Tammany Parish Council), as provided by Louisiana Revised Statute ("LRS") 40:1492. The District was created to acquire, maintain, and operate buildings, machinery, equipment, water tanks, water hydrants and water lines, and any other things necessary to provide proper fire prevention and control within the District limits. The administration of the District is governed by a Board of Commissioners consisting of five members. Two members are appointed by the St. Tammany Parish Government and two by the governing body of the Village of Sun. The fifth member is selected by the other four members and serves as chairman. Vacancies are filled by the bodies making the original appointments.

The District operates four fire stations and provides fire protection and emergency medical services to an area covering approximately 82 square miles. Fire protection services are provided by volunteers and approximately eight full-time paid firefighters, and one full-time fire chief.

Financial Reporting Entity

In November 2010, the Governmental Accounting Standards Board ("GASB") issued Statement No. 61 ("GASB 61"), The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and 34. This pronouncement revises the requirements for determining if a component unit is included in the financial reporting entity of its primary government.

Organizations are required to have a financial benefit/burden relationship with the primary government for it to be included in the reporting entity as a component unit. The financial benefit/burden relationship, which was not amended by GASB 61, is defined in GASB 14 as existing if any one of the following conditions is present:

- The primary government is legally entitled to or can otherwise access the organization's resources
- The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization
- The primary government is obligated in some manner for the debt of the organization

Based on the foregoing criteria, the District is included as a component unit of St. Tammany Parish Consolidated Government (the "Parish") and as such, these financial statements will be included in the Comprehensive Annual Financial Report of the Parish for the year ended December 31, 2022.

Financial Statement Presentation

The District's financial statements include both government-wide and fund financial statements which categorize all of the District's activities as governmental.

- Government-Wide Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District's governmental activities, which normally are supported by taxes and intergovernmental revenues.

St. Tammany Parish Fire Protection District No. 9

Notes to Financial Statements

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (a) charges for services; (b) grants and contributions that are restricted to meeting the operations of the District; and (c) grants and contributions that are restricted for capital. Taxes, intergovernmental revenues, and other revenue sources not included among program revenues are reported as general revenues.

- **Fund Financial Statements**

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

- The General Fund is the primary operating fund of the District. It accounts for all the financial resources except those that are required to be accounted for in other funds.
- The Debt Service Fund accounts for the retirement of the certificate of indebtedness.

Basis of Accounting and Measurement Focus

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

- **Accrual**

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

- **Modified Accrual**

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means that the amount of the transaction can be determined, and "available" means that the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

Ad valorem taxes are considered to be collected when they are collected by the St. Tammany Parish Sheriff. Ad valorem taxes collected 60 days after the end of the fiscal year is considered unavailable and, therefore, are recorded as a deferred inflow of resources on the governmental fund balance sheet. State revenue sharing associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues in the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the District.

St. Tammany Parish Fire Protection District No. 9

Notes to Financial Statements

Net Position

The statement of net position reports net position as the difference between all other elements in a statement of net position and is displayed in three components:

- Net investment in capital assets - consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of bonds that are attributable to the acquisition, construction, and improvement of those assets.
- Restricted - consists of amounts with constraints placed on the use by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
- Unrestricted - all other amounts that do not meet the definition of "restricted" or "net investment in capital assets."

Fund Balance

In fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy primarily on the extent to which the District is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in the following five components:

- Nonspendable - This component consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted - This component consists of amounts that have constraints placed on them either externally by third-parties (creditors, grantors, contributions, or laws or regulations of other governments) or by law, through constitutional provisions or enabling legislation. Enabling legislation authorizes the District to assess, levy, change or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.
- Committed - This component consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District. Those committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed previously to commit those amounts.
- Assigned - This component consists of amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning fund balance is expressed by the District or the designee as established in the District's fund balance policy.
- Unassigned - This component consists of amounts that have not been restricted, committed or assigned to specific purposes within the general fund. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) are available for use. It is the District's policy to use committed resources first, then assigned, and then unassigned as they are needed.

St. Tammany Parish Fire Protection District No. 9

Notes to Financial Statements

Restricted Resources

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

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents include certificates of deposits and all highly liquid debt instruments with original maturities of three months or less when purchased.

Receivables

All receivables are reported net of estimated uncollectible amounts. The allowance for uncollectible ad valorem tax amounts was \$10,023 for the year ended December 31, 2022. This estimate is based on the District's history of collections within this revenue stream.

Capital Assets

Capital assets are reported in the government-wide financial statements and are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$5,000 or more for capitalizing capital assets. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	10 - 40 years
Firefighting equipment	5 - 15 years
Furniture and fixtures	5 years

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. In the fund financial statements, capital assets used in the governmental fund operations are accounted for as capital outlay expenditures upon acquisition.

Compensated Absences

Each full-time employee shall be entitled to annual vacation of 18 days with full pay. This vacation period shall be increased one day for each year of service over 10 years, up to a maximum vacation period of 30 days, all of which shall be with full pay. All 24-hour shift personnel shall be entitled to 216 hours of annual vacation time with full pay. This vacation time shall be increased 12 hours each year of service over 10 years, up to a maximum of 450 hours of annual vacation time, all of which shall be with full pay. The District has no cap on the amount of accrued compensated absences owed to employees.

The Board of Commissioners will have the authority to reduce or increase the total accumulated hours allowed on an annual basis. Any member of the department for any cause shall not forfeit the vacation privileges herein provided for unless allowed by law.

St. Tammany Parish Fire Protection District No. 9

Notes to Financial Statements

The cost of current leave privileges, computed in accordance with GASB Codification Section C60, is recognized as current-year expenditures in the general fund when the leave is actually taken. The total cost of leave privileges is recorded in the statement of net position.

Long-Term Obligations

In the government-wide financial statements, certificates of indebtedness are reported as liabilities in the statement of net position. In the fund financial statements, debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures.

Deferred Compensation Plan

The District offers its employees a deferred compensation plan (the “Plan”) created in accordance with Internal Revenue Code 457. The Plan is administered by the District. The Plan, available to all full-time employees of the District, permits them to defer a portion of their salary until future years.

All amounts of compensation deferred, all property and rights purchased, and all income, property, and rights are (until paid or made available to the employee or other beneficiary) held in trust by AXA for the exclusive benefit of the participants and their beneficiaries.

Participants may contribute up to the IRS maximum calendar limit with the District matching up to 3% of covered payroll. All contributions are immediately vested. The District contributed \$8,337 to the Plan for the year ended December 31, 2022.

