

ANNUAL FINANCIAL REPORT
ST. TAMMANY PARISH
FIRE PROTECTION DISTRICT NO. 4
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2023



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
St. Tammany Parish Fire Protection District No. 4
Mandeville, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the St. Tammany Parish Fire Protection District No. 4 (District) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise of the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.



St. Tammany Parish Fire Protection District No. 4
June 6, 2024
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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



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June 6, 2024
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Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, budgetary comparison schedule, schedule of changes in net OPEB liability and related ratios, schedule of proportionate share of the net pension liability, schedule of contributions—retirement plan, and the related notes to the required supplementary information on pages 5 through 9 and 45 through 50 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise of the District’s basic financial statements. The accompanying 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.



St. Tammany Parish Fire Protection District No. 4
June 6, 2024
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2024 on our consideration of the St. Tammany Parish Fire Protection District No. 4's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering St. Tammany Parish Fire Protection District No. 4's internal control over financial reporting and compliance.

June 6, 2024
Mandeville, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

REQUIRED SUPPLEMENTARY INFORMATION

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
MANDEVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023

This section of St. Tammany Parish Fire Protection District No. 4's (The District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended December 31, 2023. This analysis should be read in conjunction with the audited financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position increased by \$3,506,882.
- The District's general revenues were \$19,839,660 and program revenues were \$4,522,236.
- The total expenses of the District were \$20,855,014.

OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of two sections. Management's Discussion and Analysis and audited financial statements. The financial statements also include notes that provide additional detail of the information included in the financial statements.

BASIC FINANCIAL STATEMENTS

The financial statements of the District report information about the District using accounting methods similar to those used by private companies. These financial statements provide financial information about the activities of the District.

The Statement of Net Position presents information that includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating.

The Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities presents information on how the District's net position changed as a result of current period operations.

The following presents condensed financial information of the District.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
MANDEVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023

SUMMARY OF NET POSITION
AS OF DECEMBER 31, 2023 AND 2022

	<u>December 31.</u> <u>2023</u>	<u>December 31.</u> <u>2022</u>
Current assets	\$ 39,065,433	\$ 37,549,663
Capital assets, net of accumulated depreciation	9,701,125	7,136,500
Deposits	<u>987</u>	<u>987</u>
Total assets	<u>\$ 48,767,545</u>	<u>\$ 44,687,150</u>
 Total deferred outflows of resources	 <u>\$ 6,383,268</u>	 <u>\$ 8,024,116</u>
Current liabilities	\$ 1,670,326	\$ 1,057,672
Long-term liabilities	<u>26,872,200</u>	<u>27,841,992</u>
Total liabilities	<u>\$ 28,542,526</u>	<u>\$ 28,899,664</u>
 Total deferred inflows of resources	 <u>\$ 2,824,808</u>	 <u>\$ 3,535,005</u>
Net investment in capital assets	\$ 6,223,693	\$ 6,408,544
Unrestricted	16,207,091	9,577,065
Restricted for:		
Capital outlay	1,047,945	3,986,363
Debt service	<u>304,750</u>	<u>304,625</u>
Total net position	<u>\$ 23,783,479</u>	<u>\$ 20,276,597</u>

Total assets increased by \$4,080,395 (9%) primarily due to construction in progress on two fire stations during 2023, with capital outlay related to these projects of \$2,938,418. Total liabilities decreased by \$357,138 (1%) primarily due to decreases in net pension liability.

Net position increased by \$3,506,882 (17%) as a result of operations.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
MANDEVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023

SUMMARY OF REVENUES, EXPENDITURES/EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
General revenues	\$ 19,839,660	\$ 18,784,272
Program revenues	<u>4,522,236</u>	<u>4,745,755</u>
Total revenue	24,361,896	23,530,027
Expenditures/expenses	<u>(20,855,014)</u>	<u>(19,987,243)</u>
Change in net position	<u>\$ 3,506,882</u>	<u>\$ 3,542,784</u>
Ending net position	<u>\$ 23,783,479</u>	<u>\$ 20,276,597</u>

Total revenues increased by \$831,869 (4%) primarily due to increases in ad valorem taxes collected by the District. Expenditures/expenses increased by approximately \$638,766 (3%) primarily due to increases in salaries and related expenses and insurance.

CAPITAL ASSETS

Following is a schedule of capital assets, net of accumulated depreciation:

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Land	\$ 1,305,064	\$ 919,491
Construction-in-progress	3,103,964	2,372,279
Buildings and improvements	5,572,675	3,751,515
Firefighting equipment	1,465,237	1,447,950
Medical equipment	671,521	671,521
Transportation vehicles	6,254,553	5,974,632
Furniture and fixtures	<u>56,573</u>	<u>56,573</u>
	18,429,587	15,193,961
Less: accumulated depreciation	<u>(8,728,462)</u>	<u>(8,057,461)</u>
Total capital assets, net of accumulated depreciation	<u>\$ 9,701,125</u>	<u>\$ 7,136,500</u>

During the current year ended December 31, 2023, the District's primary capital outlay was on two fire stations that are currently under construction. Depreciation expense was \$671,001 for the year ended December 31, 2023.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
MANDEVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023

LONG-TERM DEBT

The District had \$4,220,000 in current and long-term general obligations as of December 31, 2023. The general obligation bond is secured by an ad valorem tax levy. The District retired \$160,000 in 2023.

BUDGETARY HIGHLIGHTS

The following table presents the variance between the final budget and the actual results for the fiscal year.

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Ad valorem taxes	\$ 16,800,000	\$ 16,385,515	\$ (414,485)
State revenue sharing	246,341	247,774	1,433
Fire insurance rebate	364,033	364,034	1
Charges for services (EMS)	1,840,000	3,582,717	1,742,717
Training revenue	-	210,833	210,833
Interest income	1,050,000	1,260,586	210,586
Grant/disaster income	48,000	39,566	(8,434)
Other	<u>1,150,000</u>	<u>488,566</u>	<u>(661,434)</u>
 Total	 <u>\$ 21,498,374</u>	 <u>\$ 22,579,591</u>	 <u>\$ 1,081,217</u>
Expenditures:			
Fire protection and EMS	\$ 20,325,000	\$ 19,191,418	\$ 1,133,582
Capital outlays	2,000,000	3,235,626	(1,235,626)
Debt service	<u>310,000</u>	<u>305,100</u>	<u>4,900</u>
 Total	 <u>\$ 22,635,000</u>	 <u>\$ 22,732,144</u>	 <u>\$ (97,144)</u>

ECONOMIC FACTORS AND A LOOK AT NEXT YEAR

The District's tax base has remained stable but with little overall economic growth. The District will have to address financial cuts and aggressively seek new revenue to maintain the high level of services our citizens currently expect. The District has begun to replace the aging fleet and buildings to offset some of the high maintenance costs associated with older property. The District recently took out debt to fund two new stations. Additionally, all aspects of personnel costs continue to rise, which places a further strain on the District's resources.

The District and its citizens currently enjoy a Class 1 fire rating which provides substantial reductions in property insurance. The District is committed to keeping insurance rates low for all its citizens and providing the highest level of Emergency Response and other services. The District is committed to fiscal responsibility and maintaining the trust from the citizens with their tax dollars.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
MANDEVILLE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and customers with an overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Fire Chief Kenneth Moore, St. Tammany Parish Fire Protection District No. 4, 709 Girod Street, Mandeville, Louisiana, 70448.

