

**ST. TAMMANY PARISH
FIRE PROTECTION DISTRICT NO. 5**

Audit of Financial Statements

December 31, 2019



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Independent Auditor's Report

To the Board of Commissioners
St. Tammany Parish Fire Protection District No. 5
Folsom, Louisiana

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of St. Tammany Parish Fire Protection District No. 5 (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.

Auditor's 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.

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 each 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 budgetary comparison information and the supplementary schedules required by Governmental Accounting Standards Board (GASB) Statement No. 68 on pages 27 - 31 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, 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of compensation, benefits, and other payments to agency head, as required by Louisiana Revised Statute (LRS) 24:513 A, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of compensation, benefits, and other payments to agency head is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 schedule of compensation, benefits, and other payments to agency head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2020, on our consideration of St. Tammany Parish Fire Protection District No. 5's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's 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.

A handwritten signature in cursive script, appearing to read "LaPorte".

A Professional Accounting Corporation

Covington, LA
June 16, 2020

**BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS**

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5
Statement of Net Position
December 31, 2019

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 241,061
Receivables - Ad Valorem Taxes, Net	822,892
Receivables - State Revenue Sharing	20,562
Capital Assets, Net of Accumulated Depreciation	<u>1,279,587</u>
Total Assets	<u>2,364,102</u>
Deferred Outflows of Resources	
Pensions	<u>136,180</u>
Liabilities	
Accounts Payable	22,983
Accrued Expenses	18,711
Accrued Interest	6,266
Capital Leases	
Due in One Year	51,486
Due in More than One Year	318,290
Compensated Absences	37,236
Net Pension Liability	<u>416,667</u>
Total Liabilities	<u>871,639</u>
Deferred Inflows of Resources	
Pensions	<u>49,200</u>
Net Position	
Net Investment in Capital Assets	909,811
Unrestricted	<u>669,632</u>
Total Net Position	<u><u>\$ 1,579,443</u></u>

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5
Statement of Activities
For the Year Ended December 31, 2019

Function/Program	Expenses	Program Revenue		Net (Expense) Revenue and Change in Net Position
		Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities				
Public Safety - Fire Protection	\$ 1,119,327	\$ 17,415	\$ 294,788	\$ (807,124)
Interest on Long-Term Debt	11,544	-	-	(11,544)
Total	<u>\$ 1,130,871</u>	<u>\$ 17,415</u>	<u>\$ 294,788</u>	<u>(818,668)</u>
General Revenues				
Ad Valorem Taxes				916,321
Intergovernmental Revenues				
State Revenue Sharing				31,119
Fire Insurance Premium Tax				28,564
Supplemental Pay				23,077
Other Income				8,741
Interest Income				6,755
Total General Revenues				<u>1,014,577</u>
Change in Net Position				195,909
Net Position, Beginning of Year				<u>1,383,534</u>
Net Position, End of Year				<u>\$ 1,579,443</u>

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

**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS
GOVERNMENTAL FUNDS**

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5
Balance Sheet
Governmental Funds
December 31, 2019

	General Fund	Grant Fund	Total Governmental Funds
Assets			
Cash and Cash Equivalents	\$ 241,061	\$ -	\$ 241,061
Receivables - Ad Valorem Taxes, Net	822,892	-	822,892
Receivables - State Revenue Sharing	20,562	-	20,562
Total Assets	<u>\$ 1,084,515</u>	<u>\$ -</u>	<u>\$ 1,084,515</u>
Liabilities			
Accounts Payable	\$ 22,983	\$ -	\$ 22,983
Accrued Expenses	18,711	-	18,711
Total Liabilities	<u>41,694</u>	<u>-</u>	<u>41,694</u>
Deferred Inflows of Resources			
Unavailable Ad Valorem Taxes	53,672	-	53,672
Total Deferred Inflows of Resources	<u>53,672</u>	<u>-</u>	<u>53,672</u>
Fund Balance			
Unassigned	989,149	-	989,149
Total Fund Balance	<u>989,149</u>	<u>-</u>	<u>989,149</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 1,084,515</u>	<u>\$ -</u>	<u>\$ 1,084,515</u>

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2019

Total Fund Balance	\$ 989,149
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Amounts reported for governmental activities in the statement
of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	1,279,587
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Deferred inflows of resources - unavailable ad valorem taxes are not reported on government-wide financial statements.	53,672
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Deferred inflows of resources - pension used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	(49,200)
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Deferred outflows of resources - pension used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	136,180
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Long-term liabilities, including certificates of indebtedness, capital leases, and compensated absences, are not due and payable in the current period and, therefore, are not reported in the governmental funds:

