ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

Financial Statements with Supplementary Information

December 31, 2019

(With Independent Auditors' Report Thereon)

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

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GRIFFIN & FURMAN LLC
CERTIFIED PUBLIC ACCOUNTANTS

Stephen M. Griffin, CPA
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Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities and the major fund of St. Tammany Parish Fire Protection District No. 8 (the District), a component unit of St. Tammany Parish, Louisiana, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

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, 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 to 5, and budgetary comparison information on page 12, and the supplementary schedules required by GASB Statement No. 68 on pages 32 to 34, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The accompanying information listed as other supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of governing board and the schedule of compensation, benefits, and other payments to agency head are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 8, 2019, on our consideration of St. Tammany Parish Fire Protection District No. 8's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

Griffin & Furman, LLC

April 27, 2020

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

Management's Discussion and Analysis

For the Year Ended December 31, 2019

Our discussion and analysis of St. Tammany Parish Fire Protection District No. 8's (the District's) financial performance provides an overview of the District's financial activities for the year ended December 31, 2019.

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

Financial Highlights:

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

Condensed statements of net position as of December 31, 2019 and 2018:

		2019	2018	Change
Total current assets	$	1,868,304	1,762,230	106,074
Capital assets, net of depreciation		887,346	947,988	(60,642)
Total assets		2,755,650	2,710,218	45,432
Deferred outflows related to pensions		283,514	243,883	39,631
Total assets and deferred outflows		3,039,164	2,954,101	85,063
Total current liabilities		130,307	153,106	(22,799)
Long-term liabilities		1,313,546	1,250,764	62,782
Total liabilities		1,443,853	1,403,870	39,983
Deferred inflows related to pensions		243,339	312,325	(68,986)
Net position				
Net investment in capital assets		818,358	809,519	8,839
Unrestricted – undesignated		275,196	169,969	105,227
Unrestricted - board designated		258,418	258,418	-
Total net position		1,351,972	1,237,906	114,066
Total liabilities, deferred inflows, and net position	$	3,039,164	2,954,101	85,063

Condensed statements of activities for the year ended December 31, 2019 and 2018:

		2019	2018	Change
Operating grants	$	-	-	-
General revenues		1,549,880	1,473,179	76,701
Total revenues		1,549,880	1,473,179	76,701
Expenditures		1,435,814	1,319,597	116,217
Change in net position		114,066	153,582	(39,516)
Net position – beginning of year		1,237,906	1,084,324	153,582
Net position – end of year	$	1,351,972	1,237,906	114,066

Capital Assets

At the end of 2019, the District had $2,224,629 invested in capital assets, including building, firefighting equipment, and vehicles, net of accumulated depreciation of $1,337,283. The increase in capital assets is related to the improvements to the stations and equipment purchased during the year. More detailed information about the District's capital assets is presented in Note 5 of the financial statements.

Capital Lease Obligations

During the year ended December 31, 2019, the District made the final payment on one of its' capital lease obligations and purchased the related equipment for $1. The remaining capital lease obligation is continuing to be paid down.

Contingencies

Claims, suits, and complaints arising in the ordinary course of operations could be filed against the District at any time. Management is not aware of any claims, suits, or complaints in existence as of December 31, 2019.

Economic Factors and Next Year's Budgets and Rates

The District considered many factors when setting the original operating budget for its general fund for the year ended December 31, 2019. Factors such as collectable revenue, projected salary and benefit expenditures, capital equipment and facility needs, and other operating costs were reviewed and estimated. In comparison with the budget, revenue was higher than projected and expenditures were controlled which accounted for a surplus. The items identified in the capital budget at the beginning of 2019 were purchased in accordance with the budget.

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

In its budget for the year ending December 31, 2020, the District does not expect significant changes to the operating budget. Under the Capital Budget, we are planning to use funds that have been set aside to continue our plan for replacing equipment and make additional upgrades/repairs to facilities. Under our plan, the district is expecting to be sufficiently funded for the foreseeable future without rate increases or borrowed funds.