BASIC FINANCIAL STATEMENTS

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
STATEMENT OF NET POSITION
DECEMBER 31, 2023

ASSETS:

Cash and cash equivalents	\$ 14,885,425
Restricted cash	3,125,304
Receivables:	
Ad valorem taxes, net of allowance for uncollectible taxes of \$875,507	15,451,294
State revenue sharing	150,492
EMS receivable	2,184,887
Other receivables	88,739
Due from other governments	63,349
Prepaid expenses	3,115,943
Capital assets, net of accumulated depreciation	9,701,125
Utility deposits	987
	<hr/>
Total assets	48,767,545

DEFERRED OUTFLOWS OF RESOURCES:

Other post-employment benefits	1,494,160
Pensions	4,889,108
	<hr/>
Total deferred outflows of resources	6,383,268

LIABILITIES:

Accounts payable	580,225
Accrued payroll and related payables	354,171
Accrued interest	23,704
Sheriff's pension deduction payable	547,226
Compensated absences	768,988
Other post-employment benefits	5,613,051
Net pension liability	16,129,784
Debt:	
Long-term debt	4,055,000
Current portion of long-term debt	165,000
Unamortized premium	305,377
	<hr/>
Total liabilities	28,542,526

DEFERRED INFLOWS OF RESOURCES:

Other post-employment benefits	1,339,026
Pensions	1,485,782
	<hr/>
Total deferred inflows of resources	2,824,808

NET POSITION:

Net investment in capital assets	6,223,693
Unrestricted	16,207,091
Restricted for	
Capital outlay	1,047,945
Debt service	304,750
	<hr/>
Total net position	\$ 23,783,479

The accompanying notes are an integral part of this statement

ST. TAMMANY FIRE PROTECTION DISTRICT NO. 4
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

<u>Function Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Net Position</u>
<u>Governmental activities</u>				
Fire protection and EMS	\$ 20,855,014	\$ 3,793,550	\$ 728,686	\$ (16,332,778)
 Total governmental activities	 <u>\$ 20,855,014</u>	 <u>\$ 3,793,550</u>	 <u>\$ 728,686</u>	 <u>\$ (16,332,778)</u>
General revenues:				
				17,445,384
				364,034
				247,774
				1,260,586
				-
				33,316
				<u>488,566</u>
				19,839,660
				<u>3,506,882</u>
				20,276,597
				<u>\$ 23,783,479</u>

The accompanying notes are an integral part of this statement

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2023

ASSETS:

Cash and cash equivalents	\$ 18,010,729
Receivables:	
Ad valorem taxes, net of allowance for uncollectible taxes of \$854,948	15,451,294
State revenue sharing	150,492
EMS receivable	2,184,887
Other receivables	88,739
Due from other governments	63,349
Prepaid expenses	3,115,943
Utility deposits	<u>987</u>
 Total assets	 <u>\$ 39,066,420</u>

LIABILITIES:

Accounts payable	\$ 580,225
Accrued payroll and related payables	354,171
Sheriff's pension deduction payable	<u>547,226</u>
 Total liabilities	 <u>1,481,622</u>

DEFERRED INFLOWS OF RESOURCES:

Unavailable revenue - property taxes	<u>2,238,575</u>
 Total deferred inflows of resources	 <u>2,238,575</u>

FUND BALANCE:

Nonspendable: prepaid expenses	3,115,943
Unassigned	31,325,530
Restricted for:	
Debt service	304,750
Committed to emergencies	<u>600,000</u>
 Total fund balance	 <u>35,346,223</u>
 Total liabilities, deferred inflows of resources and fund balance	 <u>\$ 39,066,420</u>

The accompanying notes are an integral part of this statement

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2023

Fund balance - total governmental funds	\$ 35,346,223
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	9,701,125
Deferred outflows of resources related to OPEB and pensions are not reported in governmental funds	6,383,268
Deferred inflows of resources related to OPEB and pensions are not reported in governmental funds	(2,824,808)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. All liabilities (both current and long-term) are reported in the Statement of Net Position:	
Accrued annual leave	(768,988)
Accrued interest	(23,704)
Long-term debt, including original issue premiums	(4,525,377)
Other post-employment benefits	(5,613,051)
Pension liability	(16,129,784)
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>2,238,575</u>
Net position of governmental activities	<u>\$ 23,783,479</u>

The accompanying notes are an integral part of this statement

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	General Fund
<u>GENERAL REVENUES:</u>	
Ad valorem taxes	\$ 16,385,515
Intergovernmental revenues	
State revenue sharing	247,774
Fire insurance rebate	364,034
Federal and state grants	6,250
Charges for services (EMS)	3,582,717
Training revenue	210,833
Investment earnings	1,260,586
Disaster reimbursement	33,316
Miscellaneous	488,566
Total general revenues	22,579,591
<u>EXPENDITURES:</u>	
Current for fire protection and EMS:	
Salaries and related expenditures	13,781,656
Insurance	1,477,810
Accounting and professional fees	832,129
Telephone and utilities	125,848
Repairs and maintenance	670,790
Dispatch	205,452
Uniforms and apparel	285,154
Deduction from ad valorem taxes for Sheriff's pension	565,673
Vehicle operations	366,864
Other operating expenses	880,042
Total current fire protection and EMS expenditures	19,191,418
Debt service:	
Principal	160,000
Interest	145,100
Total debt service	305,100
Capital outlays	3,235,626
Total expenditures	22,732,144
Net change in fund balance	(152,553)
<u>FUND BALANCE:</u>	
Beginning of year	35,498,776
End of year	\$ 35,346,223

The accompanying notes are an integral part of this statement

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

Net change in fund balance - governmental fund \$ (152,553)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated lives and reported as depreciation expense. This is the amount by which capital asset additions of \$3,235,626 exceeded depreciation expense of \$671,001 in the current period. 2,564,625

Repayments of note principal are reported as financing used in governmental funds and thus contribute to the reduction in fund balance. In the Statement of Net Position, however, repayment of debt decreases the long-term liabilities and does not affect the Statement of Activities. 160,000

Under the modified accrual basis of accounting used in the governmental funds, advances of derived tax revenues is not recognized until received, rather than as it is earned. This is the amount by which prior year advances of deferred tax revenues recognized of \$1,178,706 were exceeded by current advances of deferred tax revenues recognized of \$2,238,575 1,059,869

Interest accrued on the government-wide financial statements are not expensed until paid under the modified accrual basis used in the governmental funds. 800

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

Accrued annual leave - The change in the amount by which current year accrued annual leave recognized of \$768,988 exceeds the prior accrued annual leave recognized of \$677,797	(91,191)
Amortization of bond issuance premiums	28,942
Pensions	(647,008)
Non-employer contributions for pensions	722,436
Other post-employment benefits	<u>(139,038)</u>

Change in net position \$ 3,506,882

The accompanying notes are an integral part of this statement

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The St. Tammany Fire Protection District No. 4 (the District) was created by the St. Tammany Parish Council as provided by Louisiana Revised Statute 40:1492. The District is responsible for fire protection and emergency medical services for the entire fourth ward of St. Tammany Parish. The administration of the District is governed by a board of commissioners consisting of five members. Two members are appointed by the parish governing authority and two by the governing body of the municipal corporation in the district. The fifth member is selected by the other four members and serves as chairman. Vacancies are filled by the governing bodies making the original appointments. Board members serve two-year terms with a per diem compensation of \$100 for regular and special board meetings and \$50 per committee meetings attended, limited to payment of two meetings of each type per month. The District operates four fire protection facilities and a training center. In addition to fire protection service, the District also provides fire prevention service to the public.

Fire protection districts are created for the purposes of acquiring, maintaining, and operating facilities, machinery, equipment, water tanks, water hydrants, water lines, and other resources necessary to provide proper fire protection and control of the property within the District.

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

Basis of Presentation

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

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (continued)

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

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

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

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

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

Basic Financial Statements – Fund Financial Statements (FFS)

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

Governmental Fund:

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

General Fund

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

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

Accrual

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

Modified Accrual

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

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

Revenues

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

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

All other revenues are recorded when received.