Accrued Interest	(6,266)
Accrued Compensated Absences Payable	(37,236)
Capital Leases	(369,776)
Net Pension Liability	<u>(416,667)</u>

Net Position of Governmental Activities	<u>\$ 1,579,443</u>
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The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2019

	General Fund	Grant Fund	Total Governmental Funds
Revenues			
Ad Valorem Taxes	\$ 869,388	\$ -	\$ 869,388
Intergovernmental Revenues			
State Revenue Sharing	31,119	-	31,119
Fire Insurance Premium Tax	28,564	-	28,564
Supplemental Pay	23,077	-	23,077
Grant Revenue	3,340	291,448	294,788
Other Revenue	7,081	1,660	8,741
Interest Income	5,922	833	6,755
Total Revenues	968,491	293,941	1,262,432
Expenditures			
Public Safety - Fire Protection			
Salaries and Benefits	598,227	-	598,227
Equipment and Supplies	79,288	-	79,288
Operations and Repairs	67,600	-	67,600
Insurance	53,371	-	53,371
Professional Fees	32,580	-	32,580
Utilities	27,880	-	27,880
Dispatcher Fees	25,341	-	25,341
Other	21,110	-	21,110
Training	8,169	-	8,169
Office Supplies	3,685	-	3,685
Capital Outlay	100,445	293,450	393,895
Debt Service - Principal	29,634	-	29,634
Debt Service - Interest	11,372	-	11,372
Total Expenditures	1,058,702	293,450	1,352,152
(Deficiency) Excess of Revenues Over Expenditures	(90,211)	491	(89,720)
Other Financing Sources (Uses)			
Proceeds of Capital Leases	96,450	-	96,450
Transfers In	20,203	-	20,203
Transfers Out	-	(20,203)	(20,203)
Total Other Financing Sources (Uses)	116,653	(20,203)	96,450
Net Change in Fund Balance	26,442	(19,712)	6,730
Fund Balance, Beginning of Year	962,707	19,712	982,419
Fund Balance, End of Year	\$ 989,149	\$ -	\$ 989,149

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balance of the Governmental Funds to
the Statement of Activities
For the Year Ended December 31, 2019

Net Change in Fund Balance	\$ 6,730
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	244,941
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds:	
Change in Unavailable Ad Valorem Taxes	46,933
The issuance of long-term debt (e.g., certificates of indebtedness, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(66,825)
Governmental funds report retirement contributions as expenditures, but pension expense on the statement of activities includes the change in net pension liability as well as the change in deferred inflows and outflows of resources related to pensions.	(33,490)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Change in Accrued Interest	(163)
Change in Compensated Absences Payable	(2,217)
Change in Net Position of Governmental Activities	\$ 195,909

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Reporting Entity

The St. Tammany Parish Fire Protection District No. 5 (the District) was created by St. Tammany Parish (the Parish), as provided by Louisiana Revised Statute (LRS) 40:1492. The District was created to acquire, maintain, and operate buildings, machinery, equipment, water tanks, water hydrants, and water lines, and any other things necessary to provide proper fire prevention and control within the district limits. The administration of the District is governed by a Board of Commissioners (the Board) consisting of five members. Two members are appointed by St. Tammany Parish and two by the governing body of the Town of Folsom. The fifth member is selected by the other four members and serves as chairman. Vacancies are filled by the bodies making the original appointments.

The District operates four fire stations; however, only two are manned with district personnel. The District provides fire protection and emergency medical services to an area covering approximately 90 square miles. Fire protection services are provided by volunteers and approximately three full-time paid firefighters, and one full-time fire chief.

Governmental Accounting Standards Board Statement No. 14, *The Reporting Entity*, as amended, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, the District is considered a component unit of St. Tammany Parish, which appoints two of the district board members and has the ability to impose its will on the Board. As a component unit, the accompanying financial statements are included within the reporting of the primary government, either blended into those financial statements or separately reported as a discrete component unit.

The accompanying basic financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued in June 1999, as amended by GASB Statement No. 63 in June 2011.

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. 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 District's funds are classified as governmental-type activities.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Government-Wide Financial Statements (Continued)

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.