Contacting the District's Financial Management

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

Statement of Net Position

December 31, 2019

		Governmental Activities
Assets		
Cash and cash equivalents	$	375,810
Cash - LAMP investments		261,837
Receivables - ad valorem, net of allowance of $29,904		1,168,587
Receivables - state revenue sharing		27,915
Prepaid expenses		34,155
Capital assets, net of accumulated depreciation		887,346
Total assets		2,755,650
Deferred Outflows of Resources		
Changes in net pension liability not yet recognized in pension expense		283,514
Liabilities		
Accounts payable		1,130
Payroll and retirement liabilities		54,323
Sheriff's pension deduction payable		40,829
Lease payable, current		34,025
Compensated absences payable		33,108
Lease payable, long-term		34,963
Net pension liability		1,245,475
Total liabilities		1,443,853
Deferred Inflows of Resources		
Changes in net pension liability not yet recognized in pension expense		243,339
Net Position		
Net investment in captial assets		818,358
Unrestricted - undesignated		275,196
Unrestricted - board designated		258,418
	$	1,351,972

See accompanying notes to financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

Statement of Activities

For the Year Ended December 31, 2019

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Capital Grants	Net (Expense) Revenue & Changes in Net Assets
Governmental Activities:				
Public safety	$ 1,435,814	-	-	(1,435,814)
Total	$ 1,435,814	-	-	(1,435,814)
General Revenues:				
Ad valorem taxes				1,259,485
State revenue sharing				41,872
Fire insurance premium tax				27,259
Workers compensation dividend				59,528
Cellular tower rental				16,037
Other				120,614
Interest				25,085
Total general revenues				1,549,880
Change in net position				114,066
Net position - beginning of year				1,237,906
Net position - end of year				$ 1,351,972

See accompanying notes to the financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

Governmental Funds

Balance Sheet

December 31, 2019

Assets

		General	Total Governmental Funds
Assets:			
Cash and cash equivalents	$	375,810	375,810
Cash - LAMP investments		261,837	261,837
Receivables - ad valorem, net of allowance of $29,904		1,168,587	1,168,587
Receivables - state revenue sharing		27,915	27,915
Prepaid expenses		34,155	34,155
		1,868,304	1,868,304

Liabilities, Deferred Inflows of Resources, & Fund Balance

		General	Total Governmental Funds
Accounts payable		1,130	1,130
Payroll and retirement liabilities		54,323	54,323
Sheriff's pension deduction payable		40,829	40,829
Total liabilities		96,282	96,282
Deferred Inflows of Resources:			
Unavailable revenue - Ad Valorem		61,710	61,710
Fund Balances:			
Nonspendable		34,155	34,155
Assigned		160,168	160,168
Unassigned		1,515,989	1,515,989
Total fund balance		1,710,312	1,710,312
Total liabilities, deferred inflows of resources, & fund balance	$	1,868,304	1,868,304

See accompanying notes to the financial statements.

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

For the Year Ended December 31, 2019

Fund Balances - total governmental funds	$	**1,710,312**
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		**887,346**
Deferred outlfows of contributions for retirement systems are not payable from current expendable resources and, therefore are not reported in the funds		**283,514**
Long-term liabilities at December 31, 2019:		
Compensated absences		**(33,108)**
Lease payable		**(68,988)**
Net pension liability		**(1,245,475)**
Deferred inflows of contributions for retirement systems are not payable from current expendable resources and, therefore are not reported in the funds		**(243,339)**
Certain property tax collections are not avaiable to pay for current period expenditures and therefore are reported as deferred inflows of resources in the governmental funds		**61,710**
Net Position of Governmental Activities	$	**1,351,972**

See accompanying notes to the financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balance

For the Year Ended December 31, 2019

		General	Total Governmental Funds
Revenues:			
Ad valorem taxes	$	1,260,002	1,260,002
State revenue sharing		41,872	41,872
Fire insurance premium tax		27,259	27,259
Workers compensation dividend		59,528	59,528
Cellular tower rental		16,037	16,037
Other		67,294	67,294
Grants		-	-
Interest		25,085	25,085
Total revenues		1,497,077	1,497,077
Expenditures:			
Public safety - fire protection			
Salaries and benefits		1,011,457	1,011,457
Repairs and maintenance		56,617	56,617
Insurance		35,146	35,146
Dispatching		34,029	34,029
Utilities		21,306	21,306
Professional fees		23,735	23,735
Training and education		12,045	12,045
Fuel and oil		13,464	13,464
Uniforms		5,541	5,541
Telephone		1,991	1,991
Office		13,384	13,384
Other		5,753	5,753
Medical supplies and treatment		4,409	4,409
Equipment		20,003	20,003
Sheriff's pension deduction		40,829	40,829
Total public safety		1,299,709	1,299,709
Capital outlay		30,092	30,092
Capital lease payments - interest		3,862	3,862
Capital lease payments - principal		69,481	69,481
Total expenditures		1,403,144	1,403,144
Net change in fund balance		93,933	93,933
Fund balance, beginning of year		1,616,379	1,616,379
Fund balance, end of year	$	1,710,312	1,710,312

See accompanying notes to the financial statements.