Expenditures

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deposits and Investments

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

Louisiana revised statutes authorize the District to invest in (1) United States bonds, treasury notes or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal offices in the State of Louisiana, an investment as stipulated in LSA-R.S. 39:1271, or any other federally insured investments or (2) in mutual or trust fund institutions, which are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the U.S. Government or its agencies.

Investments are reported at fair value when the difference between cost and market is considered material.

Receivables and Payables

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

Property taxes are levied on a calendar year basis, become due on December 31 and are considered delinquent on January 1. The District authorized and levied a 25.38 mill ad valorem tax for operations and maintenance for the year ended December 31, 2023.

The following are the principal taxpayers and related property tax revenue for the District:

	<u>Assessed Valuation</u>	<u>% of Total Assessed Value</u>
Florida Marine Transporters	\$ 20,895,360	3.08%
Central LA Elec Co.	15,578,420	2.30%
Tri States NGL Pipeline LLC	6,205,170	0.92%
Atmos Energy Corporation	5,764,696	0.85%
Mechanical Equipment Co Inc.	4,952,433	0.73%
Louisiana Children's Medical Center	4,678,109	0.69%
Parkway Pipeline	4,516,148	0.67%
Premier Centre LLC	3,671,479	0.54%
Capital Once N A	3,653,901	0.54%
JP Morgan Chase Bank	<u>3,382,084</u>	<u>0.50%</u>
	<u>\$ 73,297,800</u>	<u>10.82%</u>

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Emergency Medical Services (EMS) Receivable

In 1994, the District started providing emergency medical transportation to the residents of the fourth ward of St. Tammany Parish. Residents who use the medical transportation service are charged a fee ranging from \$150 to \$1,246 plus upcharges for additional specialized services during transport, as needed. Mileage is billed at a rate of \$20 per mile per occurrence. The District has agreements with other third-party payers that provide for payments at amounts different from its established rates. For the year ended December 31, 2023, the District provided \$4,874,187 for adjustments to established rates billed. Net emergency medical service revenue is recorded at the estimated realizable amount from patients, third-party payers, and others for services rendered, based upon prior years' experience and management's analysis of possible bad debts. Emergency medical receivables are written off when it is determined by the District that payment will not be received. Generally accepted accounting principles require that the allowance method be used to reflect bad debts. However, the effect of the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed.

Prepaid Items

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

Capital Assets

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

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

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

Buildings	40 Years
Building improvements	20 Years
Transportation equipment	5-15 Years
Medical/firefighting equipment	3-10 Years
Computers	3-5 Years
Furniture and fixtures	5 Years

Deferred Outflows and Inflows of Resources

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows and Inflows of Resources (Continued)

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

Compensated Absences

Each full time employee shall be entitled to annual vacation of 18 days with full pay. This vacation period shall be increased one day for each year of service over 10 years, up to a maximum vacation period of 30 days, all of which shall be with full pay. Maximum accumulation of the total annual leave balance each year shall be evaluated on an annual basis by the Board of Commissioners. The Board of Commissioners will have the authority to reduce or increase the total accumulated hours allowed on an annual basis. Any member of the department for any cause shall not forfeit the vacation privileges herein provided for unless allowed by law.

All 24 hour shift personnel shall be entitled to 216 hours of annual vacation time with full pay. This vacation time shall be increased 12 hours each year of service over 10 years, up to a maximum of 450 hours of annual vacation time, all of which shall be with full pay.

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

Other Post-Employment Benefits

The District provides certain health care benefits for retired employees. The District recognizes the costs associated with providing these benefits monthly. In the government-wide financial statements, other post-employment benefits are reported as liabilities in the applicable governmental activities statement of net position.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term Obligations (Continued)

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 Louisiana Firefighters' Retirement 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.

Equity Classifications

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

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

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

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Classifications (Continued)

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

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

Use of Estimates

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

Date of Management's Review

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 6, 2024. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The District published the proposed budget for the General Fund in the St. Tammany Farmer on October 26, 2022. A public hearing was held on November 15, 2022 and the board adopted the budget. The budget is prepared using GAAP basis of accounting. All appropriations lapse at year end. Formal budget integration within the accounting records is employed as a management control device during the year. The board also reviews budget versus actual reports on a monthly basis. Changes or amendments are made upon approval of the board.

(3) CASH AND CASH EQUIVALENTS

At December 31, 2023, the District has cash and cash equivalents (book balances) totaling \$18,010,729 as follows:

Operating accounts	\$	3,037,047
2019 series bond account (restricted)		3,125,304
Budget planning accounts		6,123,078
Investment account		22,427
Certificate of deposits		5,702,852
Petty cash		<u>21</u>
	\$	<u>18,010,729</u>

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

(3) CASH AND CASH EQUIVALENTS (CONTINUED)

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

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

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

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

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

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

	Bank Balances Category			
	1	2	3	Bank Balance
Cash	\$ 15,142,957	\$ -	\$ -	\$ 15,142,957

Funds held in the District's name by the paying agent under the bond agreement discussed in note 6 are held in permitted investments as defined by Louisiana R.S. 33:2955 and are not required to be collateralized. These accounts totaled \$3,125,304 at December 31, 2023 and are considered cash equivalents by the District.

(4) RECEIVABLES

The receivables of \$17,938,761 at December 31, 2023 are as follows.

Class of Receivable	Amount
Taxes – ad valorem, net	\$ 15,451,294
State revenue sharing	150,492
EMS receivable, net	2,184,887
FEMA grant receivable	63,349
Other	88,739
	\$ 17,938,761

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

(5) CAPITAL ASSETS

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

	<u>01/01/2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2023</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 919,491	\$ 385,573	\$ -	\$ 1,305,064
Construction in progress	<u>2,372,279</u>	<u>2,938,418</u>	<u>(2,206,733)</u>	<u>3,103,964</u>
 Total capital assets not being depreciated	 <u>3,291,770</u>	 <u>3,323,991</u>	 <u>(2,206,733)</u>	 <u>4,409,028</u>
Capital assets being depreciated:				
Buildings and improvements	3,751,515	1,821,160	-	5,572,675
Firefighting equipment	1,447,950	17,287	-	1,465,237
Medical equipment	671,521	-	-	671,521
Transportation vehicles	5,974,632	279,921	-	6,254,553
Furniture and fixtures	<u>56,573</u>	<u>-</u>	<u>-</u>	<u>56,573</u>
 Total capital assets being depreciated	 <u>11,902,191</u>	 <u>2,118,368</u>	 <u>-</u>	 <u>14,020,559</u>
Less accumulated depreciation for:				
Buildings and improvements	2,181,983	154,737	-	2,336,720
Firefighting equipment	1,213,283	72,017	-	1,285,300
Medical equipment	522,626	46,341	-	568,967
Transportation vehicles	4,082,996	397,906	-	4,480,902
Furniture and fixtures	<u>56,573</u>	<u>-</u>	<u>-</u>	<u>56,573</u>
 Total accumulated depreciation	 <u>8,057,461</u>	 <u>671,001</u>	 <u>-</u>	 <u>8,728,462</u>
 Total capital assets being depreciated, net	 <u>3,844,730</u>	 <u>1,447,367</u>	 <u>-</u>	 <u>5,292,097</u>
 Governmental activities capital assets, net	 <u>\$ 7,136,500</u>	 <u>\$ 4,771,358</u>	 <u>\$(2,206,733)</u>	 <u>\$ 9,701,125</u>

Depreciation expense of \$671,001 for the year ended December 31, 2023, was charged to fire protection and EMS.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

(6) LONG-TERM DEBT

	<u>Balance at</u> <u>01/01/2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>12/31/2023</u>	<u>Due Within</u> <u>One Year</u>
\$4,755,000 - 2019 Series					
Bond interest rate at 3.00%, maturing on March 1, 2042, secured by ad valorem.	\$ 4,380,000	\$ -	\$ 160,000	\$ 4,220,000	\$ 165,000
Issuance premiums	<u>334,319</u>	<u>-</u>	<u>28,942</u>	<u>305,377</u>	<u>27,966</u>
	<u>\$ 4,714,319</u>	<u>\$ -</u>	<u>\$ 188,942</u>	<u>\$ 4,525,377</u>	<u>\$ 192,966</u>

Series 2019

In September of 2019, the St. Tammany Fire Protection District No. 4 issued \$4,755,000 of Revenue Bonds, Series 2019 to be used for the purposes of constructing a new fire station.