Deferred Outflows of Resources

In addition to assets, the statement of financial position and/or balance sheet 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 or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has the following items that qualify for reporting in this category:

Pensions – these deferred outflows result from pension contributions after the measurement date (deferred and recognized in the following fiscal year) and/or differences in projected and actual earnings on pension assets (deferred and amortized over a closed six-year period) within the government-wide financial statements, statement of net position.

Deferred Inflows of Resources

Deferred inflows of resources are acquisitions of net position or fund balance by the District that is applicable to a future reporting period and so will not be recognized as an inflow of resources until then. The District has the following items that qualify for reporting in this category:

Pensions – these deferred inflows result from differences in projected and actual earnings on pension assets (deferred and amortized over a closed six-year period) within the government-wide financial statements, statement of net position.

Ad valorem taxes – these amounts are unavailable and are deferred and recognized as an inflow of resources in the period that the amounts become available within the governmental fund financial statements. These amounts are recognized as revenues within the government-wide financial statements, statement of activities.

St. Tammany Parish Fire Protection District No. 9

Notes to Financial Statements

Budget Policies

The Board of Commissioners (the “Board”) adopted a budget for the District's General Fund. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget, and public hearing on the budget prior to adoption. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board. All budgeted amounts which are not expended or obligated through contracts lapse at year end.

The General Fund budget is adopted on the cash basis of accounting and revenues and expenses associated with asset donations and state supplemental pay are not included in the budget. For the year ended December 31, 2022, the reconciliation to the basis includes the removal of the budgeted bond proceeds since the District obtained a line of credit rather than issuing a bond. A reconciliation to the basis materially consistent with accounting principles generally accepted in the United States of America has been presented within these financial statements as required by Governmental Accounting Standards.

2. Deposits with Financial Institutions

Deposits in bank accounts are stated at cost, which approximate market. Under Louisiana law, these deposits 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 or exceed the amount on deposit with the fiscal agent.

An entity’s deposits are exposed to custodial credit risk if the deposit balances are either: (a) uninsured and uncollateralized, (b) uninsured and collateralized with securities held by the pledging financial institution, or (c) uninsured and collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the entity’s name. The District’s deposits consisted of the following at December 31, 2022:

Deposits per Statement of Net Position (reconciled bank balance)	<u>\$ 744,151</u>
Deposits in bank accounts per bank	<u>\$ 768,210</u>
Category 3 bank balances:	
a. Uninsured and uncollateralized	\$ -
b. Uninsured and collateralized with securities held by the pledging institution	-
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the District's name	-
Total category 3 bank balances	<u>\$ -</u>

St. Tammany Parish Fire Protection District No. 9

Notes to Financial Statements

Custodial Deposit Risk

The District's custodial bank manages a sweep account that automatically transfers deposit balances in excess of FDIC limits from the operating account to a Promontory ICS (insured cash sweep) account. The Promontory ICS account allows the District to maintain balances greater than the FDIC insurable limits at their custodial bank while the deposits are then placed between other reputable banks allowing for an increase in FDIC coverage without the District having to move the deposits themselves.

3. Capital Assets

The District's capital assets consist of the following at December 31, 2022:

	Balance 12/31/21	Acquisitions	Dispositions	Balance 12/31/22
Capital Assets Not Being Depreciated				
Land	\$ 106,896	\$ -	\$ -	\$ 106,896
Construction in progress	-	52,068	-	52,068
	<u>106,896</u>	<u>52,068</u>	<u>-</u>	<u>158,964</u>
Capital Assets Being Depreciated				
Buildings and improvements	659,065	53,300	-	712,365
Firefighting equipment	1,154,752	323,185	(66,194)	1,411,743
Furniture and fixtures	7,500	-	-	7,500
	<u>1,821,317</u>	<u>376,485</u>	<u>(66,194)</u>	<u>2,131,608</u>
Accumulated depreciation	<u>(1,108,057)</u>	<u>(126,476)</u>	<u>64,165</u>	<u>(1,170,368)</u>
	<u>713,260</u>	<u>250,009</u>	<u>(2,029)</u>	<u>961,240</u>
	<u>\$ 820,156</u>	<u>\$ 302,077</u>	<u>\$ (2,029)</u>	<u>\$ 1,120,204</u>

Total depreciation expense for the year ended December 31, 2022, was \$126,476.

4. Noncurrent Liabilities

The following schedule is a summary of the District's noncurrent liabilities at December 31, 2022:

	Balance at 12/31/21	Additions	Payments	Balance at 12/31/22	Due Within One Year
Certificates of indebtedness, 2015	\$ 82,000	\$ -	\$ (9,000)	\$ 73,000	\$ 10,000
Certificates of indebtedness, 2022	-	1,400,000	-	1,400,000	\$ 11,000
Compensated absences	74,004	99,464	(48,880)	124,588	-
	<u>\$ 156,004</u>	<u>\$ 1,499,464</u>	<u>\$ (57,880)</u>	<u>\$ 1,597,588</u>	<u>\$ 21,000</u>

Information relating to the District's pension liability is available within the pension note disclosure.

On January 28, 2015, the District issued certificates of indebtedness in the amount of \$160,000. The balance is due in annual principal installments, starting March 1, 2016 and maturing March 1, 2029. The certificates accumulate interest at the rate of 1.50% — 4.00% per annum until the outstanding balance is paid. The outstanding balance at December 31, 2022 is \$73,000.

St. Tammany Parish Fire Protection District No. 9 Notes to Financial Statements

On June 17, 2022, the District issued certificates of indebtedness in the amount of \$1,400,000. The balance is due in annual principal installments, starting March 1, 2016 and maturing March 1, 2047. The certificates accumulate interest at the rate of 5.561% per annum until the outstanding balance is paid. The outstanding balance at December 31, 2022 is \$1,400,000.

The Series 2015 and Series 2022 certificates are secured by and payable from an irrevocable pledge and dedication of the funds to be derived by the District from the levy and collection of an ad valorem tax of thirty-five mills (such rate being subject to adjustment from time to time due to reassessment). The ad valorem tax is authorized to be levied and collected through the year 2049 which was granted by an election held on May 1, 2010 and renewed on March 26, 2022.