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

For the Year Ended December 31, 2019

Net Change in Fund Balances - total governmental funds	$	93,933
Amounts reported for governmental activities in the statement of net position are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Capital asset additions		30,093
Depreciation expense		(90,734)
Property tax revenues in the government-wide statement of activities include economic resources that are not reported as revenues in the governmental fund operating statement. This is the amount by which current year deferred inflows of resources in the governmental funds of $61,710 was less than prior year deferred inflows of resources in the governmental funds of $62,226		(517)
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 liabilities and does not affect the Statement of Activities		69,481
Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds:		
Accrued annual leave - The change in the amount by which current year accrued annual leave of $33,108 exceeded prior year accrued annual leave of $24,389		(8,719)
Contributions to the pension plan in the current fiscal year are not inlcuded in the statement of activities		133,572
Contributions to pension plan from non-employer contributing entities		53,320
Pension expense is based on employer contributions in the Statement of Revenues, Expenditures, and Changes in Fund Balances but is an actuarially calculated expense on the Statement of Activities		(166,363)
Change in Net Position of Governmental Activities	$	114,066

See accompanying notes to the financial statements.

Governmental Funds

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

For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Adjustments to Budgetary Basis	Non-GAAP Budgetary Basis	Variance Favorable (Unfavorable)
Revenues:						
Ad valorem taxes	$ 1,204,053	1,204,053	1,260,002	(99,396)	1,160,606	(43,447)
State revenue sharing	40,000	40,000	41,872	-	41,872	1,872
Fire insurance premium tax	26,000	26,000	27,259	-	27,259	1,259
Workers compensation dividend	25,000	25,000	59,528	-	59,528	34,528
Cellular tower rental	16,037	16,037	16,037	-	16,037	-
Other	-	-	67,294	(64,500)	2,794	2,794
Interest	13,000	13,000	25,085	-	25,085	12,085
Total revenues	1,324,090	1,324,090	1,497,077	(163,896)	1,333,181	9,091
Expenditures:						
Public safety						
Salaries and benefits	958,600	958,600	1,011,457	(64,500)	946,957	(11,643)
Repairs and maintenance	33,152	33,152	56,617	-	56,617	23,465
Insurance	36,000	36,000	35,146	-	35,146	(854)
Dispatching	35,000	35,000	34,029	-	34,029	(971)
Utilities	24,000	24,000	21,306	-	21,306	(2,694)
Professional fees	19,385	19,385	23,735	-	23,735	4,350
Training and education	14,000	14,000	12,045	-	12,045	(1,955)
Fuel and oil	16,000	16,000	13,464	-	13,464	(2,536)
Uniforms	5,700	5,700	5,541	-	5,541	(159)
Telephone	3,500	3,500	1,991	-	1,991	(1,509)
Office	7,000	7,000	13,384	-	13,384	6,384
Other	6,400	6,400	5,753	-	5,753	(647)
Medical supplies and treatme	7,300	7,300	4,409	-	4,409	(2,891)
Equipment	21,500	21,500	20,003	-	20,003	(1,497)
Sheriff's pension deduction	39,316	39,316	40,829		40,829	1,513
Capital outlay	141,740	141,740	30,092	-	30,092	(111,648)
Capital lease payments - interest	3,863	3,863	3,862	-	3,862	(1)
Capital lease payments - principa	69,481	69,481	69,481	-	69,481	-
Total expenditures	1,441,937	1,441,937	1,403,144	(64,500)	1,338,644	103,293
Net change in fund balance	(117,847)	(117,847)	93,933	(99,396)	(5,463)	(94,202)
Fund balance, beginning of year	1,616,379	1,616,379	1,616,379			
Fund balance, end of year	$ 1,498,532	1,498,532	1,710,312			

See accompanying notes to the financial statements.

(1) Summary of Significant Accounting Policies

The mission of St. Tammany Parish Fire Protection District No. 8 (the District) is to acquire, maintain and operate equipment necessary to provide fire protection and control, and emergency medical services. The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America applicable to government entities. The following is a summary of significant accounting policies.

(a) Reporting Entity

The District was established by joint ordinance of the St. Tammany Parish Police Jury and the Town of Abita Springs on May 16, 1974. The District is governed by a Board of Commissioners consisting of five members. Two commissioners each are appointed by the Town of Abita Springs and the St. Tammany Parish Council (the Council) and one is appointed by the St Tammany Parish President. Those five appointed members elect a Chairman of the Board from this group.