The Series 2019 Bonds carried a purchase price of \$5,133,042, representing the par amount of \$4,755,000, plus a net original issue premium of \$425,592, less an Underwriter's Discount of \$47,550.

The Bonds maturing March 1, 2028 and thereafter, shall be callable for redemption at the option of the District in full at any time on or after March 1, 2027, or in part by lot in such manner as the Paying Agent in its discretion may determine, at the principal amount thereof, plus accrued interest from the most recent Interest Payment Date to which interest has been paid or duly provided.

The Bonds maturing March 1, 2036, are subject to mandatory sinking fund redemption through Sinking Fund Payments at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date, without premium, in the amounts set forth below:

<u>Sinking Fund Payment Date</u> <u>(March 1)</u>	<u>Principal Amount</u>
2035	\$ 230,000
2036	240,000

The Bonds maturing March 1, 2038, are subject to mandatory sinking fund redemption through Sinking Fund Payments at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date, without premium, in the amounts set forth below:

<u>Sinking Fund Payment Date</u> <u>(March 1)</u>	<u>Principal Amount</u>
2037	\$ 245,000
2038	255,000

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

(6) LONG-TERM DEBT (CONTINUED)

Series 2019 (continued)

The Bonds maturing March 1, 2040, are subject to mandatory sinking fund redemption through Sinking Fund Payments at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date, without premium, in the amounts set forth below:

Sinking Fund Payment Date (March 1)	<u>Principal Amount</u>
2039	\$ 265,000
2040	275,000

The Bonds maturing March 1, 2042, are subject to mandatory sinking fund redemption through Sinking Fund Payments at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date, without premium, in the amounts set forth below:

Sinking Fund Payment Date (March 1)	<u>Principal Amount</u>
2041	\$ 285,000
2042	295,000

The District will make annual principal payments commencing on March 1, 2020 and ending on March 1, 2042. Interest payments are due semi-annually on March 1st and September 1st.

As December 31, 2023, the District was in compliance with all debt covenants.

Interest costs incurred and charged to expense for the year ended December 31, 2023 was \$115,358.

The annual requirements to maturity for the bond as of December 31, 2023 for the following five years and thereafter is as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 165,000	\$ 139,750
2025	170,000	134,725
2026	175,000	128,675
2027	180,000	121,575
2028	190,000	115,125
2029-2033	1,025,000	486,000
2034-2038	1,195,000	314,263
2039-2042	<u>1,120,000</u>	<u>85,875</u>
	<u>\$ 4,220,000</u>	<u>\$ 1,525,988</u>

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

(7) OPERATING LEASES

The District leases copier and radio equipment for a period of less than 12 months. Total payments charged to leased equipment expense for the year ended December 31, 2023 was \$54,128.

(8) COMPENSATED ABSENCES

A summary of compensated absences is as follows:

	<u>Balance at</u> <u>January 1,</u> <u>2023</u>	<u>Net Increase</u> <u>(Decrease)</u>	<u>Balance at</u> <u>December 31,</u> <u>2023</u>
Compensated absences	\$ <u>677,797</u>	\$ <u>91,191</u>	\$ <u>768,988</u>

(9) SUPPLEMENTAL SALARIES

During the year ended December 31, 2023, eligible full time employees did not receive additional pay from the State of Louisiana. These intergovernmental funds are reflected in the Statement of Revenues, Expenditures, and Changes in Fund Balance – governmental fund in salaries and related benefits.

(10) PENSION PLAN

Louisiana Firefighters' Retirement System

Plan Description

Substantially all full-time employees of the District are members of the Louisiana Firefighters' Retirement System (the System), a cost-sharing, multiple-employer defined benefit public retirement system, which is controlled and administered by a separate Board of Trustees.

The Firefighters' Retirement System is the administrator of a cost-sharing multiple-employer plan. Membership in the System is a condition of employment, for any full-time firefighters who earn at least \$375 per month and are employed by any municipality, parish, or fire protection district of the State of Louisiana in addition to employees of the Firefighters' Retirement System; however, employees may opt out of participation. The System provides retirement 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 LRS 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.

Any person who becomes an employee as defined in RS 11:2252 on and after January 1, 1980 shall become a member as a condition of employment.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

(10) PENSION PLAN (CONTINUED)

Louisiana Firefighters' Retirement System (continued)

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

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

Employees with 20 or more years of service who have attained age 50, or employees who have 12 years of service who have attained age 55, or 25 years of service at any age are entitled to annual pension benefits equal to 3.333% of their average final compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 100%. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity. If employees terminate before completing 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 retirees' lives in the form of a monthly annuity. A member may elect an unreduced benefit or any of seven options at retirement.

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

Funding Policy

For the twelve months ended December 31, 2023, members of the System are required to contribute 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate. At December 31, 2023, the employer contribution rate was 33.25% above poverty and 35.25% below poverty. The contribution requirements of plan members and the District are established and may be amended by state statute. As provided by Louisiana Revised Statute 11.103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

(10) PENSION PLAN (CONTINUED)

Louisiana Firefighters' Retirement System (Continued)

Contributions

According to state statute, for the System, contribution requirements for all employees are actuarially determined each year. State statute requires covered employees to contribute a percentage of their salaries to the System. For the year ending December 31, 2023, the actual employer contribution rate and the actuarially determined employer contribution rate is listed below. The actual rate differs from the actuarially required rate due to state statutes that require the contribution rate be calculated and set two years prior to the year effective.

The amount of the District's employer contributions to the System for the year ended December 31, 2023 was \$2,281,959. The District's covered payroll for the System for the year ended December 31, 2023 was \$6,863,035.

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

At December 31, 2023, the District reported a liability totaling \$16,069,004 for its proportionate share of the net pension liability for the System. 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 participating employers, actuarially determined. At June 30, 2023, the District's proportion was 2.462001% for the System, which was a decrease of .044617% from its proportion measured as of June 30, 2022.

For the year ended December 31, 2023, the District recognized pension expense for the System totaling \$2,851,068. Deducted from pension expense is the employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions totaling \$324,225 for the System.

For the year ended December 31, 2023, the District recognized revenue from ad valorem taxes and revenue sharing funds received by the System. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities totaling \$720,964.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

(10) PENSION PLAN (CONTINUED)

Louisiana Firefighters' Retirement System (Continued)

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 501,691	\$ 550,532
Change in assumptions	972,327	-
Net difference between projected and actual earnings on pension plan investments	2,177,954	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	928,287
Employer contributions subsequent to the measurement date	<u>1,150,129</u>	<u>-</u>
Total	<u>\$ 4,802,101</u>	<u>\$ 1,478,819</u>

Employer contributions subsequent to the measurement date totaling \$1,150,129 and reported as deferred outflows of resources will be recognized as a reduction of the Net Pension Liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31.

