

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Financial Statements with Supplementary Information

December 31, 2023

(With Independent Auditors' Report Thereon)

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

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Independent Auditors' Report

**Board of Commissioners
St. Tammany Parish Fire Protection District No. 6
Covington, Louisiana**

Opinions

We have audited the financial statements of the governmental activities and the major fund of the St. Tammany Parish Fire Protection District No. 6 (the District), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District, as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and Government Auditing Standards, we

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

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

Other Matters

Required Supplementary Information

Management has omitted the management's discussions 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 to be an essential part of financial reporting for placing the basic financial statements in an appropriate

operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedules of compensation paid to board members and compensation, benefits and other payments to agency head are presented to comply with the requirements issued by the State of Louisiana, and are not required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of compensation paid to board members and compensation, benefits and other payments to agency head are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Griffin & Furman, LLC

April 30, 2024

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Statement of Net Position

December 31, 2023

	<u>Governmental Activities</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 27,253
Due from Governmental Units	643,878
Prepaid expenses	21,980
Capital assets, net of accumulated depreciation	<u>862,417</u>
Total assets	<u>1,555,528</u>
<u>Deferred Outflows of Resources</u>	
Changes in net pension liability not yet recognized in pension expense	<u>100,478</u>
<u>Liabilities</u>	
Accounts payable	35,631
Payroll and retirement liabilities	26,704
Sheriff's pension deduction payable	22,023
Compensated absences payable	15,849
Note payable	193,454
Net pension liability	<u>224,046</u>
Total liabilities	<u>517,707</u>
<u>Deferred Inflows of Resources</u>	
Changes in net pension liability not yet recognized in pension expense	<u>27,024</u>
<u>Net Position</u>	
Net investment in capital assets	862,417
Unrestricted	<u>248,858</u>
	\$ <u><u>1,111,275</u></u>

See accompanying notes to financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Statement of Activities

For the Year Ended December 31, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue & Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants</u>	
Governmental Activities:				
Public safety	\$ <u>955,235</u>	<u>-</u>	<u>76,930</u>	<u>(878,305)</u>
Total	\$ <u><u>955,235</u></u>	<u><u>-</u></u>	<u><u>76,930</u></u>	<u><u>(878,305)</u></u>
General Revenues:				
Ad valorem				682,100
Fire insurance tax				38,022
State revenue sharing				21,361
Interest				2,347
Other income				28,382
Donations				<u>20,000</u>
Total general revenues				<u>792,212</u>
Change in net position				(86,093)
Net position - beginning of year				<u>1,197,368</u>
Net position - end of year				\$ <u><u>1,111,275</u></u>

See accompanying notes to the financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Governmental Funds

Balance Sheet

December 31, 2023

Assets

	<u>General</u>	<u>Total Governmental Funds</u>
Assets:		
Cash and cash equivalents	\$ 27,253	27,253
Due from Governmental Units	643,878	643,878
Prepaid expenses	21,980	21,980
	<u>693,111</u>	<u>693,111</u>

Liabilities, Deferred Inflows of Resources, & Fund Balances

Liabilities:		
Accounts payable	35,631	35,631
Payroll and retirement liabilities	26,704	26,704
Sheriff's pension deduction payable	22,023	22,023
	<u>84,358</u>	<u>84,358</u>
Total liabilities	84,358	84,358
Deferred Inflows of Resources:		
Unavailable revenue - ad valorem	30,211	30,211
	<u>30,211</u>	<u>30,211</u>
Fund Balances:		
Nonspendable	21,980	21,980
Unassigned	556,562	556,562
	<u>578,542</u>	<u>578,542</u>
Total fund balances	578,542	578,542
Total liabilities, deferred inflows of resources, & fund balances	\$ 693,111	693,111

See accompanying notes to the financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

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

December 31, 2023

Fund Balances - total governmental funds	\$	<u>578,542</u>
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		862,417
Deferred outflows of contributions for retirement systems are not payable from current expendable resources and, therefore are not reported in the funds		100,478
Long-term liabilities at December 31, 2023:		
Compensated absences payable		(15,849)
Note payable		(193,454)
Net pension liability		(224,046)
Deferred inflows of contributions for retirement systems are not payable from current expendable resources and, therefore are not reported in the funds		(27,024)
Certain property tax collections are not available to pay for current period expenditures and therefore are reported as deferred inflows of resources in the governmental funds		<u>30,211</u>
Net Position of Governmental Activities	\$	<u><u>1,111,275</u></u>

See accompanying notes to the financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended December 31, 2023