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

i. Appoints a voting majority of an organization's governing body, and the ability of the Parish to impose its will on that organization and/or the potential for the organization to provides specific financial benefits to or impose specific financial burdens on the primary government.

ii. Organizations for which the Parish does not appoint a voting majority but are fiscally dependent on the Parish.

iii. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

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

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

(b) Basis of Presentation

Government-Wide Financial Statements:

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

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

Fund Financial Statements:

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

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

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.

(c) Measurement Focus and Basis of Accounting

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

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

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

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

Accrual

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

Modified Accrual

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

(d) <u>Operating Budgetary Data</u>

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

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

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

Cash, Cash Equivalents, and LAMP Investments

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

Receivables

The allowance for uncollectible receivables is $34,535, which represents 2% of the total ad valorem tax receivable, at December 31, 2019. The estimate is based on the District's history of collections within this revenue stream.

Property taxes are levied on a calendar year basis, become due on December 31st and are considered delinquent on January 1st. The District authorized and levied a 34.18 mill ad valorem tax for operations and maintenance for the year ended December 31, 2019.

Capital Assets

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

Government-wide Financial Statements:

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets purchased or acquired with an original cost of $3,000 or more are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred.

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

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

Fund Financial Statements:

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

Compensated Absences

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

Long-Term Debt

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

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

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

Pensions

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

Deferred Outflows and Inflows of Resources

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

Net Position

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

1. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

2. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

3. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. As of December 31, 2019 and for the year then ended, the District did not have or receive restricted net assets.

Fund Balance

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

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

1. Nonspendable- This component consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

2. Restricted - This component consists of amounts that have constraints placed on them either externally by third-parties (bond creditors) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the District to assess payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

3. Committed -This component consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District. Those committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed previously to commit those amounts.

4. Assigned - This component consists of amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed.

5. Unassigned - This component consists of amounts that have not been restricted, committed or assigned to specific purposes within the general fund.

The District has no restricted or committed fund balances as of December 31, 2019. As of December 31, 2019, the nonspendable fund balance amounted to $34,155 and the assigned balance consisted of $160,168 to be used for a new apparatus and building improvements.

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

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

Revenues

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

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

All other revenues are recorded when received.

Expenditures

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

(f) Use of Estimates

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

(2) Cash and Cash Equivalents

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

Bank Deposits:

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

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

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

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

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

The year end balances of deposits are as follows:

	Bank Balances Category			Book
	1	2	3	Balance
Demand deposits	$ 388,671	-	-	375,810

(3) Cash – LAMP Investments

Cash - LAMP investments of $261,837 which are stated at market value using published market quotes at December 31, 2019, consisted of investments in the Louisiana Asset Management Pool, Inc. (LAMP), a local government investment pool.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA – R.S. 33:2955.

GASB Statement No. 40 Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest rate risk, and foreign currency risk for all public entity investments.

LAMP is an investment pool that, to the extent practical, invest in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

- Credit risk: LAMP is rated AAAm by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 46 days as of December 31, 2019.

- Foreign currency risk: Not applicable.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

If you have any questions, please feel free to contact the LAMP administrative office at 800-249-5267.

(4) Property Taxes

Property taxes are levied each November 1st on the assessed value listed as of prior January 1st for all real property, merchandise, and movable property located in the Parish. Assessed values are established by the St. Tammany Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. Taxes are due and payable December 31st with interest being charged on payments after January 1st. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2019 was $34.18 per $1,000 of assessed valuation on property within the District for the purpose of constructing, maintaining, and operating fire protection facilities within the District and paying the cost of obtaining water for fire protection purposes.

(5) Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2019 for the primary government is as follows:

	Balance January 1, 2019	Increases	Decreases	Balance December 31, 2019
Capital assets not being depreciated				
Land	$ 52,608	-	-	52,608
Capital assets being depreciated				
Buildings	565,204	26,582	-	591,786
Equipment	378,942	3,510	-	382,452
Vehicles	1,197,783	-	-	1,197,783
Total capital assets being depreciated	2,141,929	30,092	-	2,172,021
Less accumulated depreciation	(1,246,549)	(90,734)	-	(1,337,283)
Total capital assets being depreciated, net	895,380	(60,642)	-	834,738
Total capital assets, net	$ 947,988	(60,642)	-	887,346

The District recorded $90,734 of depreciation expense on its capital assets for the year ended December 31, 2019.