2024	\$	390,093
2025		148,211
2026		1,838,681
2027		(201,225)
2028		(39,484)
2029		<u>36,877</u>
Total	\$	<u>2,173,153</u>

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

(10) PENSION PLAN (CONTINUED)

Louisiana Firefighters' Retirement System (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2023 actuarial valuation for the System was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal Cost
Estimated Remaining Service Life	7 years, closed period
Investment Rate of Return	6.90% per annum (net of investment expenses)
Inflation Rate	2.50% per annum
Salary increases	Vary from 14.10% in the first two years of service to 5.20% with 3 or more years of service
Cost of Living Adjustments	Only those previously granted included

Mortality Rate

The mortality rate assumptions were updated in fiscal year 2023 to reflect changes from the recent experience study and rates set in the Pub-2010 Public Retirement Plans mortality tables, as compared to the RP-2000 Combined Healthy and Disabled Lives tables that were used for the previous valuation. 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.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

(10) PENSION PLAN (CONTINUED)

Louisiana Firefighters' Retirement System (Continued)

Long-term Expected Real Rate of Return

The estimated long term expected rate of return on pension plan investments was determined using a building block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The long term expected nominal rate of return was 6.90% as of June 30, 2023. Best estimates of real rates of return for each major asset class included in FRS' 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 Portfolio Real Rate of Return</u>
U.S. Equity	29.5%	6.24%
Non-U.S. Equity	11.5%	6.49%
Global Equity	10.0%	6.49%
Emerging Market Equity	5.00%	8.37%
U.S. Core Fixed Income	20.0%	1.89%
U.S. TIPS	2.00%	1.72%
Emerging Market Debt	2.00%	4.30%
Multisector fixed income	2.00%	*
Private Equity	9.00%	9.57%
Real Estate	6.00%	4.41%
Real Assets	<u>3.00%</u>	5.62%
Totals	<u>100.0%</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.

Discount Rate

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

(10) PENSION PLAN (CONTINUED)

Louisiana Firefighters' Retirement System (Continued)

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease 5.90%	Current Discount Rate 6.90%	1% Increase 7.90%
District's proportionate share of the Net Pension Liability	\$ 24,789,649	\$ 16,069,004	\$ 8,795,595

Retirement System Audit Report

Firefighters' Retirement System issued a stand-alone audit report on its financial statements for the year ended June 30, 2023. Access to the audit report can be found on the System's website: www.lafirefightersret.com or on the Office of Louisiana Legislative Auditor's official website: www.lla.state.la.us.

Parochial Employees' Retirement System of Louisiana

Plan Description

The District has adopted "Parochial Employees' Retirement System of Louisiana Plan A" (the "System"), a public cost-sharing multiple employer defined benefit pension plan conforming with Chapter 5 Title 11 of the Louisiana Revised Statutes of 1950 (R.S. 11:1901) operated by the Parochial Employees' Retirement System Board of Trustees. Act 584 of 2006 implemented a new plan on benefits for employees hired January 1, 2007 and thereafter. The System provides retirement benefits to employees of taxing districts of a parish or any branch or section of a parish within the State which does not have their own retirement system and which elects to become members of the System.

All permanent parish government employees (except those employed by Orleans, Lafourche and East Baton Rouge Parishes) who work at least 28 hours a week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate.

The retirement allowance is equal to three percent of the member's final average compensation multiplied by his/her years of creditable service. Final average compensation shall be defined as the average of the highest consecutive 36 months' salary for members hired prior to January 1, 2007. For members hired on January 1, 2007 or later, final average compensation shall be defined as the average of the highest consecutive 60 months' salary.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

(10) PENSION PLAN (CONTINUED)

Parochial Employees' Retirement System of Louisiana (Continued)

Plan Description (Continued)

Any employee who was a member of the supplemental plan prior to the revision date of January 1, 1980 has the benefit earned for service credited prior to the revision date on the basis of one percent of final compensation plus two dollars per month for each year credited prior to the revision date, and three percent of final compensation for each year of service credited after the revision date. The retirement allowance may not exceed the greater of one hundred percent of the member's final salary or the final average compensation. The System also provides death and disability benefits. Benefits are established by state statute.

Eligibility of Benefits Available.

<u>Members hired prior to January 1, 2007</u>		<u>Members hired after January 1, 2007</u>	
<u>Years</u>	<u>Age</u>	<u>Years</u>	<u>Age</u>
7	65	7	67
10	60	10	62
25	55	30	55
30	any age		

The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age 65 equal to 2% of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older. (R.S. 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

The System issues an annual financial report to all participating employers. The financial report can be obtained by writing to: The Parochial Employees' Retirement System, P.O. Box 14619, Baton Rouge, LA 70898-4619.

St. Tammany Parish Fire Protection District No. 4 does not guarantee the benefits granted by the System.

Funding Policy

In addition to certain dedicated taxes that are remitted to the System, (which constitute major funding of the System) members of the System are required by state statute to contribute 9.5% of their annual covered salary for the year ended December 31, 2023. The District is required to contribute at an actuarially determined rate, which was 11.5% at December 31, 2023. The contribution requirements of plan members and the District are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

(10) PENSION PLAN (CONTINUED)

Parochial Employees' Retirement System of Louisiana (Continued)

Contributions

The amount of the District's employer contributions to the System for the year ended December 31, 2023 was \$18,097. The District's covered payroll for the System for the year ended December 31, 2023 was \$109,010.

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

At December 31, 2023, the District reported a liability totaling \$60,780 for its proportionate share of the net pension liability for the System. The net pension liability was measured as of December 31, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2023, the District's proportion was 0.015792% for the System, which was an increase of .000725% from its proportion measured as of December 31, 2022.

For the year ended December 31, 2023, the District recognized pension expense for the System totaling \$27,476. Subtracted from pension expense is the employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions totaling \$(262) for the System.

For the year ended December 31, 2023, the District recognized revenue from ad valorem taxes and revenue sharing funds received by the System. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities. There was no contribution in the current year.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

(10) PENSION PLAN (CONTINUED)

Parochial Employees' Retirement System of Louisiana (Continued)

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,248	\$ 6,697
Change in assumptions	1,940	-
Net difference between projected and actual earnings on pension plan investments	64,163	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	560	266
Employer contributions subsequent to the measurement date	<u>18,097</u>	<u>-</u>
Total	<u>\$ 87,008</u>	<u>\$ 6,963</u>

Employer contributions subsequent to the measurement date totaling \$18,097 and reported as deferred outflows of resources will be recognized as a reduction of the Net Pension Asset in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31.

2024	\$	1,961
2025		10,587
2026		20,637
2027		<u>28,763</u>
Total	<u>\$</u>	<u>61,948</u>

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

(10) PENSION PLAN (CONTINUED)

Parochial Employees' Retirement System of Louisiana (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2022 actuarial valuation for the System was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date:	December 31, 2022
Actuarial Cost Method:	Plan A - Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	6.40%, net of investment expense, including inflation
Projected Salary Increases	4.75%
Mortality Rates	Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using MP2018 scale. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for disabled annuitants.
Expected Remaining Service Lives	4 years
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

(10) PENSION PLAN (CONTINUED)

Parochial Employees' Retirement System of Louisiana (Continued)

Actuarial Assumptions (Continued)

Mortality Rate

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2013 through December 31, 2017. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. As a result of this study, mortality for employees was set equal to the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale. In addition, mortality for annuitants and beneficiaries was set equal to the Pub-2010 Public Retirement plans Mortality Table for Healthy Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale. For Disabled annuitants mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale.

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.10% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.70% for the year ended December 31, 2022.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Fixed income	33%	1.17%
Equity	51%	3.58%
Alternatives	14%	0.73%
Real assets	<u>2%</u>	<u>0.12%</u>
Totals	<u>100.0%</u>	<u>5.60%</u>
Inflation		2.10%
Expected arithmetic nominal return		7.70%

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

(10) PENSION PLAN (CONTINUED)

Parochial Employees' Retirement System of Louisiana (Continued)

The discount rate used to measure the total pension liability was 6.40% for Plan A. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the Net Pension using the discount rate of 6.40%, as well as what the Authority's proportionate share of the Net Pension would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	5.40%	6.40%	7.40%
Authority's proportionate share of the Net Pension			
(Asset) Liability	\$ 150,311	\$ 60,780	\$ (14,280)

Retirement System Audit Report

Parochial Employees' Retirement System of Louisiana issued a stand-alone audit report on its financial statements for the year ended December 31, 2023. Access to the audit report can be found on the System's website: www.persla.org or on the Office of Louisiana Legislative Auditor's official website: www.la.state.la.us.