Fund Financial Statements

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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 as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance 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. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are 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 generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

Property taxes, state revenue sharing, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. The District considers ad valorem taxes to be available when collected by the St. Tammany Parish Sheriff. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

General Fund

The General Fund is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

Grant Special Revenue Fund

The Grant Special Revenue Fund is used to account for grant funds used to purchase equipment for the District.

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.

Cash and Cash Equivalents and Investments

Cash includes amounts in demand deposits and money market accounts. Amounts in time deposits and those investments with original maturities of 90 days or less are considered to be cash equivalents. Under state law, the District 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. Investments are stated at market.

Receivables

All receivables are reported net of estimated uncollectible amounts. The allowance for uncollectible amounts was \$38,337, which represents 4% of the total ad valorem tax receivable at December 31, 2019. This estimate is based on the District's history of collections within this revenue stream.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets are reported in the governmental activity column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$5,000 or more for capitalizing capital assets.

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

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

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

Buildings	40 Years
Fire Trucks	15 Years
Firefighting Equipment	5 - 10 Years
Vehicles	5 Years
Furniture and Fixtures	5 Years

Total depreciation expense for the year ended December 31, 2019 was \$148,954.

Compensated Absences

The District's full-time employees shall be entitled to and given, with full pay, sick leave aggregating no less than fifty-two (52) weeks during a calendar year for any sickness or injury or incapacity not brought about by their own negligence or culpable indiscretion. Also, after having served one (1) year, full-time employees shall be entitled to an annual vacation of eighteen (18) calendar days with full pay. This vacation period shall be increased one day for each year of service over ten (10) years, up to a maximum vacation period of thirty (30) days, all of which shall be with full pay. Unused accumulated sick and vacation leave are paid only upon approval of the Board of Commissioners. At December 31, 2019, the District had compensated absences of \$37,236, which is reported as a liability on the statement of net position.

Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position.

In the fund financial statements, the face amount of any debt issued is reported as other financing sources. Expenditures for principal and interest payments for long-term obligations are recognized in the General Fund when paid.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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 of Louisiana (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Equity Classifications

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

- a. *Net Investment in Capital Assets* - Consists of capital assets including restricted 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 improvements of those assets.
- b. *Restricted Net Position* - Consists of net position with constraints placed on its use either by external groups or law.
- c. *Unrestricted Net Position* - Consists of all other net position that does not meet the definition of "restricted" or "net investment in capital assets."

In the governmental fund financial statements, fund balances are classified as follows:

1. *Unassigned Fund Balance* - All amounts not included in spendable classifications.

Budget Policies

The District adopts an annual budget for the General Fund on the cash basis of accounting. The budget is legally adopted and amended as necessary by the District. All budgeted amounts which are not expended or obligated through contracts lapse at year-end.

Estimates

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Adoption of New Accounting Policies

For fiscal year ended December 31, 2019, the District adopted GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placement*. This statement defines debt for purposes of disclosure in notes to the financial statements; clarifies which liabilities governments should include when disclosing information related to debt; and requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The statement also requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant termination events with finance-related consequences and significant subjective acceleration clauses. The adoption of this Statement had no impact on the District's financial statements.

New Accounting Pronouncements

The GASB issued Statement No. 87, *Leases*, in June 2017. The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Management is still evaluating the potential impact of adoption on the District's financial statements. In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponing the effective date of Statement No. 87 to reporting periods beginning after June 15, 2021.

Note 2. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents (book balances) at December 31, 2019:

Non-Interest-Bearing Demand Deposits	<u>\$ 241,061</u>
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Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be recovered. The District does not have a deposit policy for custodial credit risk. As of December 31, 2019, \$13,125 of the District's bank balance was exposed to custodial credit risk. However, these deposits were secured from risk by the pledge of securities owned by the fiscal agent bank.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5

Notes to Financial Statements

Note 3. Levied Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1st of each year. Taxes are levied by the District during the year and billed to taxpayers and become due in November. Billed taxes become delinquent on December 31st of each year. Revenues from ad valorem taxes are budgeted in the year billed and recognized as revenue when levied, to the extent that they are determined to be currently collectible. The St. Tammany Parish Sheriff bills and collects property taxes using the assessed value determined by the Tax Assessor of St. Tammany Parish.

