ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Financial Statements with Supplementary Information

December 31, 2019

(With Independent Auditors' Report Thereon)

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GRIFFIN & FURMAN LLC
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities and the major fund of St. Tammany Parish Fire Protection District No. 6 (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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

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 supplementary schedules required by GASB Statement No. 68 on pages 28 to 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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 28, 2020 on our consideration of St. Tammany Parish Fire Protection District No. 6'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 28, 2020

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Statement of Net Position

December 31, 2019

		Governmental Activities
Assets		
Cash and cash equivalents	$	414,451
Due from Governmental Units		530,296
Prepaid expenses		2,144
Capital assets, net of accumulated depreciation		612,605
Total assets		1,559,496
Deferred Outflows of Resources		
Changes in net pension liability not yet recognized in pension expense		95,684
Liabilities		
Accounts payable		4,800
Payroll and retirement liabilities		3,217
Sheriff's pension deduction payable		18,030
Net pension liability		197,538
Total liabilities		223,585
Deferred Inflows of Resources		
Changes in net pension liability not yet recognized in pension expense		132,740
Net Position		
Invested in capital assets, net of related debt		612,605
Unrestricted		686,250
	$	1,298,855

See accompanying notes to financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Statement of Activities

For the Year Ended December 31, 2019

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Capital Grants	Net (Expense) Revenue & Changes in Net Assets
Governmental Activities:				
Public safety	$ 634,557	-	-	(634,557)
Total	$ 634,557	-	-	(634,557)
General Revenues:				
Ad valorem				508,049
Fire insurance tax				23,786
State revenue sharing				19,420
Interest				2,815
Other income				18,782
Total general revenues				572,852
Change in net position				(61,705)
Net position - beginning of year				1,360,560
Net position - end of year				$ 1,298,855

See accompanying notes to the financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Governmental Funds

Balance Sheet

December 31, 2019

Assets

		General	Total Governmental Funds
Assets:			
Cash and cash equivalents	$	414,451	414,451
Due from Governmental Units		530,296	530,296
Prepaid expenses		2,144	2,144
		946,891	946,891

Liabilities, Deferred Inflows of Resources, & Fund Balance

		General	Total Governmental Funds
Liabilities:			
Accounts payable		4,800	4,800
Payroll and retirement liabilities		3,217	3,217
Sheriff pension deductions payable		18,030	18,030
Total liabilities		26,047	26,047
Deferred Inflows of Resources:			
Unavailable revenue - Ad Valorem		28,789	28,789
Fund Balances:			
Nonspendable		2,144	2,144
Unassigned		889,911	889,911
Total fund balance		892,055	892,055
Total liabilities, deferred inflows of resources, & fund balance	$	946,891	946,891

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	$	892,055
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		612,605
Deferred outlfows of contributions for retirement systems are not payable from current expendable resources and, therefore are not reported in the funds		95,684
Long-term liabilities at December 31, 2019:		
Net pension liability		(197,538)
Deferred inflows of contributions for retirement systems are not payable from current expendable resources and, therefore are not reported in the funds		(132,740)
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		28,789
Change in Net Position of Governmental Activities	$	1,298,855

See accompanying notes to the financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balance

For the Year Ended December 31, 2019

		General	Total Governmental Funds
Revenues:			
Ad valorem	$	511,546	511,546
Fire insurance tax		23,786	23,786
State revenue sharing		19,420	19,420
Grants		-	-
Interest		2,815	2,815
Other income		10,325	10,325
Total revenues		567,892	567,892
Expenditures:			
Public safety			
Professional fees		19,050	19,050
Personnel		360,741	360,741
Insurance		48,304	48,304
Repairs and maintenance		12,611	12,611
Utilities		15,567	15,567
Truck		61,142	61,142
Training		10,826	10,826
Dispatch fees		18,070	18,070
Supplies		28,232	28,232
Sheriff pension deduction		18,030	18,030
Total public safety		592,573	592,573
Capital outlay		50,685	50,685
Total expenditures		643,258	643,258
Net change in fund balance		(75,366)	(75,366)
Fund balance, beginning of year		967,421	967,421
Fund balance, end of year	$	892,055	892,055

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	$	(75,366)
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		50,685
Depreciation expense		(41,814)
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 $28,789 was less than prior year deferred inflows of resources in the governmental fudns of $32,287.		(3,498)
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		8,288
Change in Net Position of Governmental Activities	$	(61,705)