(11) DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency.

The District also participates in the Social Security Program, therefore individual employees can elect to opt out of the State of Louisiana Fire Fighters Retirement System. The Louisiana Fire Fighters Retirement System must approve all requests to opt out of the state program. By opting out of the Louisiana Fire Fighters Retirement System, an employee is allowed to participate in a deferred compensation plan, which means the employee bears the responsibility and associated risks of their retirement assets.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

(11) DEFERRED COMPENSATION PLAN (CONTINUED)

Any employee that participates in a deferred compensation plan such as the Louisiana Public Employee Deferred Compensation Plan clearly understands the employee is responsible for their investment risks. The employee participating in a defined compensation plan such as the Louisiana Public Employee Deferred Compensation Plan acknowledges it is their sole responsibility to manage their investments and associated risks of their retirement assets. The employee also acknowledges there is no responsibility or liability on behalf of St. Tammany Parish Fire Protection District No. 4 for any losses or reduction in value of the employee's investment or contribution or the District contributions.

The District will limit the employer's contributions to only one the following plans for an employee: Louisiana Fire Fighters Retirement System, Louisiana Parochial Employees Retirement System or Louisiana Public Employee Deferred Compensation Plan.

The District will contribute an equal or matching percentage of a full time employee's contributions to the Louisiana Public Employee Deferred Compensation Plan up to a maximum of ten (10%) of the employee's scheduled wages. The total annual contribution to the defined contribution plan must not exceed the totals allowable by law in the given year. Only full time employees are eligible for any matching contribution. The District's contributions to deferred compensation plans for the years ended December 31, 2023 and 2022, were \$130,371 and \$\$118,077 respectively, equal to the required contributions for the year.

(12) OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The St. Tammany Parish Fire District #4 (the Fire District) provides certain continuing health care and life insurance benefits for its retired employees. The St. Tammany Parish Fire District #4's OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the Fire District. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the Fire District. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB).

Benefits Provided

Medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement. The employees are covered by a retirement system whose retirement eligibility requirements are age 55 and 12 years of service, age 50 and 20 years of service or completion of 25 years of service at any age. See the section below regarding time of commencement of benefits for the assumption used.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

(12) OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Employees Covered by Benefit Terms

At December 31, 2023, the following employees were covered by the benefit terms.

Inactive employees or beneficiaries currently receiving benefit payments	25
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	105
	130

Total OPEB Liability

The Fire District's total OPEB liability of \$5,613,051 was measured as of December 31, 2023 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs

The total OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	4.0%, annually
Discount Rate	3.72% annually (Beginning of Year to Determine ADC)
	3.26%, annually (As of End of Year Measurement Date)
Healthcare cost trend rates	5.5% annually for ten years, 4.5% thereafter

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of December 31, 2023, the end of the applicable measurement period.

Mortality rates were based on the SOA RP-2000 Table without projection.

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of ongoing evaluations of the assumptions from January 1, 2009 to December 31, 2023.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

(12) OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Changes in the Total OPEB Liability

Balance at December 31, 2022		\$	5,012,782
Changes for the year:			
Service cost			108,445
Interest			183,405
Differences between expected and actual experience			179,955
Changes in assumptions			293,538
Benefit payments and net transfers			<u>(165,074)</u>
Net changes			<u>600,269</u>
Balance at December 31, 2023		\$	<u>5,613,051</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Fire District, as well as what the Fire District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.26%) or 1-percentage-point higher (4.26%) than the current discount rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	<u>2.26%</u>	<u>3.26%</u>	<u>4.26%</u>	
Total OPEB Liability	\$ 6,783,671	\$ 5,613,051		\$ 4,709,483

Sensitivity of the Total OPEB Liability to Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Fire District, as well as what the Fire District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare trend rates:

	<u>1% Decrease</u>	<u>Current</u>	<u>Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 4,823,143	\$ 5,613,051		\$ 6,645,714

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023

(12) OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2023, the Fire District recognized OPEB expense of \$215,140. At December 31, 2023, the Fire District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 1,002,747	\$ (1,010,346)
Differences between expected and actual experience	<u>491,413</u>	<u>(328,680)</u>
Total	<u>\$ 1,494,160</u>	<u>\$ (1,339,026)</u>

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

Years ending June 30:	
2024	\$ 12,262
2025	12,262
2026	12,262
2027	(19,611)
2028	(75,263)
Thereafter	<u>213,234</u>
Total	<u>\$ 155,146</u>

(13) RISKS AND UNCERTAINTIES

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget	Revised Budget	Actual	Variance- Favorable (Unfavorable)
GENERAL REVENUES:				
Ad valorem taxes	\$ 16,990,000	\$ 16,800,000	\$ 16,335,515	\$ (414,485)
Intergovernmental revenues				
State revenue sharing	235,000	246,341	247,774	1,433
Fire insurance rebate	235,000	364,033	364,034	1
Charges for services (EMS)	1,600,000	1,840,000	3,582,717	1,742,717
Training revenue	-	-	210,633	210,633
Interest income	400,000	1,050,000	1,260,586	210,586
Grant/disaster income	30,000	48,000	39,566	(8,434)
Miscellaneous	1,200,000	1,150,000	488,566	(661,434)
Total general revenues	<u>20,690,000</u>	<u>21,498,374</u>	<u>22,579,591</u>	<u>1,081,217</u>
EXPENDITURES:				
Current for fire protection and EMS:				
Personnel	15,200,000	15,200,000	13,751,656	1,418,344
Services	1,400,000	1,000,000	832,129	167,871
Rent/lease expenses	60,000	55,000	-	55,000
Utilities	165,000	140,000	125,846	14,152
Repairs and maintenance	600,000	600,000	670,790	(70,790)
Supplies	440,000	330,000	285,154	44,846
Other operating expenses	2,400,000	3,000,000	3,495,541	(495,541)
Total current fire protection and EMS expenditures	<u>20,265,000</u>	<u>20,325,000</u>	<u>19,191,418</u>	<u>1,133,582</u>
Debt service	310,000	310,000	305,100	4,900
Capital outlays	5,000,000	2,000,000	3,235,626	(1,235,626)
Total expenditures	<u>25,575,000</u>	<u>22,635,000</u>	<u>22,732,144</u>	<u>(97,144)</u>
Excess of revenues over expenditures	(4,975,000)	(1,136,626)	(152,553)	984,073
FUND BALANCE:				
Beginning of year	35,498,776	35,498,776	35,498,776	-
End of year	<u>\$ 30,523,776</u>	<u>\$ 34,362,150</u>	<u>\$ 35,346,223</u>	<u>\$ 984,073</u>

(See Independent Auditors' Report)