(6) Accounts Payable and Accrued Expenditures

Accounts payable and accrued expenditures at December 31, 2019 consisted of the following:

Vendors	$	16,244
Employees		39,209
	$	55,453

(7) Pension Plan

Plan Description

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

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

Benefit provisions are authorized within Act 434 of 1979 and amended by 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.

Eligibility Requirements

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

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

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

System, or for any other purpose in order to attain eligibility or increase the amount of service credit in this System.

Retirement Benefits

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

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

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

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

Disability Benefits

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

Death Benefits

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

Deferred Retirement Option Plan

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

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

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

Initial Benefit Option Plan

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

Cost of Living Adjustments (COLA):

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

Contributions:

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

Employer and Employee Contributions

According to State statute, employer contributions are actuarially determined each year. For the year ended June 30, 2019, employer and employee contributions for members above the poverty line were 26.50% and 10.0%, respectively. The employer and employee contribution rates for those members below the poverty line were 28.50% and 8.0%, respectively.

Non-employer contributions

According to State statute, the System receives insurance premium assessments from the State of Louisiana. The assessment is considered support from a non-employer contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions were recognized as revenue during the year ended June 30, 2019, and were excluded from pension expense. Non-employer contributions received by the District during the year ended June 30, 2019 was $26,807,631 of which the District's allocable share was $53,320.

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

At December 31, 2019, the District reported a liability of $1,245,475 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019 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, 2019, the District's proportion was 0.198897%, which was an decrease of 0.00232 from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the District recognized pension expense of $166,363 less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of $135,337.

At December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	(89,841)
Changes in assumptions	113,308	(91)
Net difference between projected and actual earnings on pension plan investments	83,755	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	18,070	(153,407)
Employer contributions subsequent to measurement date	68,381	-
	$ 283,514	(243,339)

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, 2020	$	(30,098)
December 31, 2021	$	(23,909)
December 31, 2022	$	10,850
December 31, 2023	$	7,991
December 31, 2024	$	4,549
December 31, 2025	$	2,411

Actuarial Methods and Assumptions

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position. The components of the net pension liability of the District as of December 31, 2019 are as follows:

Total Pension Liability	$ 4,783,716
Plan Fiduciary Net Position	(3,538,241)
Total Net Pension Liability	$ 1,245,475

A summary of the actuarial methods and assumptions used in determining the total net pension liability as of June 30, 2019 are as follows:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	7.15% per annum (net of investment expenses, including inflation; decreased from 7.3% in 2018)
Expected Remaining Service Lives	7 years, closed period
Inflation Rate	2.50% per annum (decreased from 2.70% in 2018)
Salary Increases	Vary from 14.75% in the first two years of service to 4.50% with 25 or more years of service; includes inflation and merit increases
Cost of Living Adjustments	For the purposes of determining the present value of benefits, COLAs were deemed not to be substantially automatic and only those previously granted were included.

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

The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation, 2.75%. The resulting long term expected arithmetic nominal rate of return was 7.94% as of June 30, 2019. Best estimates of arithmetic real rates of return for each major class included in the System's target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Equity – U.S.	21.50%	5.98%
Equity – Non U.S.	17.50%	7.52%
Equity – Global	10.00%	6.59%
Fixed Income	31.00%	2.17%
Alternatives – Real Estate	6.00%	4.14%
Alternatives – Private Equity	4.00%	10.52%
Multi-Asset Strategies – Global Tactical Asset Allocation	5.00%	4.37%
Multi-Asset Strategies – Risk Parity	5.00%	4.67%
	100.00%	

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee taking into consideration the recommendation of the System's actuary. Based on these assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate

The following present the net pension liability of the participating employers calculated using the discount rate of 7.15%, as well as what the employer's net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2019:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Employer's proportionate share of the net pension liability	$ 1,803,532	1,245,475	777,084

Change in Net Pension Liability

The changes in the net pension liability for the year ended June 30, 2019 were recognized in the current reporting period except as follows:

Differences between Expected and Actual Experience

Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred inflow of resources in the amount of $114,520 for the year ended June 30, 2019. Pension benefit and remaining deferred inflow for the year ended June 30, 2019 was $24,679 and $89,841, respectively.

Differences between projected and Actual Investment Earnings

Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a deferred outflow of resources in the amount of $174,156, for the year ended June 30, 2019. Pension expense and remaining deferred outflow for the year ended June 30, 2019 was $90,401 and $83,755, respectively.

Changes in Assumptions or Other Inputs

Changes in assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The changes in assumptions or other inputs resulted in a net deferred outflow of resources of $136,791 for the year ended June 30, 2019. Pension expense and remaining net deferred outflow for the year ended June 30, 2019 was $23,574 and $113,217, respectively.