The future minimum payments for the certificates of indebtedness are as follows:

Year Ending December 31	Series 2015		Series 2022		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 10,000	\$ 2,263	\$ 11,000	\$ 93,551	\$ 21,000	\$ 95,814
2024	10,000	2,000	28,000	76,464	38,000	78,464
2025	10,000	1,713	30,000	74,851	40,000	76,564
2026	10,000	1,400	32,000	73,127	42,000	74,527
2027	11,000	1,045	34,000	71,292	45,000	72,337
Thereafter	22,000	865	1,265,000	830,341	1,287,000	831,206
	<u>\$ 73,000</u>	<u>\$ 9,286</u>	<u>\$ 1,400,000</u>	<u>\$ 1,219,626</u>	<u>\$ 1,473,000</u>	<u>\$ 1,228,912</u>

5. Levied Taxes

Ad valorem taxes are levied each November 1 on the assessed value listed as of prior January 1 for all real property, merchandise and movable property located in the Parish and are due December 31. Assessed values are established by the St. Tammany Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. All land and residential improvements are assessed at 10% of its fair market value, and other property at 15% of its fair market value. The tax rate for the year ended December 31, 2022 was \$35.00 per \$1,000 of assessed valuation on property within the District for the purpose of constructing, maintaining and operating fire protection facilities within the District and paying the cost of obtaining water for fire protection purposes.

A reevaluation of all property is required to be completed no less than every four years. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amounts of the taxes.

6. Fire Insurance Premium Tax

The District is eligible and receives a pro-rata share of the fire insurance premium taxes collected by the State of Louisiana in accordance with Louisiana Revised Statute 22:345. The amounts received by the District are based on the population of the areas it serves. In accordance with this statute, such money shall be used only for the purpose of "rendering more efficient and efficacious" fire protection as the District shall direct.

St. Tammany Parish Fire Protection District No. 9

Notes to Financial Statements

7. Pension Plan

All full-time employees of the District are provided with pensions through a cost-sharing multiple-employer defined benefit plan administered by the Firefighters' Retirement System of Louisiana (the "System"). The System was established by Act 434 of 1979 to provide retirement, disability, and survivor benefits to firefighters in Louisiana and amended by R.S. 11:2251 – 11:2272.

The District's employer schedules were prepared using the accrual basis of accounting. Members' earnable compensation, for which the employer allocations are based, is recognized in the period in which the employee is compensated for services performed. The member's earnable compensation is attributed to the employer for which the member is employed as of June 30, 2022.

The System is not allocated a proportionate share of the net pension liability related to its employees. The net pension liability attributed to the System's employees is allocated to the remaining employers based on their respective employer allocation percentage.

Pension Plan Fiduciary Net Position

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's plan fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily related to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated amounts.

The System issued a stand-alone audit report on its financial statements for the year ended June 30, 2022. Detailed information about the pension plan's fiduciary net position is provided in the separately issued financial report for the System. 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.

Membership

All full-time firefighters or any person in a position as defined in the municipal fire and police civil service system who is employed by the District on and after January 1, 1980 and earns at least \$375 per month, excluding state supplemental pay, shall become a member as a condition of employment. No person who has attained age fifty or over shall become a member of the System, unless the person becomes a member by reason of a merger or unless the System received an application for membership before the applicant attained the age of fifty. No person who has not attained the age of eighteen years shall become a member of the System.

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

St. Tammany Parish Fire Protection District No. 9

Notes to Financial Statements

Contributions

Contribution requirements for employers, non-employer contributing entities, and employees are established and may be amended in accordance with Title 11 and Title 22 of the Louisiana Revised Statutes. According to state statute, employer contributions are actuarially determined each year.

For the period of January 1, 2022 to June 30, 2022, employer and employee contributions for members above the poverty line were 33.75% and 10.00%, respectively. The employer and employee contribution rates for those members below the poverty line were 35.75% and 8.00%, respectively.

For the period of July 1, 2022 to December 31, 2022, employer and employee contributions for members above the poverty line were 33.25% and 10.0%, respectively. The employer and employee contribution rates for those members below the poverty line were 35.25% and 8.0%, respectively.

According to State statute, the System receives insurance premium tax funds from the State of Louisiana. The tax is considered support from a non-employer contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions received by the System during the year ended June 30, 2022 was \$28,465,639 of which the District's allocable share was \$51,937 and is recognized as revenue and expense by the District for the year ended December 31, 2022.

Differences between contributions remitted to the System and the District's proportionate share are recognized by the System as pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the District's amounts due to differences that could arise between contributions reported by the System and contributions reported by the District.

Contribution Refunds

Upon withdrawal from service, members not entitled to a retirement allowance may receive a refund of accumulated contributions. Refunds are payable ninety days after the effective date of withdrawal from service.

Retirement Benefits

Members with twelve years of creditable service may retire at age fifty-five; members with twenty years of service may retire at age fifty; members with twenty-five years of service may retire regardless of age, provided that they have been a member of this system for at least one year. The retirement allowance is equal to three and one-third percent of the member's average final compensation multiplied by his years of creditable service, not to exceed one hundred percent of his average final compensation.

Disability Benefits

Any member who has been officially certified as totally disabled solely as the result of injuries sustained in the performance of his official duties, or for any cause, provided the member has a least five years of creditable service and provided that the disability was incurred while the member was an active contributing member, is entitled to disability benefits. Any member under the age of fifty who becomes totally disabled will receive a disability benefit equal to 60% of final compensation for an injury received in the line of duty; or 75% of his accrued retirement benefit with a minimum of 25% of average salary for any injury received, even though not in the line of duty.

St. Tammany Parish Fire Protection District No. 9

Notes to Financial Statements

Any member age fifty or older who becomes totally disabled from an injury sustained in the line of duty is entitled to a disability benefit equal to the greater of 60% of final compensation or his accrued retirement benefit. Any member age fifty or older who becomes totally disabled as a result of any injury, even though not in the line of duty, is entitled to a disability benefit equal to his accrued retirement benefit with a minimum of 25% of average salary.

The surviving spouse of a member who was on disability retirement at the time of death receives a benefit of \$200 per month. When the member takes disability retirement, he may in addition take an actuarially reduced benefit in which case the member's surviving spouse receives 50% of the disability benefit being paid immediately prior to the death of the disability retiree. The retirement system may reduce benefits paid to a disability retiree who is also receiving workers compensation payments.

Survivor Benefits

Benefits are payable to survivors of a deceased member who dies and is not eligible for retirement as follows. If any member is killed in the line of duty and leaves a surviving eligible spouse, the spouse is entitled to an annual benefit equal to two-thirds of the deceased member's final compensation. If any member dies from a cause not in the line of duty, the surviving spouse is entitled to an annual benefit equal to 3% of the deceased member's average final compensation multiplied by his total years of creditable service; however, in no event is the annual benefit less than 40% nor more than 60% of the deceased member's average final compensation.