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability:						
Service cost	\$ 108,445	\$ 142,100	\$ 155,818	\$ 129,560	\$ 105,874	\$ 120,718
Interest	183,405	128,420	121,663	147,957	171,310	153,159
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	179,955	(292,517)	340,904	(221,481)	231,430	(41,360)
Changes of assumptions	293,538	(1,110,297)	48,654	444,588	865,811	(362,129)
Benefit payments	<u>(165,074)</u>	<u>(177,804)</u>	<u>(166,006)</u>	<u>(157,352)</u>	<u>(148,268)</u>	<u>(140,538)</u>
Net change in total OPEB liability	600,269	(1,310,098)	501,033	343,272	1,226,157	(270,150)
Total OPEB liability - beginning	<u>5,012,782</u>	<u>6,322,880</u>	<u>5,821,847</u>	<u>5,478,575</u>	<u>4,252,418</u>	<u>4,522,568</u>
Total OPEB liability - ending	<u>\$ 5,613,051</u>	<u>\$ 5,012,782</u>	<u>\$ 6,322,880</u>	<u>\$ 5,821,847</u>	<u>\$ 5,478,575</u>	<u>\$ 4,252,418</u>
Covered-employee payroll	\$ 7,003,111	\$ 6,733,760	\$ 6,927,541	\$ 6,661,097	\$ 7,927,805	\$ 7,622,889
Total OPEB liability as a percentage of covered employee payroll	80.15%	74.44%	91.27%	87.40%	69.11%	55.78%

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2023*

	<u>12/30/2023</u>	<u>12/30/2022</u>	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>
<u>Louisiana Firefighters' Retirement System</u>									
District's Proportion of the Net Pension Liability	2.462001%	2.506618%	2.545806%	2.634684%	2.687857%	2.702906%	2.859543%	2.877815%	3.029979%
District's Proportionate Share of the Net Pension Liability	\$ 16,069,004	\$ 17,674,896	\$ 9,021,960	\$ 18,262,442	\$ 16,831,121	\$ 15,547,326	\$ 16,390,469	\$ 18,823,508	\$ 16,353,157
District's Covered-Employee Payroll	\$ 6,609,082	\$ 6,452,138	\$ 6,391,003	\$ 6,054,456	\$ 6,496,888	\$ 6,430,065	\$ 6,928,839	\$ 6,574,325	\$ 6,439,270
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	243.14%	273.94%	141.17%	301.64%	259.06%	241.79%	236.55%	286.52%	253.96%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.69%	74.68%	86.78%	72.61%	73.96%	74.76%	73.55%	68.16%	72.45%
<u>Parochial Employees' Retirement System of Louisiana</u>									
District's Proportion of the Net Pension Liability	0.015792%	0.016517%	0.016265%	0.016945%	0.016835%	0.016633%	0.016936%	0.017787%	0.017048%
District's Proportionate Share of the Net Pension (Asset) Liability	\$ 60,780	\$ (77,802)	\$ (28,519)	\$ 798	\$ 74,720	\$ (12,346)	\$ 34,884	\$ 46,821	\$ 4,661
District's Covered-Employee Payroll	108,582	109,010	110,959	108,047	105,491	\$ 102,373	\$ 100,442	\$ 101,983	\$ 96,468
District's Proportionate Share of the Net Pension (Asset) Liability as a Percentage of its Covered-Employee Payroll	55.98%	-71.37%	-25.70%	0.74%	72.20%	-12.06%	-34.73%	-45.91%	4.83%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset (Liability)	91.74%	110.46%	104.00%	99.89%	88.86%	101.98%	94.15%	92.23%	99.15%

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

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
SCHEDULE OF CONTRIBUTIONS - RETIREMENT PLAN
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>
<u>Louisiana Firefighters' Retirement System</u>									
Contractually Required Contribution	\$ 2,281,959	\$ 2,184,721	\$ 2,064,225	\$ 1,825,062	\$ 1,725,759	\$ 1,709,422	\$ 1,679,423	\$ 1,696,055	\$ 1,953,370
Contributions in Relation to the Contractually Required Contribution	<u>(2,281,959)</u>	<u>(2,184,721)</u>	<u>(2,064,225)</u>	<u>(1,825,062)</u>	<u>(1,725,759)</u>	<u>(1,703,422)</u>	<u>(1,679,423)</u>	<u>(1,696,055)</u>	<u>(1,953,370)</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,000	\$ -	\$ -	\$ -
Authority's covered-employee payroll	\$ 6,863,035	\$ 6,507,294	\$ 6,372,089	\$ 6,473,100	\$ 6,508,731	\$ 6,486,856	\$ 6,492,182	\$ 6,596,541	\$ 6,953,267
Contributions as a Percentage of Covered-Employee Payroll	33.25%	33.57%	32.39%	28.19%	26.51%	26.26%	25.87%	25.71%	28.09%
<u>Parochial Employees' Retirement System of Louisiana</u>									
Contractually Required Contribution	\$ 19,002	\$ 18,097	\$ 13,592	\$ 13,308	\$ 11,619	\$ 12,812	\$ 12,797	\$ 13,057	\$ 14,788
Contributions in Relation to the Contractually Required Contribution	<u>(19,002)</u>	<u>(18,097)</u>	<u>(13,592)</u>	<u>(13,308)</u>	<u>(11,619)</u>	<u>(12,797)</u>	<u>(12,797)</u>	<u>(13,057)</u>	<u>(14,778)</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15	\$ -	\$ -	\$ 10
Authority's covered-employee payroll	\$ 108,582	\$ 109,010	\$ 110,959	\$ 108,636	\$ 108,047	\$ 103,494	\$ 102,373	\$ 100,442	\$ 101,983
Contributions as a Percentage of Covered-Employee Payroll	17.50%	16.60%	12.25%	12.25%	10.75%	12.36%	12.50%	13.00%	14.40%

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

REQUIRED SUPPLEMENTARY INFORMATION

ST.TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023

(1) OTHER POST-EMPLOYMENT BENEFITS SCHEDULE

Changes of Benefit Terms

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

Changes of Assumptions

For the year ended December 31, 2023, the District changed its assumptions related to the discount rate. The changes had a cumulative effect of \$293,538.

For the year ended December 31, 2022, the District changed its assumptions related to trends, mortality and discount rates. These changes had a cumulative effect of \$(1,402,814).

(2) PENSION PLAN SCHEDULES

Changes of Benefit Terms

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

Changes of Assumptions

For the years ended December 31, 2023 and 2022, there were no changes of assumptions for the Firefighter's Retirement System.

For the year ended December 31, 2021 (measurement date of June 30, 2021), the Firefighter's Retirement System real rate of return was lowered from 7.00% to 6.90%.

For the year ended December 31, 2020 (measurement date of June 30, 2020), the Firefighter's Retirement System inflation rate assumption increased to 2.70% annually, and the real investment rate of return was lowered from 7.30% to 7.00%.

For the year ended December 31, 2019 (measurement date of June 30, 2019), the Firefighter's Retirement System inflation rate assumption was lowered from 2.700% to 2.50% annually, and the real investment rate of return was lowered from 7.30% to 7.15%.

For the year ended December 31, 2019 (measurement date of June 30, 2019), the Firefighter's Retirement System inflation rate assumption was lowered from 2.775% to 2.700% annually, and the real investment rate of return was lowered from 7.40% to 7.30%.

For the year ended December 31, 2018 (measurement date of June 30, 2018), the Firefighter's Retirement System inflation rate assumption was lowered from 2.875% to 2.700% annually, and the salary increase range assumption was lowered from 4.75% - 15.0% to 4.75% - 15.0%.

ST.TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2023

(2) PENSION PLAN SCHEDULES (CONTINUED)

Changes of Assumptions (continued)

There were no changes of assumptions during the years ended December 31, 2022, 2021, 2020, and 2019 for the Parochial Employees' Retirement System of Louisiana.

For the year ended December 31, 2018 (measurement date of June 30, 2018), the Firefighter's Retirement System inflation rate assumption was lowered from 2.700% to 2.500% annually, and the salary increase range assumption was lowered from 4.75% - 15.0% to 4.50% - 14.75%.

For the year ended December 31, 2017 (measurement date of December 31, 2016), the Parochial Employees' Retirement System of Louisiana's inflation rate assumption was lowered from 2.5% to 2.4% annually, and the salary increase assumption was lowered from 5.25% to 4.75%. The real investment rate of return also decreased from 7.00% in 2015 to 6.75% in 2016. Additionally, the System uses the RP-2000 Employee Sex Distinct Table for selected employees and the RP-2000 Healthy Annuitant Sex Distinct Tables to develop its mortality rate assumptions.