	<u>General</u>	<u>Total Governmental Funds</u>
Revenues:		
Ad valorem	\$ 682,738	682,738
Fire insurance tax	38,022	38,022
State revenue sharing	21,361	21,361
Grants	76,930	76,930
Interest	2,347	2,347
Other income	18,330	18,330
Donations	20,000	20,000
Total revenues	<u>859,728</u>	<u>859,728</u>
Expenditures:		
Public safety		
Professional fees	20,802	20,802
Personnel	435,454	435,454
Insurance	33,935	33,935
Repairs and maintenance	193,113	193,113
Utilities	32,215	32,215
Training	20,074	20,074
Dispatch fees	50,309	50,309
Telephone	2,050	2,050
Supplies	67,843	67,843
Sheriff's pension deduction	22,023	22,023
Total public safety	<u>877,818</u>	<u>877,818</u>
Debt service - interest	9,290	9,290
Debt service - principal	7,698	7,698
Capital outlay	23,050	23,050
Total expenditures	<u>917,856</u>	<u>917,856</u>
Net change in fund balance	(58,128)	(58,128)
Fund balance, beginning of year	<u>636,670</u>	<u>636,670</u>
Fund balance, end of year	\$ <u><u>578,542</u></u>	\$ <u><u>578,542</u></u>

See accompanying notes to the financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

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

For the Year Ended December 31, 2023

Net Change in Fund Balances - total governmental funds \$ (58,128)

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

Governmental funds report capital outlays as expenditures.
However, in the statement of activities the cost of those
assets is allocated over their estimated useful lives and
reported as depreciation expense.

Capital asset additions	23,050
Depreciation expense	(55,442)

Property tax revenues in the government-wide statement of
activities include economic resources that are not reported as
revenues in the governmental fund operating statement. This
is the amount by which current year deferred inflows of resources
in the governmental funds of \$30,211 was less than prior year
deferred inflows of resources in the governmental funds of \$30,849. (638)

Pension expense is based on employer contributions in the
Statement of Revenues, Expenditures, and Changes in Fund
Balances but is an actuarially calculated expense on the
Statement of Activities (682)

Compensated absences - the change in the amount by which current
year compensated absences of \$15,849 was more than prior year
compensated absences of \$13,898. (1,951)

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

Debt service - principal	<u>7,698</u>
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Change in Net Position of Governmental Activities \$ (86,093)

See accompanying notes to the financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Notes to the Financial Statements

December 31, 2023

(1) Summary of Significant Accounting Policies

(a) Introduction

The St. Tammany Parish Fire Protection District No. 6 (the District) was created on September 17, 1970 by St. Tammany Parish Police Jury, as provided by Louisiana Revised Statute 40:1492. The District was created to acquire, maintain, and operate buildings, machinery, equipment, water tanks, water hydrants and water lines, and other such things necessary to provide proper fire prevention and control within the District's limits. The administration of the District is governed by a board of commissioners consisting of 5 members who are resident property taxpayers of the District. These members are appointed by the St. Tammany Parish Police Jury and serve 2 years without remuneration. The District operates three fire stations and provides fire protection services in an area covering approximately 55 square miles.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

(b) Basis of Presentation

Government-Wide Financial Statements:

The government-wide financial statements include the statement of net position and statement of activities for all of the non-fiduciary activities of the District. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are financed to a significant extent by fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. There were program revenues of \$76,930 for the year ended December 31, 2023.

Fund Financial Statements:

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

The daily accounts and operation of the District continue to be organized on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Notes to the Financial Statements

December 31, 2023

functions or activities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise assets, liabilities, equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The District reports only one governmental fund and it represents the major governmental fund:

The *General Fund* is the principal fund of the District and is used to account for all activities except those required to be accounted for in other funds.

Management's Discussion and Analysis:

The Governmental Accounting Standards Board Statement requires a Management's Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of operations and financial statements prepared using full accrual accounting for all of the District's activities. The District has not presented Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined necessary to supplement, although not required to be part of, the basic financial statements.

(c) Reporting Entity

The District is 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 (CAFR) of the Parish for the year ended December 31, 2023.

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

(d) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Government-wide Financial Statements:

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

Fund Financial Statements:

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Notes to the Financial Statements

December 31, 2023

financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Ad valorem taxes and the related state revenue sharing (intergovernmental revenue) are recognized as revenue in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of year, and become delinquent on December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable until actually received.

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

The District has adopted the provisions of GASB Statement No. 54 *Fund Balance Reporting and Government Fund Type Definitions*, which changed the reporting of fund balance in the balance sheets of governmental fund types. 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 five components - nonspendable, restricted, committed, assigned and unassigned.

- *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.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Notes to the Financial Statements

December 31, 2023

- *Assigned* – This component consists of amounts that are constrained by the District’s intent to be used for specific purposes, but 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 the unassigned as they are needed.