Note 4. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated				
Land	\$ 40,577	\$ -	\$ -	\$ 40,577
Capital Assets, Being Depreciated				
Buildings	655,533	-	-	655,533
Fire Trucks	1,170,003	96,450	-	1,266,453
Firefighting Equipment	696,984	-	-	696,984
Vehicles	139,593	297,445	(9,824)	427,214
Furniture and Fixtures	13,770	-	-	13,770
Total Capital Assets, Being Depreciated	<u>2,675,883</u>	<u>393,895</u>	<u>(9,824)</u>	<u>3,059,954</u>
Less Accumulated Depreciation for:				
Buildings	(338,831)	(16,404)	-	(355,235)
Fire Trucks	(748,922)	(64,033)	-	(812,955)
Firefighting Equipment	(467,999)	(49,242)	-	(517,241)
Vehicles	(112,293)	(19,275)	9,824	(121,744)
Furniture and Fixtures	(13,770)	-	-	(13,770)
Total Accumulated Depreciation	<u>(1,681,815)</u>	<u>(148,954)</u>	<u>9,824</u>	<u>(1,820,945)</u>
Total Capital Assets, Being Depreciated, Net	<u>994,068</u>	<u>244,941</u>	<u>-</u>	<u>1,239,009</u>
Total Capital Assets, Net	<u>\$ 1,034,645</u>	<u>\$ 244,941</u>	<u>\$ -</u>	<u>\$ 1,279,587</u>

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5

Notes to Financial Statements

Note 5. Capital Leases

During the year ended December 31, 2016, the District entered into two lease agreements for the acquisition of fire protection equipment. During the year ended December 31, 2019, the District entered into a third lease agreement for the acquisition of fire protection equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The lease agreements are described as follows:

Lease dated May 24, 2016 for the acquisition of two 2016 Class A pumper fire trucks maturing on May 20, 2028, with twelve annual payments of \$35,274 with interest.	\$ 267,357
Lease dated August 22, 2016 for the acquisition of an emergency rescue boat maturing on January 22, 2021, with annual payments of \$5,732 with interest.	5,969
Lease dated October 15, 2019 for the acquisition of a 2010 International Chassis fire truck maturing on October 15, 2026, with seven annual payments of \$16,212 with interest.	96,450
	369,776
Less: Due in One Year	(51,486)
Capital Leases - Long-Term Portion	\$ 318,290

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2019 are as follows:

Year Ending December 31,	Amount
2020	\$ 51,486
2021	57,455
2022	51,486
2023	51,486
2024	51,486
2025-2029	173,520
Total Minimum Lease Payments	436,919
Less: Amount Representing Interest	(67,143)
Present Value of Minimum Lease Payments	\$ 369,776

At December 31, 2019, the book value of the fire trucks was \$327,789 and the book value of the emergency rescue boat was \$6,846.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5

Notes to Financial Statements

Note 6. Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the District for the year ended December 31, 2019:

	Capital Lease	Net Pension Liability	Compensated Absences	Total
Payable at January 1, 2019	\$ 302,951	\$ 385,964	\$ 35,019	\$ 723,934
Additions	96,450	30,703	-	127,153
Retired	(29,625)	-	2,217	(27,408)
Payable at December 31, 2019	\$ 369,776	\$ 416,667	\$ 37,236	\$ 823,679

Note 7. Louisiana Firefighters' Retirement System Pension

Plan Description and Provisions

Substantially all full-time employees of the District are members of the Firefighters' Retirement System of Louisiana (the System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. 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 LRS 11:2252 on and after January 1, 1980 shall become a member as a condition of employment. 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 50. No person who has not attained the age of 18 years shall become a member of the System. Any person who has retired from service under any retirement system or pension fund maintained basically for public officers and employees of the state, its agencies, or political subdivisions, and who is receiving retirement benefits therefrom may become a member of the 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 the System, or for any other purpose in order to attain eligibility or increase the amount of service credit in the System.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5

Notes to Financial Statements

Note 7. Louisiana Firefighters' Retirement System Pension (Continued)

Retirement Benefits

Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to three and one-third percent of their final-average salary for each year of creditable service, not to exceed 100% of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

Deferred Retirement Option Plan

After completing 20 years of creditable service at 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 DROP, employer and employee contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the DROP account. Upon termination of employment, a participant in the program shall receive, at his option, a lump-sum payment from the account or an annuity based on the DROP account balance 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 DROP 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.