OTHER SUPPLEMENTARY INFORMATION

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS
FOR THE YEAR ENDED DECEMBER 31, 2023

The schedule of compensation paid to Board of Commissioners is presented in compliance with House Concurrent Resolution No 54 of the 1979 Session of the Louisiana Legislature. Payment per diem is made in accordance with Louisiana Revised Statue 40:1498 which authorizes per diem payments of \$100 per regular and special board meeting and \$50 per committee meeting. The maximum number of committee meetings per month allowed is two.

Name	Amount
William Dobson	\$ 1,200
Ambrose Amedee	900
David Lindsey	1,200
John Schell	200
Darryl Taylor	1,100
Robert Zipp	900
	\$ 5,500

(See Independent Auditors' Report)

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2023

Kenneth Moore, Fire Chief

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 197,477
Benefits - insurance	13,170
Benefits - other	141
Retirement Offset (FRS)	71,288
State Supplemental Pay	7,200
Annual leave	5,659
Holiday pay	4,851
Other pay	<u>3,234</u>
Total compensation, benefits and other payments	<u>\$ 303,020</u>

(See Independent Auditors' Report)

**OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**



**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. 4
Mandeville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of St. Tammany Parish Fire Protection District No. 4, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the St. Tammany Parish Fire Protection District No. 4's basic financial statements, and have issued our report thereon dated June 6, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered St. Tammany Parish Fire Protection District No. 4's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of St. Tammany Parish Fire Protection District No. 4's internal control. Accordingly, we do not express an opinion on the effectiveness of St. Tammany Parish Fire Protection District No. 4's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of St. Tammany Parish Fire Protection District No. 4's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



To the Board of Commissioners
St. Tammany Parish Fire Protection District No. 4
June 6, 2024

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. Tammany Parish Fire Protection District No. 4's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

June 6, 2024
Mandeville, Louisiana

Erickson Krentel, LLP
Certified Public Accountants

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2023

SECTION I SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unmodified opinion on the financial statements of St. Tammany Parish Fire Protection District No. 4.
2. No significant deficiencies or material weakness disclosed during the audit of the financial statements is reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of St. Tammany Parish Fire Protection District No. 4, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. A management letter was not issued for the year ended December 31, 2023.

SECTION II FINANCIAL STATEMENT FINDINGS

Not Applicable

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2023

INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

None

MANAGEMENT LETTER ITEMS

A management letter was not issued in the prior year.

LOUISIANA LEGISLATIVE AUDITOR
STATEWIDE AGREED-UPON PROCEDURES
ST. TAMMANY PARISH FIRE
PROTECTION DISTRICT NO. 4
MANDEVILLE, LOUISIANA
FOR THE PERIOD
JANUARY 1, 2023 THROUGH DECEMBER 31, 2023



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS



INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners and Management of
St. Tammany Parish Fire Protection District No. 4
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2023 through December 31, 2023. St. Tammany Parish Fire Protection District No. 4's (the District's) management is responsible for those C/C areas identified in the SAUPs.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2023 through December 31, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are attached in Schedule "1."

We were engaged by the District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the 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 the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the 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.

June 6, 2024
Mandeville, Louisiana

Erickson Krentel, LLP
Certified Public Accountants

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
AGREED-UPON PROCEDURES
JANUARY 1, 2023 – DECEMBER 31, 2023

WRITTEN POLICIES AND PROCEDURES

Procedures: Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

- a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
- b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
- c) ***Disbursements***, including processing, reviewing, and approving.
- d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rate(s) of pay or approval and maintenance of pay rate schedules.
- f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- h) ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2023 – DECEMBER 31, 2023

WRITTEN POLICIES AND PROCEDURES (CONTINUED)

- k) ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

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

BOARD OR FINANCE COMMITTEE

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2023 – DECEMBER 31, 2023

BOARD OR FINANCE COMMITTEE (CONTINUED)

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

BANK RECONCILIATIONS

3. **Procedures:** Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select four additional accounts (or all accounts if less than five). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
- a) Bank reconciliations include evidence that they were prepared within two months of the related statement closing date (e.g., initialed and dated or electronically logged).
 - b) Bank reconciliations include 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 one month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged), and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

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

COLLECTIONS (EXCLUDING ELECTRONIC FUNDS TRANSFERS)

4. **Procedure:** Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select five deposit sites (or all deposit sites if less than five).
5. **Procedures:** For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. five collection locations for five deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if 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:
- a) Employees responsible for cash collections do not share cash drawers/registers.

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COLLECTIONS (EXCLUDING ELECTRONIC FUNDS TRANSFERS) (CONTINUED)

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, are not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
6. **Procedure:** Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
7. **Procedures:** Randomly select two deposit dates for each of the five bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the ten deposits and:
- a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than ten miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - e) Trace the actual deposit per the bank statement to the general ledger.

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

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AGREED-UPON PROCEDURES (CONTINUED)
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**NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES/PAYMENTS,
TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES)**

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

9. **Procedures:** For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
 - e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

10. **Procedures:** For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select five disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice, and supporting documentation indicates that deliverables included on the invoice were received by the entity.
 - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

11. **Procedures:** Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was

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

- a) Approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy,
- b) Approved by the required number of authorized signers per the entity's policy. Note. If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

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

CREDIT CARDS/DEBIT CARDS/FUEL CARDS/PURCHASE CARDS (CARDS)

12. **Procedures:** Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
13. **Procedures:** Using the listing prepared by management, randomly select five cards (or all cards if less than five) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe 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) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
14. **Procedures:** Using the monthly statements or combined statements selected under #13 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

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

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TRAVEL AND TRAVEL-RELATED EXPENSE REIMBURSEMENTS (EXCLUDING CARD TRANSACTIONS)

15. **Procedures:** Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select five reimbursements, and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected:

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

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

CONTRACTS

16. **Procedures:** Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Randomly select five contracts (or all contracts if less than five) from the listing, excluding the practitioner's contract, and:

- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g. if approval is required for any amendment, the documented approvals).

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CONTRACTS (CONTINUED)

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

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

PAYROLL AND PERSONNEL

17. **Procedure:** Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select five employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
18. **Procedures:** Randomly select one pay period during the fiscal period. For the five employees or officials selected under #17 above, obtain attendance records and leave documentation for the pay period, and.
 - a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
19. **Procedures:** Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

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AGREED-UPON PROCEDURES (CONTINUED)
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PAYROLL AND PERSONNEL (CONTINUED)

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

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

ETHICS

21. **Procedures.** Using the five randomly selected employees/officials from procedure #17 under "Payroll and Personnel" above: obtain ethics documentation from management, and:

- a) Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170.
- b) Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- c) Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

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

DEBT SERVICE

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

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

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AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2023 – DECEMBER 31, 2023

DEBT SERVICE (CONTINUED)

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

FRAUD NOTICE

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

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

INFORMATION TECHNOLOGY DISASTER RECOVERY/BUSINESS CONTINUITY

26. **Procedures:** Perform the following procedures:
- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
 - b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - c) Obtain a listing of the entity's computers currently in use, and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
 - d) Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #19. Observe evidence that the selected terminated employees have been removed or disabled from the network.

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

- e) Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #17, 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:
- i. Hired before June 9, 2020 - completed the training; and
 - ii. Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

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

SEXUAL HARASSMENT

27. **Procedures:** Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #17, 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.
28. **Procedure:** Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
29. **Procedure:** Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
- a) Number and percentage of public servants in the agency who have completed the training requirements;
 - b) Number of sexual harassment complaints received by the agency;
 - c) Number of complaints which resulted in a finding that sexual harassment occurred;
 - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e) Amount of time it took to resolve each complaint.

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