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	$ 533,000	486,000	511,546	10,240	521,786	35,786
Fire insurance tax	25,000	25,000	23,786	-	23,786	(1,214)
State revenue sharing	19,500	19,500	19,420	-	19,420	(80)
Grants	-	-	-	-	-	-
Interest	1,700	1,700	2,815	-	2,815	1,115
Other	-	-	10,325	-	10,325	10,325
Total revenues	579,200	532,200	567,892	10,240	578,132	45,932
Expenditures:						
Public safety						
Professional fees	37,000	37,000	19,050	-	19,050	17,950
Personnel	341,200	361,000	360,741	-	360,741	259
Insurance	42,000	42,000	48,304	-	48,304	(6,304)
Repairs and maintenance	13,000	13,000	12,611	-	12,611	389
Utilities	14,000	14,000	15,567	-	15,567	(1,567)
Truck	32,000	46,000	61,142	-	61,142	(15,142)
Training	3,000	12,000	10,826	-	10,826	1,174
Dispatch fees	19,000	19,000	18,070	-	18,070	930
Telephone	7,000	-	-	-	-	-
Supplies	21,000	29,000	28,232	-	28,232	768
Sheriff's pension deduction	-	-	18,030	(18,030)	-	-
Capital outlay	50,000	46,000	50,685	-	50,685	(4,685)
Total expenditures	579,200	619,000	643,258	(18,030)	625,228	(6,228)
Other:						
Transfers (to)/from other funds	-	-	-	-	-	-
Net change in fund balance	-	(86,800)	(75,366)	28,270	(47,096)	(28,270)
Fund balance, beginning of year	967,421	967,421	967,421			
Fund balance, end of year	$ 967,421	880,621	892,055			

See accompanying notes to the financial statements.

(1) Summary of Significant Accounting Policies

(a) Introduction

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

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

(b) Basis of Presentation

Government-Wide Financial Statements:

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. There were no program revenues for the year ended December 31, 2019.

Fund Financial Statements:

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

The daily accounts and operation of the District continue to be organized on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities. The operations of each fund are accounted for with a separate set of selfbalancing accounts that comprise assets, liabilities, equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

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

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

Management's Discussion and Analysis:

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

(c) Reporting Entity

The District is a component unit of St. Tammany Parish Consolidated Government (the Parish) and as such, these financial statements will be included in the Comprehensive Annual Financial Report (CAFR) of the Parish for the year ended December 31, 2019.

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

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

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

Government-wide Financial Statements:

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

Fund Financial Statements:

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

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

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

The District has adopted the provisions of GASB Statement No. 54 *Fund Balance Reporting and Government Fund Type Definitions,* which changed the reporting of fund balance in the balance sheets of governmental fund types. In fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy primarily on the extent to which the district is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned.

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

- *Restricted* – This component consists of amounts that have constraints placed on them either externally by third-parties (creditors, grantors, contributions, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the District to assess, levy, change or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

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

- *Assigned* – This component consists of amounts that are constrained by the District's intent to be used for specific purposes, but neither restricted nor committed. The authority for assigning fund balance is expressed by the District or the designee as established in the District's Fund Balance Policy.

- *Unassigned* – This component consists of amounts that have not been restricted, committed, or assigned to specific purposes within the general fund. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources (committed, assigned, and unassigned) are available for use. It is the District's policy to use committed resources first, then assigned, and the unassigned as they are needed.

(e) Operating Budgetary Data

As required by the Louisiana Revised 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 basis materially consistent with accounting principles generally accepted in the United States of America and is included in the budget presentation in the basic financial statements.

(f) Assets, Liabilities, and Net Assets

Cash and Cash Equivalents

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

The financial statements for the District contain no allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the fund.

Receivables

All receivables are reported net of estimated uncollectible amounts. The allowance for uncollectible property taxes is $11,255, 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.

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 $500 or more are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance 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:

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

Fund Financial Statements:

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

Fund Equity

Government-wide Financial Statements:

Equity is classified as net assets and displayed in three components:

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, 2018 and for the year then ended, the District did not have or receive restricted net assets.

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

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.

Revenues

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

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

All other revenues are recorded when received.

Expenditures

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

Deferred Outflows and Inflows of Resources

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

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

(g) Use of Estimates

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

(2) Deposits and Investments

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

Bank Deposits:

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

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

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

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

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

The year end balances of deposits are as follows:

	Bank Balances Category			Book
	1	2	3	Balance
Cash	$ 423,530	-	-	414,451

At December 31, 2019, the district held cash (bank balance) of $432,530 in interest bearing demand deposits. These deposits were fully secured from risk by FDIC insurance and a stand by letter of credit issued by Citizens Savings Bank.