Children of the deceased member who are under the age of eighteen years are entitled to the greater of \$200 per month or 10% of average final compensation (not to exceed 100% of average final compensation) until reaching the age of eighteen or until the age of twenty-two if enrolled full-time in an institution of higher learning, unless the surviving child is physically handicapped or mentally retarded in which case the benefit is payable regardless of age. If a deceased member dies leaving no surviving spouse, but at least one minor child, each child is entitled to receive 40% of the deceased's average final compensation, not to exceed an aggregate of sixty percent of average final compensation.

Cost of Living Adjustments

Under the provisions of R.S. 11: 246 and 11:2260A(7), the board of trustees is authorized to grant retired members and widows of members who have retired an annual cost of living increase of up to 3% of their current benefit, and all retired members and widows who are sixty-five years of age and older a 2% increase in their original benefit. In order for the board to grant either of these increases the system must meet certain criteria detailed in the statute related to funding status and interest earnings (R.S. 11:243). In lieu of the prior provisions, R.S. 11:241 provides for cost-of-living benefits payable based on a formula equal to up to \$1 times the total of the number of years of credited service accrued at retirement or at death of the member or retiree plus the number of years since retirement or since death of the member or retiree to the system's fiscal year end preceding the payment of the benefit increase.

Deferred Retirement Option Plan

In lieu of terminating employment and accepting a service retirement allowance, any member of the system who has at least twenty years of creditable service and who is eligible to receive a service retirement allowance may elect to participate in the deferred retirement option plan for up to thirty-six months and defer the receipt of benefits.

St. Tammany Parish Fire Protection District No. 9

Notes to Financial Statements

Upon commencement of participation in the deferred retirement option plan (“DROP”), membership in the system terminates and neither the employee nor employer contributions are payable. Compensation and creditable service will remain as they existed on the effective date of commencement of participation in the plan. The monthly retirement benefits that would have been payable, had the member elected to cease employment and receive a service retirement allowance, are paid into the deferred retirement option plan account. Upon termination of employment at the end of the specified period of participation, a participant in the program may receive, at his option, a lump sum payment from the account equal to the payments to the account, or a true annuity based upon his account, or he may elect any other method of payment if approved by the board of trustees. The monthly benefits that were being paid into the fund during the period of participation will begin to be paid to the retiree. If employment is not terminated at the end of the thirty-six months, payments into the account cease and the member resumes active contributing membership in the system. If the participant dies during the period of participation in the program, a lump sum payment equal to his account balance is paid to his named beneficiary or, if none, to his estate; in addition, normal survivor benefits are payable to survivors of retirees.

Initial Benefit Option

This option is available only to regular retirees who have not participated in DROP. Under this option members may receive an initial benefit plus a reduced monthly retirement allowance which, when combined, equal the actuarially equivalent amount of the maximum retirement allowance. The initial benefit may not exceed an amount equal to thirty-six payments of the member’s maximum retirement allowance. The initial benefit can be paid either as a lump-sum payment or placed in an account called an “initial benefit account” with interest credited thereto and monthly payments made from the account.

A member may also elect to receive an actuarially reduced benefit which provides for an automatic 2.5% annual compound increase in monthly retirement benefits based on the reduced benefit and commencing on the later of age fifty-five or retirement anniversary; this COLA is in addition to any ad hoc COLAs which are payable.

Optional Allowances

Members may receive their benefits as a life annuity, or in lieu of such receive a reduced benefit according to the option selected, which is the actuarial equivalent of the maximum benefit.

Option 1 – If the member dies before he has received in annuity payments the present value of his member’s annuity as it was at the time of retirement, the balance is paid to his beneficiary.

Option 2 – Upon retirement, the member receives a reduced benefit. Upon the member’s death, the designated beneficiary will continue to receive the same reduced benefit.

Option 3 – Upon retirement, the member receives a reduced benefit. Upon the member’s death, the designated beneficiary will receive one-half of the member’s reduced benefit.

Option 4 – Upon retirement, the member elects to receive a board approved benefit payable to the member, the member’s spouse, or the member’s dependent child, which is actuarially equivalent to the maximum benefit.

St. Tammany Parish Fire Protection District No. 9

Notes to Financial Statements

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

As of December 31, 2022, the District reported a liability of \$1,286,536 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of June 30, 2022, the District's proportion was 0.182454%, which was an increase of 0.044779% from its proportion measured as of June 30, 2021. For the measurement date of June 30, 2022, the District's proportionate share of plan pension expense was \$210,728.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 7,689	\$ 60,640
Net difference between projected and actual earnings on pension plan investments	291,434	-
Changes of assumptions	106,084	-
Changes in proportion	206,592	106,862
Employer contributions subsequent to the measurement date	71,311	-
	<u>\$ 683,110</u>	<u>\$ 167,502</u>

\$71,311 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the measurement date of June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Period Ended:</u>	<u>Amount</u>
June 30, 2022	\$ 90,296
June 30, 2023	71,008
June 30, 2024	40,589
June 30, 2025	178,308
June 30, 2026	34,313
June 30, 2027	29,783
	<u>\$ 444,297</u>

St. Tammany Parish Fire Protection District No. 9

Notes to Financial Statements

Actuarial Methods and Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability is as follows:

Valuation date:	June 30, 2022	
Actuarial cost method:	Entry age normal cost	
Estimated remaining service life ("ERSL"):	7 years, closed period	
Investment rate of return (discount rate):	6.90% per annum, net of pension plan investment expense, including inflation	
Inflation rate:	2.50% per annum	
	<u>Years of Service</u>	<u>Salary Growth Rate</u>
Salary increases, including inflation and merit increases:	1 - 2 years	14.10%
	3 - 14	5.20%
	15 - 24	5.20%
	25+ years	5.20%
Cost of living adjustments:	Only those previously granted	
Mortality rate		
Non-disabled members:	Mortality rates based on the Pub-2010 Public Retirement Plans Mortality Table for Safety Below Median Employees	
Disabled members:	Mortality rates based on the Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retires	

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. The long term expected nominal rate of return was 6.90% as of June 30, 2022.