(e) Operating Budgetary Data

As required by the Louisiana Revised Statute 39:1303, the Board of Commissioners (the Board) adopted a budget for the District’s General Fund. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget and public hearing on the budget prior to adoption. Any amendment involving the transfers of monies from one function to another or increases in expenditures must be approved by the Board. The District amended its budget once during the year. All budgeted amounts which are not expended, or obligated through contracts, lapse at the year end.

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

(f) Assets, Liabilities, and Net Position

Cash and Cash Equivalents

Cash includes amounts in interest bearing demand deposits. Under state law, the District may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or banks having their principal offices in Louisiana.

Due from Governmental Units

Amounts due from governmental units is comprised of ad valorem taxes and state revenue sharing. These amounts are reported net of estimated uncollectible amounts. The allowance for uncollectible property taxes is \$13,850, which represents 2% of the total ad valorem tax receivable, at December 31, 2023. The estimate is based on the District’s history of collections within this revenue stream.

Capital Assets

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Notes to the Financial Statements

December 31, 2023

Government-wide Financial Statements:

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

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

Buildings	40 years
Furniture and equipment	5-10 years
Vehicles	15 years

Fund Financial Statements:

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

Compensated Absences

The cost of current leave privileges, computed in accordance with GASB Codification C60 Compensated Absences, is recognized as a current-year expense when leave is actually taken. Annual leave available to employees is earned in the year preceding its availability thus a liability for such leave benefits is reported in the statement of net position. Sick leave cannot be carried over to the following year therefore there are no accumulated sick leave benefits recorded as a liability.

Long-Term Debt

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

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

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Notes to the Financial Statements

December 31, 2023

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Firefighters' Retirement System (the System) and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows and Inflows of Resources

Government-Wide Financial Statements - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District has one item that meets this criterion for this category - pension related deferrals. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District has one item that meets the criterion for this category - pension related deferrals.

Fund Financial Statements - In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred Inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District has one item that meets the criterion for this category - receipt of ad valorem taxes more than 60 days after year-end.

Net Position

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

1. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Notes to the Financial Statements

December 31, 2023

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. As of December 31, 2023, and for the year then ended, the District did not have or receive restricted net assets.

Fund Balance

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

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

1. **Nonspendable** – This component consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
2. **Restricted** – This component consists of amounts that have constraints placed on them either externally by third parties (bond creditors) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the District to assess payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.
3. **Committed** – This component consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District. Those committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed previously to commit those amounts.
4. **Assigned** – This component consists of amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed.
5. **Unassigned** – This component consists of amounts that have not been restricted, committed or assigned to specific purposes within the general fund.

The District has no restricted, committed, or assigned fund balances as of December 31, 2023. As of December 31, 2023, the non-spendable fund balance amounted to \$21,980.

The Board of Commissioners, as the highest level of decision-making authority, can establish, modify or rescind a fund balance commitment by formal vote at a public board meeting. For

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Notes to the Financial Statements

December 31, 2023

assigned fund balance the Board of Commissioners authorizes management to assign amounts for a specific purpose.

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

Revenues

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

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

All other revenues are recorded when received.

Expenditures

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

(g) Use of Estimates

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

(h) New Accounting Standard Adopted

In May of 2020, the GASB Statement No. 96, Subscription-Based Information Technology Arrangements, was issued. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2023. The Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset, or an intangible asset, and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding SBITA. To the extent relevant, the standards for SBITA are based on the standards established in Statement No. 87, Leases, as amended. The adoption of this standard had no effect on the District's financials.

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Notes to the Financial Statements

December 31, 2023

(2) Deposits and Investments

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

Bank Deposits:

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

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

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

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

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

The year end balances of deposits are as follows:

	<u>Bank Balances Category</u>			<u>Book</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Balance</u>
Cash	\$ <u>31,705</u>	<u>-</u>	<u>-</u>	<u>27,253</u>

At December 31, 2023, the District held cash (bank balance) of \$31,705 in interest bearing demand deposits. These deposits were fully secured from risk by FDIC insurance.

(3) Due from Governmental Units

Amounts due from governmental units as of December 31, 2023 are as follows:

Property taxes, net of allowance of \$13,850	\$ 609,637
State revenue sharing	<u>14,241</u>
	<u>\$ 623,878</u>

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Notes to the Financial Statements

December 31, 2023

(4) Property Taxes

Property taxes are levied each November 1st on the assessed value listed as of prior January 1st for all real property, merchandise, and movable property located in the Parish. Assessed values are established by the St. Tammany Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. Taxes are due and payable December 31st with interest being charged on payments after January 1st. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2023 was \$20.12 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.