Change in Proportion

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

Contributions - Proportionate Share

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

Retirement System Audit Report

The System issued a standalone audit report on its financial statements for the year ended June 30, 2019. Access to the audit report can be found on the Louisiana Legislative Auditor's official website (www.lla.la.gov) and the System's website (www.ffret.com).

(8) Supplemental Salaries

During the year ended December 31, 2019, the full time employees received additional pay in the amount of $64,500 from the State of Louisiana. These intergovernmental funds are reflected in the statement of revenues, expenditures, and changes in fund balance - governmental fund in salaries and benefits expense for the year ended December 31, 2019.

(9) Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Compensated Absences	$ 24,389	40,589	(31,870)	33,108	-
Capital leases	138,469	-	(69,481)	68,988	34,025
Net pension liability	1,157,387	88,088	-	1,245,475	-
Total	$ 1,320,245	128,677	(101,351)	1,347,571	34,025

(10) Capital Leases

The District records items under capital leases as an asset and an obligation in the accompanying financial statements.

On March 18, 2015, the District entered into a Louisiana Municipal Lease-Purchase Agreement for the purchase of a fire apparatus for a five year term with an interest rate of 2.886%, secured by the fire apparatus. The District made the final payment under this lease on March 25, 2019 and exercised the $1 purchase option.

On September 1, 2016, the District entered into a Louisiana Municipal Lease-Purchase Agreement for the purchase of a fire apparatus for a five year term with an interest rate of 2.755%, secured by the fire apparatus. The District will have the option to purchase after September 1, 2018.

The following is a schedule of future minimum lease payments under capital leases, together with the present value of the net minimum lease payments, as of December 31, 2019:

Year Ending		Amount
2020	$	35,926
2021		35,926
2022		-
2023		-
Thereafter		-
Total minimum lease payments		71,852
Less: Amounts representing interest		(2,864)
Present value of minimum lease payments	$	68,988

(11) Risk Management

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

(12) Compensation of Board Member

The Board of Commissioners serves the District without compensation.

(13) Concentration of Revenue

Of the District's revenues, $1,259,485 (81%) of the revenues are obtained through a single source, ad valorem taxes, for the year ended December 31, 2019.

(14) Subsequent Events

The Fire District evaluated subsequent events through April 27, 2020, the date which the financial statements were available to be issued.

Schedule of Employer's Share of Net Pension Liability

For the Year Ended December 31, 2019*

	2015	2016	2017	2018
Employer's proportion of net pension liability	0.22632%	0.22538%	0.19898%	0.201212%
Employer's proportionate share of net pension liability	1,221,453	1,474,195	1,140,501	1,157,387
Employer's covered-employee payroll	466,834	508,183	475,156	479,051
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	262%	290%	240%	242%
Plan fiduciary net position as a percentage of the total pension liability	72.4%	68.2%	73.6%	74.8%
Measurement date	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018

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

* Amounts presented for each year are as of and for the twelve months ending of the applicable measurement date.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

Schedule of Employer's Contributions

For the Year Ended December 31, 2019

Firefighters' Retirement System:

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Employee Payroll January to June	Contributions as a % of Covered Employee Payroll July to December
2015	137,896	137,896	-	488,600	29.25%	27.25%
2016	130,549	130,549	-	510,152	27.25%	25.25%
2017	122,054	122,054	-	471,692	25.25%	26.50%
2018	126,632	126,632	-	477,858	26.50%	26.50%
2019	133,873	134,470	(597)	493,639	26.50%	27.75%

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

See independent auditors' report and accompanying notes to required supplementary information.

Firefighters' Retirement System:

Changes in Benefit Terms:

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

Changes in Assumptions:

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

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

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

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

Schedule of Compensation Paid to Board Members

For the Year Ended December 31, 2019

Jay Hawkins	$	-
Sandra Slifer		-
Darryl Battaglia		-
Stephen Saussy		-
Michael Anderson		-
Total	$	-

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer

For the Year Ended December 31, 2019

Agency Head Name: Steven Glynn, Fire Chief (1/1/19 to 4/16/19)

Purpose		Amount
Salary	$	21,933
Health insurance premiums		318
IRA contributions		1,590
Louisiana Workforce Commission		49
Expense reimbursements		-
Fuel		-
	$	23,890

Agency Head Name: Brandon Stein, Interim Fire Chief (4/17/19 to 12/31/19)

Purpose		Amount
Salary	$	47,173
Life insurance premiums		149
Retirement contributions		12,926
Health insurance premiums		4,331
Uniforms		-
Expense reimbursements		-
Fuel		-
	$	64,579

See independent auditors' report.