St. Tammany Parish Fire Protection District No. 9

Notes to Financial Statements

Best estimates of real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2022 and June 30, 2021 measurement dates are summarized in the following table:

Asset Class	June 30, 2022		June 30, 2021	
	Expected Portfolio Real Rate of Return	Long-term Target Asset Allocation	Expected Portfolio Real Rate of Return	Long-term Target Asset Allocation
Equity	25.27%	56.00%	27.34%	56.00%
Fixed income	4.34%	26.00%	4.12%	26.00%
Multi-asset strategies	6.28%	0.00%	8.34%	0.00%
Alternatives	18.45%	18.00%	14.84%	18.00%
		100%		100%

Discount Rate

The discount rate used to measure the total pension liability was 6.90% for the June 30, 2022 measurement date compared to 6.90% for the June 30, 2021 measurement date. 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 the Board of Trustees and by the Public Retirement Systems' Actuarial Committee 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 Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the employer's proportionate share of the net pension liability using the discount rate of 6.90%, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower at 5.90%, or one percentage-point higher at 7.90%, than the current rate:

	1.0% Decrease (5.90%)	Current Discount Rate (6.90%)	1.0% Increase (7.90%)
Employer's proportionate share of the net pension liability	\$ 1,903,288	\$ 1,286,536	\$ 772,122

Payables to the Pension Plan

At December 31, 2022, the District reported accrued retirement contributions of \$3,467 for the outstanding amount of contributions due to the pension plan. This amount is included as retirement benefits payable on the statement of net position and balance sheet.

St. Tammany Parish Fire Protection District No. 9

Notes to Financial Statements

8. Tax Assessment and Contingency

The District received notices from the United States Department of Treasury (the “Treasury”) and the Louisiana Department of Revenue (the “State”) indicating balances due for past taxes, penalties, and interest. At December 31, 2022, the District had a balance of \$11,905 due to the Treasury for the late submission of Form 941 and the related payroll tax deposits for tax periods ending March 31, 2020; September 30, 2020; and December 31, 2020. At December 31, 2022, the District had a balance of \$7,828 due to the State for the late filing / submission of payroll taxes for the tax period ending September 30, 2021. The total balance of \$19,733 is reported as accounts payable with the correlating expense reported as administrative expense.

The Treasury assessed a penalty on the District for the late submission of the 2018 Form W2s to the Social Security Administration. The penalty and related interest totaled \$52,686 as of December 31, 2022. Management submitted Form 843 to the Treasury requesting the abatement of this penalty and all related fees and believes, more likely than not, this balance will be waived. Therefore, management has not accrued this balance.

9. Supplemental Pay

The State of Louisiana makes on behalf payments in the form of supplemental pay to the District’s personnel. The District has reported \$44,700 of on behalf payments as state supplemental revenue and as salary and benefits expense.

10. Litigation and Claims / Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District attempts to minimize risk from significant losses through the purchase of commercial insurance.

11. Compensation Paid to Board Members

The schedule of compensation paid is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation paid to the Board of Commissioners of the District for the year ended December 31, 2022, was as follows:

Board Member	Amount
Todd Kraft	\$ -
Leo Capponi	-
Wayne Hall	-
John Lejeune	-
Ross Jordan	-

St. Tammany Parish Fire Protection District No. 9

Notes to Financial Statements

12. Subsequent Events

The District has evaluated subsequent events through June 30, 2023, the date which the financial statements were available to be issued.

Required Supplementary Information

St. Tammany Parish Fire Protection District No. 9
Budgetary Comparison Schedule – General Fund
For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Adjustments to Budgetary Basis	Non-GAAP Budgetary Basis	Variance Favorable (Unfavorable)
Revenues						
Ad valorem taxes	\$ 968,600	\$ 881,090	\$ 1,042,080	\$ (149,532)	\$ 892,548	\$ 11,458
Intergovernmental revenues						
State revenue sharing	29,457	29,457	29,595	-	29,595	138
Fire insurance premium tax	21,250	21,250	40,200	-	40,200	18,950
State supplemental	-	-	44,700	(44,700)	-	-
Grants and Contributions	156,500	32,391	7,725	50,008	57,733	25,342
Miscellaneous income	34,315	34,315	58,456	-	58,456	24,141
Interest	5,000	5,000	11,381	-	11,381	6,381
	<u>1,215,122</u>	<u>1,003,503</u>	<u>1,234,137</u>	<u>(144,224)</u>	<u>1,089,913</u>	<u>86,410</u>
Expenditures						
Public safety - fire protection						
Salaries and benefits	817,522	817,522	1,037,230	12,406	1,049,636	(232,114)
Operating supplies and services	47,950	47,950	71,189	(23,319)	47,870	80
Insurance	61,600	61,600	88,063	-	88,063	(26,463)
Dispatcher fees	12,933	12,933	12,933	-	12,933	-
Repairs and maintenance	45,200	45,200	42,886	-	42,886	2,314
Utilities	15,500	15,500	17,977	-	17,977	(2,477)
Administration	23,975	23,975	92,393	-	92,393	(68,418)
Legal and professional services	31,000	31,000	25,884	20,625	46,509	(15,509)
Bond issuance costs	-	-	20,625	(20,625)	-	-
Capital outlay	1,326,858	1,526,858	428,553	-	428,553	1,098,305
	<u>2,382,538</u>	<u>2,582,538</u>	<u>1,837,733</u>	<u>(10,913)</u>	<u>1,826,820</u>	<u>755,718</u>
Excess (deficiency) of revenues over expenditures	<u>(1,167,416)</u>	<u>(1,579,035)</u>	<u>(603,596)</u>	<u>(133,311)</u>	<u>(736,907)</u>	<u>842,128</u>
Other financing sources (uses)						
Proceeds from sale of capital assets	20,000	20,000	45,500	-	45,500	25,500
Proceeds from issuance of bonds	1,200,000	1,400,000	1,400,000	-	1,400,000	-
Transfers out	(101,344)	(101,344)	(171,778)	-	(171,778)	(70,434)
	<u>1,118,656</u>	<u>1,318,656</u>	<u>1,273,722</u>	<u>-</u>	<u>1,273,722</u>	<u>(44,934)</u>
Net change in fund balances	<u>\$ (48,760)</u>	<u>\$ (260,379)</u>	<u>670,126</u>	<u>\$ (133,311)</u>	<u>536,815</u>	<u>\$ 797,194</u>
Fund balances, beginning of year			<u>833,629</u>		<u>284,674</u>	
Fund balances, end of year			<u>\$ 1,503,755</u>		<u>\$ 821,489</u>	

St. Tammany Parish Fire Protection District No. 9
Schedule of Employer's Proportionate Share of Net Pension Liability
For the Year Ended December 31, 2022

<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Employee Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
June 30, 2022	0.182454%	\$ 1,286,536	\$ 458,728	280.46%	74.68%
June 30, 2021	0.137675%	487,900	346,144	140.95%	86.78%
June 30, 2020	0.143223%	992,757	357,517	277.68%	72.61%
June 30, 2019	0.156009%	976,914	386,945	252.47%	73.96%
June 30, 2018	0.173261%	996,611	382,617	260.47%	74.76%
June 30, 2017	0.168506%	965,851	382,617	252.43%	73.55%
June 30, 2016	0.170484%	1,115,119	384,401	290.09%	68.16%
June 30, 2015	0.172400%	930,462	418,202	222.49%	72.00%