(3) Due from Governmental Units

Amounts due from governmental units as of December 31, 2019 are as follows:

Property taxes, net of allowance of $11,255	$ 517,349
State revenue sharing	12,947
	$ 530,296

(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 $20.12 per $1,000 of assessed valuation on property within the District for the purpose of constructing, maintaining, and operating fire protection facilities within the District and paying the cost of obtaining water for fire protection purposes.

(5) Capital Assets

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

	Balance January 1, 2019	Increases	Decreases	Balance December 31, 2019
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	$ 52,277	-	-	52,277
Capital Assets Being Depreciated				
Buildings	366,023	-	-	366,023
Building improvements	65,541	-	-	65,541
Furniture and equipment	608,005	20,686	-	628,691
Vehicles	665,679	30,000	-	695,679
Total Capital Assets Being Depreciated	1,705,248	50,686	-	1,755,934
Less Accumulated Depreciation for:				
Buildings	(148,639)	(8,136)	-	(156,775)
Building improvements	(13,575)	(1,714)	-	(15,289)
Furniture and equipment	(458,725)	(18,412)	-	(477,137)
Vehicles	(532,853)	(13,552)	-	(546,405)
Total Accumulated Depreciation	(1,153,792)	(41,815)	-	(1,195,606)

	Balance January 1, 2019	Increases	Decreases	Balance December 31, 2019
Total Capital Assets Being Depreciated, Net	551,456	8,871	-	560,328
Total Governmental Activities	$ 603,733	8,871	-	612,605

The District recorded $41,814 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	$ 4,800
	$ 4,800

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

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. Membership in the System is a condition of employment for any full-time firefighters (or any person in a position as defined in the municipal fire and police civil service system) who earn at least $375 per month and are employed by any municipality, parish, or fire protection district of the State of Louisiana in addition to employees of the Firefighters' Retirement System.

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 fo 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 in the form of "X x (A+B)," where "X" is any amount up to $1 per month, and "A" is equal to the number of years since retirement or since death of the member or retiree to June 30th of the initial year of such increase.

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 tax funds from the State of Louisiana. The tax is considered support from a non-employer contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions were recognized as revenue during the year ended June 30, 2019, and were excluded from pension expense. Non-employer contributions received by the System during the year ended June 30, 2019 was $26,807,631 of which the District's allocable share was $8,457.

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 $197,538 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 0.031546%, which was a increase of 0.007356% from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the District recognized pension expense of $38,421 less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of $16,250.

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	$ -	(14,249)
Changes in assumptions	17,971	(14)
Net difference between projected and actual earnings on pension plan investments	13,284	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	52,596	(118,477)
Employer contributions subsequent to measurement date	11,833	-
	$ 95,684	(132,740)

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	$	(8,988)
December 31, 2021	$	(35,634)
December 31, 2022	$	(11,802)
December 31, 2023	$	(3,815)
December 31, 2024	$	4,986
December 31, 2025	$	6,364

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	$ 758,720
Plan Fiduciary Net Position	(561,182)
Total Net Pension Liability	$ 197,538

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 purposes of determining the present value of benefits, COLA's 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	$ 286,049	197,538	123,249

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 $18,163 for the year ended June 30, 2019. Pension benefit and remaining deferred inflow for the year ended June 30, 2019 was $3,914 and $14,249, 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 $27,622, for the year ended June 30, 2019. Pension expense and remaining deferred outflow for the year ended June 30, 2019 was $14,388 and $13,284, 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 $21,696 for the year ended June 30, 2019. Pension expense and remaining net deferred outflow for the year ended June 30, 2019 was $3,739 and $17,957, 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 $10,250 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
Net pension liability	$ 149,607	47,931	-	197,538	-
Total	$ 149,607	47,931	-	197,538	-

(10) Risk Management

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

(11) Compensation of Board Member

The Board of Commissioners serves the District without compensation.

(12) Subsequent Events

The Fire District evaluated subsequent events through April 28, 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*

Schedule for Firefighters' Retirement System:

	2015	2016	2017	2018	2019
Employer's proportion of net pension liability	0.054842%	0.042864%	0.026101%	0.024190%	0.031546%
Employer's proportionate share of net pension liability	295,988	280,370	149,607	139,143	197,538
Employer's covered-employee payroll	103,439	96,651	60,940	57,591	76,243
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	286%	290%	245%	242%	259%
Plan fiduciary net position as a percentage of the total pension liability	72.45%	68.16%	73.55%	74.80%	74.00%
Measurement date	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019

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

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

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

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	27,334	27,334	-	96,798	29.25%	27.25%
2016	22,573	22,573	-	85,621	27.25%	25.25%
2017	10,497	10,497	-	40,555	25.25%	26.50%
2018	19,899	19,899	-	75,092	26.50%	26.50%
2019	21,926	21,926		80,731	26.50%	27.75%

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

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%.