(5) Capital Assets

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

	Balance January 1, 2023	Increases	Decreases	Balance December 31, 2023
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 173,402	-	-	173,402
Capital Assets Being Depreciated				
Buildings	478,609	-	-	478,609
Building improvements	91,475	6,600	-	98,075
Furniture and equipment	763,600	16,450	-	780,050
Vehicles	720,794	-	-	720,794
Total Capital Assets Being Depreciated	2,054,478	23,050	-	2,077,528
Less Accumulated Depreciation for:				
Buildings	(184,144)	(11,770)	-	(195,914)
Building improvements	(20,431)	(2,513)	-	(22,944)
Furniture and equipment	(538,263)	(27,525)	-	(565,788)
Vehicles	(590,233)	(13,634)	-	(603,867)
Total Accumulated Depreciation	(1,333,071)	(55,442)	-	(1,388,513)
Total Capital Assets Being Depreciated, Net	721,407	(33,392)	-	689,015
Total Governmental Activities	\$ 894,809	(33,392)	-	862,417

The District recorded \$55,442 of depreciation expense on its capital assets for the year ended December 31, 2023.

Notes to the Financial Statements

December 31, 2023

(6) Pension Plan

Plan Description

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

The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

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

Eligibility Requirements

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

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

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

Retirement Benefits

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

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Notes to the Financial Statements

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

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

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

Disability Benefits

A member who acquires a disability, and who files for disability benefits while in service, and who upon medical examination and certification as provided for in Title 11, is found to have a total disability solely as the result of injuries sustained in the performance of his official duties, or for any cause, provided the member has at least five years of creditable service and provided that the disability was incurred while the member was an active contributing member in active service, shall be entitled to disability benefits under the provisions of R.S. 11:2258(B).

Death Benefits

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

Deferred Retirement Option Plan

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

Upon commencement of participation in the deferred retirement option plan, employer and employee contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the deferred retirement option plan account. Upon termination of employment, a participant in the program has several options to receive their DROP benefit. A member may (1) elect to roll over all or a portion of their DROP balance into another eligible qualified plan, (2) receive a lump sum payment from the account, (3) receive single withdrawals at the discretion of the member, (4) receive monthly or annual withdrawals, or (5) receive an annuity based on the DROP account balance. These withdrawals are in addition to his regular monthly benefit.

If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to the System. No payments may be made from the deferred retirement option plan account until the participant retires.

Initial Benefit Option Plan

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

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Notes to the Financial Statements

December 31, 2023

Cost of Living Adjustments (COLA):

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

Contributions:

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

Employer and Employee Contributions

According to State statute, employer contributions are actuarially determined each year. For the year ended June 30, 2023, employer and employee contributions for members above the poverty line were 33.25% and 10.0%, respectively. The employer and employee contribution rates for those members below the poverty line were 35.25% and 8.0%, respectively. For the year ended June 30, 2024, employer and employee contributions for members above the poverty line were 33.25% and 10.0%, respectively. The employer and employee contribution rates for those members below the poverty line were 35.25% and 8.0%, respectively.

Non-employer contributions

According to State statute, the System receives insurance premium tax funds from the State of Louisiana. The tax is considered support from a non-employer contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions were recognized as revenue during the year ended June 30, 2023, and were excluded from pension expense. Non-employer contributions received by the System during the year ended June 30, 2023 was \$29,283,671 of which the District's allocable share was \$10,052.

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

At December 31, 2023, the District reported a liability of \$224,046 for its proportionate share of the Net Pension Liability. The net pension liability was measured as of June 30, 2023 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

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Notes to the Financial Statements

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participating employers, actuarially determined. At June 30, 2023, the District's proportion was 0.034327%, which was an increase of 0.000454% from its proportion measured as of June 30, 2022.

For the year ended December 31, 2023, the District recognized pension expense of \$44,353 less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$6,372.

At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 6,995	(7,676)
Changes in assumptions	13,557	-
Net difference between projected and actual earnings on pension plan investments	30,367	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	36,911	(19,348)
Employer contributions subsequent to measurement date	<u>12,648</u>	<u>-</u>
	<u>\$ 100,478</u>	<u>(27,024)</u>

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

Year ended:

December 31, 2024	\$ 15,849
December 31, 2025	\$ 12,260
December 31, 2026	\$ 29,967
December 31, 2027	\$ (2,121)
December 31, 2028	\$ 3,544
December 31, 2029	\$ 1,307

Actuarial Methods and Assumptions

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary

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Notes to the Financial Statements

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net position. The components of the net pension liability of the District as of December 31, 2023 are as follows:

Total Pension Liability	\$ 1,004,229
Plan Fiduciary Net Position	<u>(780,183)</u>
	<u>\$ 224,046</u>

A summary of the actuarial methods and assumptions used in determining the total net pension liability as of June 30, 2023 are as follows:

Valuation Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	6.90% per annum (net of investment expenses, including inflation; decreased from 7.00% in 2020)
Expected Remaining Service Lives	7 years, closed period
Inflation Rate	2.50% per annum
Salary Increases	14.10% in the first two years of service and 5.20% with 3 or more years of service; includes inflation and merit increases
Cost of Living Adjustments	For purposes of determining the present value of benefits, COLA's were deemed not to be substantially automatic and only those previously granted were included.