**The information above is presented as of the pension plan measurement date of June 30, 2022.*

***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. 9
Schedule of Employer's Pension Contributions
For the Year Ended December 31, 2022

Year Ended	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
December 31, 2022	\$ 155,509	\$ 155,509	-	463,945	33.52%
December 31, 2021	129,733	129,733	-	392,011	33.09%
December 31, 2020	119,373	119,373	-	396,429	30.11%
December 31, 2019	104,040	104,040	-	388,512	26.78%
December 31, 2018	110,756	110,756	-	403,358	27.46%
December 31, 2017	103,065	103,065	-	369,740	27.87%
December 31, 2016	102,078	102,078	-	388,899	26.25%
December 31, 2015	106,717	106,717	-	378,707	28.18%

***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. 9

Notes to Required Supplementary Information

Firefighters' Retirement System

Changes in Benefit Terms

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

Changes in Assumptions

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

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

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

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

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

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

Other Supplementary Information

St. Tammany Parish Fire Protection District No. 9
Schedule of Compensation, Benefits, and Other Payments to District Head
For the Year Ended December 31, 2022

District Head: Scott Brewer
 Position: Fire Chief

Purpose	Amount
Salary	\$ 111,866
Salary - state supplemental	6,450
Benefits - insurance	14,948
Benefits - retirement	39,483
Benefits - 457 plan	2,463
	<u>\$ 175,210</u>

Louisiana Revised Statute (R.S.) 24:513 A. (3) requires virtually every local auditee report that is submitted to the Louisiana Legislative Auditor to include a schedule of compensation, benefits, and other payments to the agency head. The compensation, benefits, and other payments that are to be reported on this schedule include travel, unvouchered expenses, per diem, registration fees, reimbursements, etc. and is presented on an accrual basis.

***Reports Required by
Government Auditing Standards***

**Independent Auditor’s Report on Internal Control Over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Board of Commissioners
St. Tammany Parish Fire Protection District No. 9
Bush, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the St. Tammany Parish Fire Protection District No. 9 (the “District”) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated June 30, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying schedule of findings as item **2022-01** that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

The District's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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



Covington, Louisiana
June 30, 2023

**St. Tammany Parish Fire Protection District No. 9
 Summary of Auditor's Results and Schedule of Findings
 For the Year Ended December 31, 2022**

A. Summary of Auditor's Results

a. Financial Statements

Type of auditors' report issued: Unmodified

b. Internal control over financial reporting:

Material weaknesses identified	_____ yes	_____ <input checked="" type="checkbox"/> no
Significant deficiencies identified not considered to be material weaknesses	_____ <input checked="" type="checkbox"/> yes	_____ none noted

c. Noncompliance material to financial statements noted

_____ yes _____ no

B. Findings in Accordance with *Government Auditing Standards*

2022-01 Significant Deficiency in Internal Controls: Disbursements

Criteria

Consistent performance of controls over disbursements is critical to maintaining an effective system of internal control.

Condition

While performing control testing procedures over disbursements and throughout our audit, we noted instances in which disbursements did not have detailed receipts or invoices on file and instances of invoices/receipts missing evidence of approval.

Cause

Inconsistent operation and application of controls over disbursements.

Effect

Failure to maintain consistent performance of controls over disbursements creates an environment in which there is potential for failure of management and/or the board members to prevent or detect misstatements on a timely basis.

Recommendation

The District should be consistent in following written policy, which currently states that the District is to maintain support for all disbursements and document the review and approval of purchases before payment is made.

Management's Response

Management will review the disbursement process to identify the cause of inconsistencies and revise the process as necessary to ensure all controls are implemented and operating consistently.

St. Tammany Parish Fire Protection District No. 9
Summary Schedule of Prior Year Findings
For the Year Ended December 31, 2022

A. Findings in Accordance with *Government Auditing Standards*

2021-1 Material Weakness in Internal Controls: Accounting Close Process

Condition

We noted the following items related to the District's accounting close process that, when considered in the aggregate, we consider to be a material weakness:

- The District's trial balance contained inconsistencies within account balances, including: cash, receivables, payables, revenues, and expenses which did not agree to supporting documentation.
- Quantity and dollar amount of audit adjustments as a result of our audit procedures relating to errors in the District's accounts.
- Limited internal control procedures that would enable the proper cutoff and timely recording of receivables and payables under the modified accrual basis of accounting to accurately report governmental fund financial statements.

Update

The District obtained assistance from third parties with the accounting records to address these issues.

2021-2 Material Weakness in Internal Controls: Debt Approval

Condition

Our audit procedures indicated the District obtained a \$100,000 unsecured draw-down line of credit from a financial institution on November 11, 2021 rather than the type of debt approved by the State Bond Commission on September 16, 2021. The District initially received approval from the State Bond Commission to issue \$100,000 limited tax certificates of indebtedness. In addition, the District's Board of Commissioners approved the issuance of \$100,000 limited tax certificates of indebtedness rather than an unsecured line of credit.

Update

This finding was not repeated. A bond was issued in the current fiscal year.

Statewide Agreed-Upon Procedures

Independent Accountant’s Report on Applying Agreed-Upon Procedures

To the Board of Commissioners
St. Tammany Parish Fire Protection District No. 9
Bush, Louisiana

We have performed the procedures enumerated below, solely to assist the users in assessing certain controls and in evaluating management's assertions about St. Tammany Parish Fire Protection District No. 9's (the "District") compliance with certain laws and regulations during the period of January 1, 2022 through December 31, 2022. Management of the District is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations.

The District and the Legislative Auditor, State of Louisiana have agreed and acknowledged that the procedures performed are appropriate to meet the intended purpose of assessing certain controls and in evaluating management's assertions about the District's compliance with certain laws and regulations. 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 procedure performed are appropriate for the purposes.

The procedures and the associated exceptions are as follows:

1) Written Policies and Procedures

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - ii. ***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.
 - iii. ***Disbursements***, including processing, reviewing, and approving.

-
- iv. **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).
 - v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
 - vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
 - viii. **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).
 - ix. **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.
 - x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
 - xi. **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.
 - xii. **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

The documented policies and procedures manual does not clearly address the following:

- Budget – does not provide a clear description indicating how the budget is prepared, adopted, monitored, or amended.
- Purchasing – does not indicate: how vendors are added to the vendor list; the preparation or approval process of purchase requisitions and purchase orders; controls to ensure compliance with the Public Bid Law; the bid process or documentation required to be maintained for all bids and price quotes.
- Receipts/Collections – does not include information about receiving, recording, or preparing deposits. Also, the manual does not include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions.