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CERTIFIED PUBLIC ACCOUNTANTS

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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 Commisioners
St. Tammany Parish Fire Protection District No. 8
Abita Springs, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund of the St. Tammany Parish Fire Protection District No. 8 (the District), as of and for the year then ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 27, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings that we consider to be a significant deficiency – 2019-1.

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Compliance and Other Matters

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

Response to Findings

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

Purpose of this Report

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

Griffin & Furman, LLC

April 27, 2020

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

Schedule of Findings and Management Corrective Action Plan

December 31, 2019

Summary of Audit Results:

1. **Type of Report Issued – Unqualified**

2. **Internal Control Over Financial Reporting**
    a. **Significant Deficiencies – Yes (2019-1)**
    b. **Material Weaknesses - No**

3. **Compliance and Other Matters – No**

4. **Management Letter - No**

Finding 2019-1:

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

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

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

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

Status of Prior Findings

December 31, 2019

Finding 2018-1:

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

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

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

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

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

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

Management of the St. Tammany Parish Fire Protection District No. 8, is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. These procedures were agreed to by management of the District and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the District's compliance with certain laws and regulations during the period of January 1, 2019 thru December 31, 2019, in accordance with Act 774 of 2014 Regular Legislative Session.

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

Written Policies and Procedures

Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

a) ***Purchasing***, including (1) how vendors are added to the vendor list

b) ***Receipts***, including recording of deposits

c) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

Finding

a) *The District does have a written purchasing policy. The policy does not address how vendors are added to the vendor list. Additionally, the last adopted purchasing policy had not been incorporated into the District's Standard Operating Procedures Manual.*

b) *The District does have a written receipts policy. The policy does not address how the deposit is recorded on the general ledger.*

c) *The District does have a written contracting policy that addresses the items described in the procedure. The contracting policy has not been incorporated into the District's Standard Operating Procedures Manual.*

Corrective Action

a) *The District will continue to research and revise the purchasing policy when appropriate guidance is obtained. The District will update the Standard Operating Procedures Manual to reflect approved revisions to the purchasing policy.*

b) *The District will amend the receipts policy to address how the deposit is recorded on the general ledger.*

c) *The District will update the Standard Operating Procedures Manual to reflect the approved contracting policy.*

Fueling Station

1. Obtain a listing of all active fueling stations and obtain management's representation that the listing is complete. Randomly select one month for each fueling station, obtain the supporting documentation for that month, and observe that there is written documentation of supervisory review. If there is written documentation, observe that the review documentation includes the following:

   a) An analysis of the reasonableness of fuel dispensed per vehicle or miscellaneous small equipment;

Finding: *As of August 2019 the station has implemented a tracking system by truck with proper approvals including a log book per each unit. The Chief tracks miles per gallon as well with the new tracking system. No exceptions were noted.*

Corrective Action: *Not applicable.*

Bank Reconciliations

1. Obtain and inspect the entity's written policies and procedures over bank reconciliations and observe that they address the process for addressing items outstanding for more than 12 months from the statement closing date, if applicable.

Finding: *The District adopted a revised bank reconciliation policy that addresses the process of items outstanding for more than six months from the statement closing date.*

Corrective Action: *Not applicable.*

2. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

    a) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

    Finding: *Procedure performed with no exceptions.*

    Corrective Action: *Not applicable.*

    b) 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.

    Finding: *Procedure performed with no exceptions.*

    Corrective Action: *Not applicable.*

Credit Cards/Debit Cards/Fuel Cards/P-Cards

1. Obtain and inspect the entity's written policies and procedures over credit cards, bank debit cards, fuel cards, and P-cards (cards) and observe that they address the following:

    a) A prohibition on cash advances; and

    b) Procedures for lost receipts.

    Finding: *The written policies and procedures over credit cards, bank debit cards, fuel cards, and P-cards do not address a prohibition of cash advances or procedures for lost receipts.*

    Corrective Action: *The District will amend the policy to address a prohibition of cash advances and the procedures for lost receipts.*

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

__Finding:__ The District had two active debit cards and once active credit card during the testing period. All cards were issued to the Board Secretary.