For the June 30, 2023 valuation, assumptions for mortality rates were based on the following:

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

The long-term expected real rate of return is an important input into the actuary's determination of the reasonable range for the discount rate which is used in determining the total pension liability. The actuary's method incorporates information from multiple consultants and investments firms regarding future expected rates of return, standard deviations, and correlation coefficients for each asset class. The process integrates data from multiple sources to produce average values thereby reducing reliance on a single data source.

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Notes to the Financial Statements

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The June 30, 2023, estimated long-term expected rate of return on pension plan investments was determined by the System’s actuary using the System’s target asset allocation as of January 2023 and the Curran Actuarial Consulting average study for 2023. The consultant’s average study included projected nominal rates of return, standard deviations of returns, and correlations of returns for a list of common asset classes collected from several investment consultants and investment management firms. Each consultant’s response included nominal expected long term rates of return. In order to arrive at long-term expected arithmetic real rates of return, the actuary normalized the data received from responses in the following ways. Where nominal returns received were arithmetic, the actuary simply reduced the return assumption by the long-term inflation assumption. Where nominal returns were geometric, the actuary converted the return to arithmetic by adjusting for the long-term standard deviation and then reduced the assumption by the long-term inflation assumption. Using the target asset allocation for the System and the average values for expected real rates of return, standard deviation of returns, and correlation of returns, an arithmetic expected nominal rate of return and standard deviation for the portfolio was determined. Subsequent to the actuary’s calculation of the long-term expected real rate of return in January 2023, the Board voted to amend the target asset allocation. These changes include an increase to target weight in U.S. public equity, a decrease to emerging market equity, and the inclusion of a target weight in multisector fixed income to further diversify fixed income exposures. The changes to the target asset allocation are reflected in the table below. The System’s long-term assumed rate of inflation of 2.50% was used in this process for the fiscal year ended June 30, 2023.

Best estimates of arithmetic real rates of return for each major class included in the System’s target asset allocation as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Equity – U.S.	29.50%	6.24%
Equity – Non U.S.	11.50%	6.49%
Equity – Global	10.00%	6.49%
Equity – Emerging Market Equity	5.00%	8.37%
Fixed Income – U.S. Core	20.00%	1.89%
Fixed Income – TIPS	2.00%	1.72%
Fixed Income – Emerging Market Debt	2.00%	4.30%
Fixed Income – Multisector Fixed Income	2.00%	*
Alternatives – Real Estate	6.00%	4.41%
Alternatives – Private Equity	9.00%	9.57%
Alternatives – Real Assets	3.00%	5.62%
Multi-Asset Strategies – Global Tactical Asset Allocation	0.00%	4.02%
	<u>100.00%</u>	

*Multisector fixed income was added to the target asset allocation policy subsequent to the actuary’s calculation of the 2023 long-term expected real rate of return.

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates, and that contributions from participating employers and non-employer

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Notes to the Financial Statements

December 31, 2023

contributing entities will be made at the actuarially-determined rates approved by the Board of Trustees and by the Public Retirement Systems' Actuarial Committee taking into consideration the recommendation of the System's actuary. Based on these assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the participating employers calculated using the discount rate of 6.90%, as well as what the employer's net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2023:

	1% Decrease <u>(5.90%)</u>	Current Discount Rate (6.90%)	1% Increase <u>(7.90%)</u>
Employer's proportionate share of the net pension liability	\$ <u>345,635</u>	<u>224,046</u>	<u>122,635</u>

Change in Net Pension Liability

The changes in the net pension liability for the year ended June 30, 2023 were recognized in the current reporting period except as follows:

Differences between Expected and Actual Experience

Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred outflow of resources of \$8,257 and a deferred inflow of resources in the amount of \$11,409 for the year ended June 30, 2023. Pension expense and remaining deferred outflow for the year ended June 30, 2023 was \$289 and \$6,995, respectively. Pension benefit and remaining deferred inflow for the year ended June 30, 2023 was \$2,182 and \$7,676, respectively.

Differences between Projected and Actual Investment Earnings

Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a net deferred inflow of resources in the amount of \$40,173, for the year ended June 30, 2023. Pension benefit and remaining net deferred inflow for the year ended June 30, 2023 was \$9,806 and \$30,367, respectively.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Notes to the Financial Statements

December 31, 2023

Changes in Assumptions or Other Inputs

Changes in assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The changes in assumptions or other inputs resulted in a net deferred outflow of resources of \$19,959 for the year ended June 30, 2023. Pension expense and remaining net deferred outflow for the year ended June 30, 2023 was \$6,402 and \$13,557, respectively.