-
- Contracting – does not include information about (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, or (5) monitoring process.
 - Travel and Expense Reimbursement – includes the mileage reimbursement rate but includes no other dollar thresholds by category of expense.
 - Credit Cards and Fuel Cards – does not include information indicating how cards are to be controlled or the monitoring of card usage.
 - Ethics – does not include clear details regarding a system to monitor possible ethics violations or a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity’s ethics policy.
 - Debt Service – the policies and procedures manual does not address debt service; including: debt issuance approval, continuing disclosure/EMMA reporting requirements, debt reserve requirements, or debt service requirements.
 - Information Technology Disaster Recovery/Business Continuity – the policies and procedures manual does not address: (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.
 - Prevention of Sexual Harassment – the policies and procedures manual does not include the information contained within R.S. 42:342-344: (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board’s enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board’s enabling legislation, charter, bylaws, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds.
 - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management’s corrective action plan at each meeting until the findings are considered fully resolved.

Results

The minutes of meetings did not provide details regarding discussions about the budget; including, the monthly budget-to-actual comparisons or adjustments/amendments.

The minutes of meetings did not provide any detail regarding prior year audit findings or the process to resolve the findings.

3) *Bank Reconciliations*

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results

No exceptions noted.

4) *Collections (excluding electronic funds transfers)*

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that
- i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and

-
- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
 - D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - v. Trace the actual deposit per the bank statement to the general ledger.

Results

No exceptions noted.

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

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
 - B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
-

-
- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Results

The District's policies and procedures manual does not clearly dictate the following items:

- for two employees to be involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
- for two employees to be involved in processing and approving payments to vendors;
- 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;
- 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

The testing indicated management, who does not have check signing authority, has the ability to process payments for purchases using credit cards, ACH, EFT, and wires and has unlimited access to the District's accounting software.

Our testing of the selected transactions indicated the following:

- \$7,186 paid to the District's Fire Chief by check as a reimbursement

The District hired an employee-owned business, Obeck Cabinets, LLC, to install cabinets for a total cost of \$7,186. Obeck Cabinets, LLC is owned by the District's Captain. The \$7,186 was paid by the Fire Chief using his personal credit card, and the Fire Chief was reimbursed by the District.

We noted no written documentation:

- to support the reason to hire an employee without first obtaining quotes or bids.
- indicating at least two individuals approved the purchase of the cabinets and services before the purchase
- to support paying Obeck Cabinets, LLC with a personal credit card rather than with a check directly from the District.

- \$1,000 paid to the District's Captain by ACH

The District paid the District's Captain \$1,000 to rent his personal tractor (8 hours x \$125 per hour) to assist with Hurricane cleanup. No contract or agreement on was file. We reviewed an invoice created by the District's Captain.

We noted no written documentation:

- to support the reason to hire an employee without first obtaining quotes or bids.
- indicating at least two individuals approved the purchase before the purchase occurred

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

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
 - i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results

In regards to procedures #6.B., our testing of the selected statements indicated that all receipts weren't attached to the correlating statement and all supporting documentation wasn't reviewed and approved, in writing, by someone other than the authorized card holder.

In regards to procedure #6.C., we noted the following exceptions for the 10 selected transactions listed on the MasterCard statement with the closing date of July 1, 2022:

<u>Date</u>	<u>Vendor</u>	<u>Amount</u>	<u>Exception</u>
6/7/2022	Pmewood Ballroom Restaurant, Slidell, LA	\$300.00	No itemized meal receipt, no list of attendees, no documented business purpose; no documentation of approval on receipt
06/07/2022	Yama Hibachi Bowl, Hammond, LA	\$40.00	No itemized meal receipt, no list of attendees, no documented business purpose; no documentation of approval on receipt
06/01/2022	Trophy Shop of Covington	72.50	Could not locate a detailed receipt, no written documentation indicating the public purpose; no signature/initials indicating review/approval
06/24/2022	1000Bulds.com	\$1,307.89	Could not locate a detailed receipt, no written documentation indicating the public purpose; no signature/initials indicating review/approval
06/09/2022	Walmart	\$93.74	Could not locate a detailed receipt, no written documentation indicating the public purpose; no signature/initials indicating review/approval
06/10/2022	Walmart	15.26	Receipt was signed by the person who made the charge; no written documentation indicating the public purpose; no signature/initials indicating review/approval
06/22/2022	Tractor Supply	\$43.39	Receipt was signed by the person who made the charge; no written documentation indicating the public purpose; no signature/initials indicating review/approval
06/14/2022	AutoZone, Baton Rouge	\$78.47	Could not locate a detailed receipt, no written documentation indicating the public purpose; no signature/initials indicating review/approval
06/23/2022	eBay	\$92.99	Did not have written documentation of the public purpose or signature/initials indicating review/approval
06/27/2022	Amazon	\$41.58	Did not have written documentation of the public purpose or signature/initials indicating review/approval

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

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results

No exceptions noted.

8) *Contracts*

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
 - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
 - iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results

No exceptions noted.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Results

No exceptions noted.

10) Ethics

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

Results

Our testing indicated that one employee in a management position did not complete the ethic course during the 2022 calendar year.

11) Debt Service

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

Results

No exceptions noted.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results

We did not observe the notice posted on the District's website.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
 - i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
 - ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

-
- iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Results

No exceptions noted. We performed the procedure and discussed the results with management.

14) Prevention of Sexual Harassment

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

Results

For the 2022 calendar year, we noted the employees / officials selected for testing did not complete the sexual harassment training, and the District did not post sexual harassment policy and complaint procedures. The District did not complete the annual sexual harassment report for the 2022 fiscal period, as required by R.S. 42:344.

Summary of Results

Written Policies and Procedures

The documented policies and procedures manual does not clearly address the following:

- Budget – does not provide a clear description indicating how the budget is prepared, adopted, monitored, or amended.
- Purchasing – does not indicate: how vendors are added to the vendor list; the preparation or approval process of purchase requisitions and purchase orders; controls to ensure compliance with the Public Bid Law; the bid process or documentation required to be maintained for all bids and price quotes.
- Receipts/Collections – does not include information about receiving, recording, or preparing deposits. Also, the manual does not include management’s actions to determine the completeness of all collections for each type of revenue or agency fund additions.
- Contracting – does not include information about (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, or (5) monitoring process.
- Travel and Expense Reimbursement – includes the mileage reimbursement rate but includes no other dollar thresholds by category of expense.
- Credit Cards and Fuel Cards – does not include information indicating how cards are to be controlled or the monitoring of card usage.
- Ethics – does not include clear details regarding a system to monitor possible ethics violations or a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity’s ethics policy.
- Debt Service – the policies and procedures manual does not address debt service; including: debt issuance approval, continuing disclosure/EMMA reporting requirements, debt reserve requirements, or debt service requirements.
- Information Technology Disaster Recovery/Business Continuity – the policies and procedures manual does not address: (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.
- Prevention of Sexual Harassment – the policies and procedures manual does not include the information contained within R.S. 42:342-344: (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Board or Finance Committee

The minutes of meetings did not provide details regarding discussions about the budget; including, the monthly budget-to-actual comparisons or adjustments/amendments.