Schedule of Compensation Paid to Board Members

For the Year Ended December 31, 2019

Gregory Beyers	$ -
Austin Dawsey	-
Clayton Foreman	-
Kenneth Fussell	-
Robert Jenkins	-
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. 6

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

For the Year Ended December 31, 2019

Agency Head Name: John Taylor, Fire Chief

Purpose		Amount
Salary	$	32,853
Benefits - Insurance		
Benefits - Retirement		-
Benefits - Other		-
Car Allowance		-
Vehicle Provided by Government		-
Per Diem		-
Reimbursements		1,921
Travel		-
Registration Fees		-
Conference Travel		-
Continuing Professional Education Fees		-
Housing		-
Unvouchered Expenses		-
Special Meals		-
	$	34,774

See independent auditors' report.

GRIFFIN & FURMAN LLC
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. 6
Covington, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund of the St. Tammany Parish Fire Protection District No. 6 (the District), as of and for the year then ended December 31, 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 28, 2020.

<u>Internal Control Over Financial Reporting</u>

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 28, 2020

Schedule of Findings and Management Corrective Action Plan

December 31, 2019

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. 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. 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. 6
Covington, Louisiana

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

Management of the St. Tammany Parish Fire Protection District No. 6, is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. These procedures were agreed to by management of the 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.

Payroll and Personnel (follow-up)

1. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

   Finding:

   Procedure performed without exception.

   Corrective Action:

   Not applicable.

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Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to the entity's operations):

   a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

      Finding:

      Procedure performed without exception.

      Corrective Action:

      Not applicable.

   b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

      Finding:

      The District has a policy over purchasing; however, the policy did not include how vendors are added to the vendor list.

      Corrective Action:

      The District will update the policy over purchasing to include how vendors are added to the vendor list.

   c) ***Disbursements***, including processing, reviewing, and approving.

      Finding:

      Procedure performed without exception.

      Corrective Action:

      Not applicable.

   d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue (e.g. periodic confirmation with outside parties).

      Finding:

      The District does not have a formal policy over receipts/collections.

Corrective Action:

The District will develop a receipts/collection policy that addresses the items listed in the procedure.

e) ***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:

Procedure performed without exception.

Corrective Action:

Not applicable.

f) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

Finding:

The District has a policy for P-Cards; however, it does not address business purpose. Since these cards are strictly used for fuel purchases it is not considered necessary to include a business use. This is not considered an exception.

Corrective Action:

Not applicable.

g) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

Finding:

The District does have a formal policy over expense reimbursements; however, it does not include a dollar threshold by category.

Corrective Action:

The District will update the policy to include dollar thresholds by category of expenses.

h) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Finding:

The District has a formal policy over ethics; however, it does not include the actions to be taken if an ethics violation takes place, system to monitor possible ethics violations, and requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Corrective Action:

The District will revise the policy to include the items noted above.

Bank Reconciliations (follow-up)

1. Obtain and inspect the entity's written policies and procedures over bank reconciliations and observe that they address (1) monthly bank statement reconciliations, (2) review of all bank reconciliations by someone independent of cash receipt and disbursement functions, and (3) process for addressing items outstanding for more than 12 months from the statement closing date, if applicable.

   Finding:

   Procedure performed without exception.

   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).

      Finding:

      Procedure performed with no exception.

      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:

The District only has a policy over internet usage. They do not have a formal policy over Information Technology Disaster Recovery/Business Continuity.

Corrective Action:

The District has obtained the example Information Technology Disaster Recovery/Business Continuity policy from the Legislative Auditor and will adopt a policy that addresses the items listed in the procedure.

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 procedures 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 procedures 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 procedures 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 Sexual Harassment Policy provided was last updated in 2015 and does not included all of the requirements of Louisiana Revised Statutes 42:342-344.

   Corrective Action:

   The District will update the sexual harassment policy to include all requirements of Louisiana Revised Statutes (R.S.) 42:342-344, including agency responsibilities and prohibitions: annual employee training; and annual reporting requirements.

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:

   Procedure performed without exception.

   Corrective Action:

   Not applicable.

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 does not have a website and it does not have its' sexual harassment posted on the premises.

   Corrective Action:

   The District will post its sexual harassment policy in a conspicuous location on the premises.

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 was unaware the statute had changed and was never notified by any state agency of this change; therefore, they had not prepared the annual sexual harassment report.

   Corrective Action:

   The District will prepare future reports in compliance with R.S. 42:344.

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. 6 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

July 23, 2020