Change in Proportion

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

Contributions - Proportionate Share

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

Retirement System Audit Report

The System issued a standalone audit report on its financial statements for the year ended June 30, 2023. Access to the audit report can be found on the Louisiana Legislative Auditor's official website (www.la.gov) and the System's website (www.ffret.com).

(7) Supplemental Salaries

During the year ended December 31, 2023, the full-time employees received additional pay in the amount of \$12,000 from the State of Louisiana. These intergovernmental funds are reflected in the statement of revenues, expenditures, and changes in fund balance - governmental fund in personnel expense for the year ended December 31, 2023.

(8) Long-Term Liabilities

On April 16, 2020, the District purchased land and buildings in the amount of \$220,000. The purchase was financed with a note payable to Citizens Savings Bank. The note bears interest at 4.7%, is payable in monthly installments of \$1,416, and matures April 16, 2040.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Notes to the Financial Statements

December 31, 2023

The future debt service requirements of the note are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 8,068	8,920
2025	8,456	8,532
2026	8,862	8,126
2027	9,288	7,701
2028	9,734	7,255
2029-2033	56,144	28,796
2034-2038	70,985	13,955
2039-2040	<u>21,917</u>	<u>737</u>
Total	\$ <u>193,454</u>	<u>84,022</u>

Long-term liability activity for the year ended December 31, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Net pension liability	\$ 238,848	-	(14,802)	224,046	-
Compensated absences	13,898	1,951	-	15,849	-
Note payable	<u>201,152</u>	<u>-</u>	<u>(7,698)</u>	<u>193,454</u>	<u>8,068</u>
Total	\$ <u>440,000</u>	<u>1,951</u>	<u>(22,500)</u>	<u>433,349</u>	<u>8,068</u>

(9) Risk Management

The District is exposed to various risks of loss related to workers' compensation; torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters; for which the District carries commercial insurance. The premiums for group insurance are based on a fixed rate per employee. There have been no significant reductions in insurance coverage from the prior year and settled claims have not reached the level of commercial coverage in any of the past three fiscal years.

(10) Compensation of Board Member

The Board of Commissioners serves the District without compensation.

(11) Subsequent Events

The District evaluated subsequent events through April 30, 2024, the date which the financial statements were available to be issued.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Governmental Funds

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

For the Year Ended December 31, 2023

	<u>Original</u>	<u>Final</u>		<u>Adjustments</u>	<u>Non-GAAP</u>	<u>Variance</u>
	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>	<u>to Budgetary</u>	<u>Budgetary</u>	<u>Favorable</u>
				<u>Basis</u>	<u>Basis</u>	<u>(Unfavorable)</u>
Revenues:						
Ad valorem	\$ 643,800	700,000	682,738	50,610	733,348	33,348
Fire insurance tax	45,700	38,000	38,022	-	38,022	22
State revenue sharing	21,500	21,500	21,361	-	21,361	(139)
Grants	-	76,000	76,930	-	76,930	930
Interest	200	-	2,347	-	2,347	2,347
Other	100	29,000	18,330	(12,000)	6,330	(22,670)
In-kind donation	-	-	20,000	-	20,000	20,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	711,300	864,500	859,728	38,610	898,338	33,838
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures:						
Public safety						
Professional fees	17,000	21,000	20,802	-	20,802	198
Personnel	501,000	487,000	435,454	(12,000)	423,454	63,546
Insurance	32,000	41,000	33,935	-	33,935	7,065
Repairs and maintenance	62,000	177,300	193,113	-	193,113	(15,813)
Utilities	30,200	30,200	32,215	-	32,215	(2,015)
Training	1,000	12,000	20,074	-	20,074	(8,074)
Dispatch fees	7,000	25,500	50,309	-	50,309	(24,809)
Supplies	41,600	37,000	69,893	-	69,893	(32,893)
Sheriff's pension deduction	-	-	22,023	(22,023)	-	-
Pest control	2,100	3,000	-	-	-	3,000
Debt service - interest	17,400	16,500	9,290	7,698	16,988	(488)
Debt service - principal	-	-	7,698	(7,698)	-	-
Capital outlay	-	14,000	23,050	-	23,050	(9,050)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	711,300	864,500	917,856	(34,023)	883,833	(19,333)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	-	-	(58,128)	72,633	14,505	14,505
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, beginning of year	636,670	636,670	636,670			
	<hr/>	<hr/>	<hr/>			
Fund balance, end of year	\$ 636,670	636,670	578,542			
	<hr/>	<hr/>	<hr/>			

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Schedule of Employer's Share of Net Pension Liability