The minutes of meetings did not provide any detail regarding prior year audit findings or the process to resolve the findings.

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

The District's policies and procedures manual does not clearly dictate the following items:

- for two employees to be involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
- for two employees to be involved in processing and approving payments to vendors;
- 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;
- 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

The testing indicated management, who does not have check signing authority, has the ability to process payments for purchases using credit cards, ACH, EFT, and wires. This individual also has unlimited access to the District's accounting software.

Our testing of the selected transactions indicated the following:

- \$7,186 paid to the District's Fire Chief by check as a reimbursement

The District hired an employee-owned business, Obeck Cabinets, LLC, to install cabinets for a total cost of \$7,186. Obeck Cabinets, LLC is owned by the District's Captain. The \$7,186 was paid by the Fire Chief using his personal credit card, and the Fire Chief was reimbursed by the District.

We noted no written documentation:

- to support the reason to hire an employee without first obtaining quotes or bids.
- indicating at least two individuals approved the purchase of the cabinets and services before the purchase
- to support paying Obeck Cabinets, LLC with a personal credit card rather than with a check directly from the District.

- \$1,000 paid to the District's Captain by ACH

The District paid the District's Captain \$1,000 to rent his personal tractor (8 hours x \$125 per hour) to assist with Hurricane cleanup. No contract or agreement on was file. We reviewed an invoice created by the District's Captain.

We noted no written documentation:

- to support the reason to hire an employee without first obtaining quotes or bids.
- indicating at least two individuals approved the purchase before the purchase occurred

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

In regards to procedures #6.B., our testing of the selected statements indicated that all receipts weren't attached to the correlating statement and all supporting documentation wasn't reviewed and approved, in writing, by someone other than the authorized card holder.

In regards to procedure #6.C., we noted the following exceptions for the 10 selected transactions listed on the MasterCard statement with the closing date of July 1, 2022:

Date	Vendor	Amount	Exception
6/7/2022	Pnewood Ballroom Restaurant, Slidell, LA	\$300.00	No itemized meal receipt, no list of attendees, no documented business purpose; no documentation of approval on receipt
06/07/2022	Yama Hibachi Bowl, Hammond, LA	\$40.00	No itemized meal receipt, no list of attendees, no documented business purpose; no documentation of approval on receipt
06/01/2022	Trophy Shop of Covington	72.50	Could not locate a detailed receipt, no written documentation indicating the public purpose; no signature/initials indicating review/approval
06/24/2022	1000Bulds.com	\$1,307.89	Could not locate a detailed receipt, no written documentation indicating the public purpose; no signature/initials indicating review/approval
06/09/2022	Walmart	\$93.74	Could not locate a detailed receipt, no written documentation indicating the public purpose; no signature/initials indicating review/approval
06/10/2022	Walmart	15.26	Receipt was signed by the person who made the charge; no written documentation indicating the public purpose; no signature/initials indicating review/approval
06/22/2022	Tractor Supply	\$43.39	Receipt was signed by the person who made the charge; no written documentation indicating the public purpose; no signature/initials indicating review/approval
06/14/2022	AutoZone, Baton Rouge	\$78.47	Could not locate a detailed receipt, no written documentation indicating the public purpose; no signature/initials indicating review/approval
06/23/2022	eBay	\$92.99	Did not have written documentation of the public purpose or signature/initials indicating review/approval
06/27/2022	Amazon	\$41.58	Did not have written documentation of the public purpose or signature/initials indicating review/approval

Ethics

Our testing indicated that one employee in a management position did not complete the ethic course during the 2022 calendar year.

Fraud Notice

We did not observe the notice posted on the District's website.

Prevention of Sexual Harassment

For the 2022 calendar year, we noted the employees / officials selected for testing did not complete the sexual harassment training, and the District did not post sexual harassment policy and complaint procedures. The District did not complete the annual sexual harassment report for the 2022 fiscal period, as required by R.S. 42:344.

Management's Responses and Corrective Action Plan

Written Policies and Procedures

Management and the board members will review the policies and procedures manual and make updates to address the topics listed within the Statewide Agreed-Upon Procedures in greater detail.

Board or Finance Committee

The Board Secretary with the help of management will begin documenting in detail the Minutes of Meetings. The details will address the Board's discussions about the budget; including the monthly budget-to-actual comparisons and/or adjustments to the budget.

The board members will also review and discuss the audit reports, including the audit findings, and document the discussions about the findings and the process to resolve the findings.

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

Management and the board members will review the policies and procedures manual and make updates to address the topics listed within the Statewide Agreed-Upon Procedures in greater detail.

The board members will review and discuss the following topics and determine if implementation of additional policies is feasible for the District:

- not having anyone without check signing authority process ACH, EFT, and wires.
- restricting individuals with purchasing authority from specific functions within the accounting software
- pay vendors directly for materials and/or services using a check
- hire contractors/vendors who are not a current employee or related party of the District

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

Management and the board members will work together to ensure every credit card statement has all detailed receipts/invoices securely attached. All meal receipts will contain a written description of the purpose of the meal and a listing of everyone present. Each receipt and invoice will be reviewed and signed by someone other than the individual who made the purchase.

Ethics

Management will ensure all full-time employees complete the required ethics training and maintain the certificate of completion on file.

Fraud Notice

The District will obtain the fraud notice link from the Louisiana Legislative Auditor's website and post to the District's website in plain view.

Prevention of Sexual Harassment

Management will ensure all full-time employees complete the required sexual harassment training and maintain the certificate of completion on file. District will post the sexual harassment policy and complaint procedures on site and complete the annual sexual harassment report for each year by February 1 (following year-end), as required by R.S. 42:344.

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 assessing certain controls and evaluating management's assertions about the District's compliance with certain laws and regulations. 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 for the information and use of management of the District and the Legislative Auditor, State of Louisiana, and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in black ink that reads "Pinell S. Martineau, LLC". The signature is written in a cursive, flowing style.

Covington, Louisiana
June 30, 2023