Corrective Action: *Not applicable.*

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

   a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)

   Finding: *For the credit card statement selected (Lowes), the statement was itemized and approved but there were no original receipts to support the purchases on the statement. For the two bank debit cards, the procedure was performed with no exceptions.*

   Corrective Action: *The District will require all Lowes purchases to have original receipts accompany documentation submitted for approval. Where a receipt is not applicable there will be an itemized purchase order signed off on with proper approval.*

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

   Finding: *Procedure performed with no exceptions.*

   Corrective Action: *Not applicable.*

4. Using the monthly statements or combined statements selected under #3 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

   Finding: *As stated above, the Lowes statement did not have any original itemized receipts accompanying the statement. However, the statement did provide a detailed list of precisely what was purchased. The Lowes statement did not indicate the business/public purpose however all items purchased appeared to be related to fencing materials. For the debit card statements, the procedure was performed with no exceptions.*

   Corrective Action: *The District will require all Lowes purchases to have original receipts accompany documentation submitted for approval. Where a receipt is not applicable there will be an itemized purchase order signed off on with proper approval.*

Ethics

1. Obtain and inspect the entity's written policies and procedures over ethics and observe that they address each of the following:

   a) Actions to be taken if an ethics violation takes place;

   b) System to monitor possible ethics violations; and

   Finding: *The written policies and procedures over ethics did not address actions to be taken if an ethics violation takes place and a system to monitor possible ethics violations.*

   Corrective Action: *The District will update the ethics policy to include of actions to be taken if an ethics violation takes place and a system to monitor possible ethics violations.*

2. Obtain a listing of employees/elected officials/board members employed during the fiscal period and obtain management's representation that the listing is complete. Randomly select five employees/elected officials/board members, obtain ethics documentation from management, and:

   a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period; and

      Finding: *Four of the five persons reviewed completed the required ethics training during the year.*

      Corrective Action: *The District will ensure all employees/elected officials/board members receive the required ethics training annually.*

   b) Observe that the documentation demonstrates each employee/official/board member attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

      Finding: *All individuals noted above that completed ethics training also signed an affidavit acknowledging receipt of the ethics policy and attested to having read the policy.*

      Corrective Action: *The District will ensure employee/elected official/board member ethics attestations are received from all employees/elected officials/board members.*

Board (or Finance Committee, if applicable) Oversight

1. 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.

Finding: *Procedure performed with no exceptions.*

Corrective Action: *Not applicable.*

b) Observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund.

Finding: *Procedure performed with no exceptions.*

Corrective Action: *Not applicable.*

Information Technology Disaster Recovery/Business Continuity

1. Obtain and inspect the entity's written policies and procedures over information technology disaster recovery/business continuity (or the equivalent contractual terms if IT services are outsourced) and observe that they address (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

   Finding: *We reviewed the District's Standard Operating Procedures Manual noting it did not address data security, backups, the use of antivirus software, and software patches/updates. The District contracts with an IT vendor to provide IT services. The contract with the vendor does address backups, off site storage, and software patches/updates.*

   Corrective Action: *The District will update the Standard Operating Procedures Manual to include procedures to address timely backups of data, off-site storage, the use of antivirus software, and software updates as applicable.*

2. Perform the following sub-procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."

   a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

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

   Corrective Action: *Not applicable.*

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

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

Corrective Action: *Not applicable.*

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 active antivirus software and that the antivirus, operating system, and accounting system software are the most recent versions available (i.e. up-to-date).

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

Corrective Action: *Not applicable.*

Sexual Harassment

1. Obtain and inspect the entity's written sexual harassment policies and procedures and observe that they address all requirements of Louisiana Revised Statutes (R.S.) 42:342-344, including agency responsibilities and prohibitions; annual employee training; and annual reporting requirements.

   Finding: *The District's sexual and other harassment policy does not address all the requirements of R.S. 42:342-344.*

   Corrective Action: *The District will update its sexual and other harassment policy to include all requirements of R.S. 42:342-344.*

2. Obtain a listing of employees/elected officials/board members employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/elected officials/board members, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/elected official/board member completed at least one hour of sexual harassment training during the calendar year.

   Finding: *The District's sexual and other harassment policy and program did not require training during the fiscal year. The District did introduce a sexual harassment training program in 2020 and we observed that three employees had completed the training.*

   Corrective Action: *The District will continue to implement the training program throughout 2020. .*

3. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

   Finding: *The District's sexual and other harassment policy is available in the District's Standard Operating Procedures which is posted on the District's website.*

   Corrective Action: *Not applicable.*

4. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344.

   Finding: *The District did not prepare the required annual sexual harassment report for the current fiscal year.*

   Corrective Action: *The District will prepare the required report for the current and future fiscal periods.*

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the St. Tammany Parish Fire Protection District No. 8 and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Griffin & Furman, LLC

June 11, 2020