Last 10 Years*

Firefighters' Retirement System:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Employer's proportion of net pension liability	0.05484%	0.04286%	0.02610%	0.02419%	0.03155%	0.03525%	0.02998%	0.03387%	0.03433%
Employer's proportionate share of net pension liability	295,988	280,370	149,607	139,143	197,538	244,365	106,259	238,848	224,046
Employer's covered-employee payroll	103,439	96,651	60,940	57,591	76,243	87,770	82,104	89,418	91,465
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	262%	290%	240%	242%	259%	278%	129%	267%	245%
Plan fiduciary net position as a percentage of the total pension liability	72.4%	68.2%	73.6%	74.8%	74.0%	72.6%	86.8%	74.7%	77.7%
Measurement date	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023

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

See accompanying notes to required supplementary information.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Schedule of Employer's Share of Net Pension Liability

Last 10 Years*

Firefighters' Retirement System:

<u>Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a % of Covered Employee Payroll January to June</u>	<u>Contributions as a % of Covered Employee Payroll July to December</u>
2015	27,334	27,334	-	96,798	29.25%	27.25%
2016	22,573	22,573	-	85,621	27.25%	25.25%
2017	10,497	10,497	-	40,555	25.25%	26.50%
2018	19,899	19,899	-	75,092	26.50%	26.50%
2019	21,926	21,926	-	80,731	26.50%	27.75%
2020	25,636	25,636	-	85,801	27.75%	32.25%
2021	27,516	27,516	-	83,374	32.25%	33.75%
2022	31,349	31,449	(100)	93,568	33.75%	33.25%
2023	30,745	27,167	3,578	92,466	33.25%	33.25%

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

See accompanying notes to required supplementary information.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Notes to Required Supplementary Information

December 31, 2023

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, 2023, there were no changes in assumptions.

For the year ended December 31, 2022 (measurement date of June 30, 2022), the Firefighter's Retirement System real investment rate of return was lowered from 7.00% to 6.90%, the tables utilized for mortality were updated to the Pub-2010 Public Retirement Plans mortality table, and salary growth rates changed to 14.10% for 1-2 years and 5.20% for service of 3 years and over. Previously these were 14.75% for 1-2 years of service, 5.50% for 3-14 years of service, 5.00% for 15-24 years of service, and 4.50% for service of 25 years and over.

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

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

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

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

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Schedule of Compensation Paid to Board Members

For the Year Ended December 31, 2023

Jeff Barker	\$	-
Gregory Beyers		-
Austin Dawsey		-
Clayton Foreman		-
Robert Jenkins		-
		<hr/>
Total	\$	-
		<hr/> <hr/>

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

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

For the Year Ended December 31, 2023

Agency Head Name: John Taylor, Fire Chief

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 40,000
Benefits - Retirement	<u>1,600</u>
	\$ <u><u>41,600</u></u>

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

To the Board of Commissioners
St. Tammany Parish Fire Protection District No. 6
Covington, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund of the St. Tammany Parish Fire Protection District No. 6 (the District), as of and for the year then ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 30, 2024.

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 opinion 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 misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

identify a deficiency in internal control, described in the accompanying schedule of findings that we consider to be a significant deficiency – 2023-1.

Compliance and Other Matters

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

Response to Findings

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.

Griffin & Furman, LLC

April 30, 2024

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Schedule of Findings and Management Corrective Action Plan

December 31, 2023

Summary of Audit Results:

1. Type of Report Issued – Unqualified
2. Internal Control Over Financial Reporting
 - a. Significant Deficiencies – Yes (2023-1)
 - b. Material Weaknesses – No
3. Compliance and Other Matters – No
4. Management Letter – No

Finding 2023-1:

Criteria:

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

Condition & Cause:

As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting entries and to prepare the District's annual financial statements. This condition is intentional by management based upon the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls. Statement on Auditing Standards (SAS) 115 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

Recommendation:

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

Management Corrective Action Plan:

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

Status of Prior Findings

December 31, 2023

Finding 2022-1:

Criteria:

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

Condition & Cause:

As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting entries and to prepare the District's annual financial statements. This condition is intentional by management based upon the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls. Statement on Auditing Standards (SAS) 115 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

Recommendation:

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

Management Corrective Action Plan:

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

Status:

There is no change in the status of this finding.

**ST. TAMMANY PARISH FIRE
PROTECTION DISTRICT NO. 6**

Agreed-Upon Procedures

For the Year Ending December 31, 2023

**ST. TAMMANY PARISH FIRE
PROTECTION DISTRICT NO. 6**

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

Howard P. Vollenweider, CPA
Jessica S. Benjamin

Racheal D. Alvey
Michael R. Choate, CPA

American Society of Certified Public Accountants
Society of Louisiana CPAs

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners of
St. Tammany Parish Fire Protection District No. 6
Covington, Louisiana

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

Management of the St. Tammany Parish Fire Protection District No. 6, is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. These procedures were agreed to by management of the Board and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the District's compliance with certain laws and regulations during the period of January 1, 2023 to December 31, 2023.

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

Written Policies and Procedures

- A. Obtain and inspect the District's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the District'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.

205 E. Lockwood St.
Covington LA 70433
Phone: (985) 727-9924
Fax: (985) 400-5026

2915 S. Sherwood Forest Blvd., Suite B
Baton Rouge, LA 70816
Phone: (225) 292-7434
Fax: (225) 293-3651

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

- 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 District'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.

Finding: Procedures performed without exception.

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.

Finding: Procedure performed without exception.

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds. Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the District's collections during the fiscal period.

Finding: Procedure performed without exception.

- 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.

Finding: Not applicable.

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Finding: Not applicable.

Bank Reconciliations

- A. Obtain a listing of District bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the District's main operating account. Select the District'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);

Finding: Procedure performed without exception.

- ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and

Finding: Procedure performed with exception. While the reconciliation was initialed by the reviewer, there was no date documented indicating when the review took place.

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

Finding: *Not applicable. None of the reconciling items on the bank reconciliations were outstanding for more than 12 months.*

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).

Finding: *Procedure performed without exception. There is only one deposit site.*

- 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.

Finding: *Procedure performed without exception.*

- 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.

Finding: *Procedure performed without exception.*

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank*

statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:

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

Finding: Procedures performed without exception.

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

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

Finding: Procedure performed without exception. There is only one location.

- 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.

Finding: Procedures performed without exception.

- C. For each location selected under procedure #5A above, obtain the District'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 District, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

Finding: Procedure performed without exception.

- D. Using the District'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 District's policy, and (b) approved by the required number of authorized signers per the District's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Finding: Procedure performed without exception.

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

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Finding: Procedure performed without exception.

- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
 - 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.

Finding: *Procedures performed without exception.*

- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Finding: *Procedure performed without exception.*

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

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

Finding: *Not applicable. The District did not have any travel or travel-related expenses.*

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;

Finding: Not applicable.

- 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);

Finding: Not applicable. The District's contracting policy does not require board approval.

- 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

Finding: Not applicable.

- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Finding: Not applicable. The District had no contracts.

Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Finding: Procedure performed without exception.

- 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 District's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

Finding: Procedures performed without exception.

- 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 District'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 District policy.

Finding: *Not applicable. No employees or officials were terminated nor received termination payments.*

- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Finding: *Procedure performed without exception.*

Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
 - i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

Finding: *Procedure performed without exception.*

- ii. Observe whether the District maintains documentation which demonstrates that each employee and official were notified of any changes to the District's ethics policy during the fiscal period, as applicable.

Finding: *Not applicable. The District did not make any changes to the ethics policy.*

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

Finding: *Procedure performed without exception.*

Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

Finding: *Not applicable.*

- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Finding: Procedure performed without exception.

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 District reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the District is domiciled as required by R.S. 24:523.

Finding: Not applicable. The District did not have any misappropriations of public funds and assets during the fiscal period.

- B. Observe that the District has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Finding: Procedure performed without exception.

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 District’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 District’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 District’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

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

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

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

- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency’s

information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

- Hired before June 9, 2020 - completed the training; and
- Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

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

Prevention of Sexual Harassment

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

Finding: Procedures performed without exception.

We were engaged by St. Tammany Parish Fire Protection District No. 6 to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of St. Tammany Parish Fire Protection District No. 6 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Griffin & Furman, LLC

April 26, 2024

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Schedule of Findings

For the Year Ended December 31, 2023

2023-1 – Bank Reconciliations

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

Finding: While the reconciliation was initialed by the reviewer, there was no date documented indicating when the review took place.

Recommendation: We recommend the District document when the bank reconciliation is reviewed.



St. Tammany Fire Protection District #6
Lee Road Fire Department

78424 Hwy 437
Covington, LA 70435
Office: 985-893-3311 - FAX 985-900-2545

April 26, 2024

Griffin & Furman, LLC
205 E. Lockwood St.
Covington, Louisiana 70443

Re: FY 2023 Agreed Upon Procedures Schedule of Findings

Dear Mr. Furman,

In response to the above referenced Schedule of Findings, the St. Tammany Fire Protection District No. 6 acknowledges the finding and agrees to take the following corrective actions.

2023-1 – Bank Reconciliations

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

Finding: The District had two reconciliations that did not have evidence that a member of management or a board member reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared.

Recommendation: We recommend the District document when the bank reconciliation is reviewed.

St. Tammany Parish Fire District No. 6 corrective action:

Sincerely,



John Taylor
Fire Chief