Employer Contributions

Employer contributions are actuarially determined each year. For the plan year ended June 30, 2019, employer and employee contributions for members above the poverty line were 26.50% and 10.00%, respectively. For the plan year ending June 30, 2020, employer and employee contributions for members above the poverty line are 27.75% and 10.00%, respectively.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5**Notes to Financial Statements**

Note 7. Louisiana Firefighters' Retirement System Pension (Continued)**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 \$416,667 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and was determined by 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 governments, actuarially determined. At June 30, 2019, the District's proportion was .066540%.

For the year ended December 31, 2019, the District recognized pension expense of \$77,109. At December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to its pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ -	\$ 30,056
Net Difference between Projected and Actual Earnings on Pension Plan Investments	28,020	-
Changes in Proportion	46,129	19,114
Changes in Assumptions	37,907	30
District Contributions Subsequent to the Measurement Date	24,124	-
Total	\$ 136,180	\$ 49,200

In the year ended December 31, 2020, \$24,124 reported as deferred outflows of resources related to the District's contributions subsequent to the measurement date will be recognized. Other amounts reported as deferred inflows of resources and deferred outflows of resources will be recognized in pension expense as follows:

Year Ending December 31,	Amount
2020	\$ 29,515
2021	1,147
2022	12,719
2023	10,961
2024	7,527
2025	987
Total	\$ 62,856

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5

Notes to Financial Statements

Note 7. Louisiana Firefighters' Retirement System Pension (Continued)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining net pension liability as of December 31, 2019 is as follows:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal Cost
Expected Remaining Service Lives	7 Years
Investment Return	7.15%
Inflation Rate	2.50%
Salary Increases	Vary from 14.75% in the first two years of service to 4.50% after 25 years
Cost-of-Living Adjustments	Only those previously granted

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. Annuity values calculated based on this mortality were compared to those produced by using a set-back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate 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 long-term expected nominal rate of return was 7.94% as of June 30, 2019.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5**Notes to Financial Statements**

Note 7. Louisiana Firefighters' Retirement System Pension (Continued)**Actuarial Assumptions (Continued)**

Best estimates of real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Long-Term Target Asset Allocation	Expected Portfolio Real Rate of Return
Fixed Income	31.0%	2.17%
U.S. Equity	21.5%	5.98%
Non-U.S. Equity	17.5%	7.52%
Global Equity	10.0%	6.59%
Real Estate	6.0%	4.14%
Private Equity	4.0%	10.52%
Global Tactical Asset Allocation	5.0%	4.37%
Risk Parity	5.0%	4.67%
	<u>100.0%</u>	

Sensitivity to Changes in Discount Rate

The following represents the net pension liability of the District using the discount rate of 7.15% as well as what the liability would be if it were calculated using a discount rate that is one percentage point lower (6.15%) or one percentage point higher (8.15%) than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's Proportionate Share of the Net Pension Liability	<u>\$ 603,363</u>	<u>\$ 416,667</u>	<u>\$ 259,970</u>

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5

Notes to Financial Statements

Note 8. Compensation Paid to Commission Members

The schedule of compensation paid is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

Compensation paid to the Board of Commissioners of the District for the year ended December 31, 2019 was as follows:

Mike Sanders	\$	1,400
Shawn Williams		1,200
William Mehaffey		1,300
Ken Wilt		1,300
Alvin J. Roussel, Jr.		1,100
		<hr/>
Total	\$	6,300

Note 9. Litigation and Claims / Risk Management

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

Note 10. On-Behalf Payments by the State of Louisiana

For the year ended December 31, 2019, the State of Louisiana made on-behalf payments in the form of supplemental pay to three of the District's firemen. In accordance with GASB Statement No. 24, the District has recorded \$23,077 of on-behalf payments as revenue and as expense.

Note 11. Subsequent Events

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern", and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the geographical area in which the District operates. It is unknown how long these conditions will last and what the complete financial effect will be to the District.

The District was awarded a forestry grant in the amount of \$46,000.

REQUIRED SUPPLEMENTARY INFORMATION

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5
Budgetary Comparison Schedule (Budgetary Basis)
General Fund
For the Year Ended December 31, 2019

	Budgetary Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Ad Valorem Taxes	\$ 852,032	\$ 830,362	\$ 830,362	\$ -
Intergovernmental Revenues				
State Revenue Sharing	30,000	30,812	30,812	-
Fire Insurance Premium Tax	28,002	28,564	28,564	-
Supplemental Pay	-	20,303	23,077	2,774
Interest Income	-	5,922	5,922	-
Grant Revenue	-	3,340	3,340	-
Other Income	-	6,981	6,981	-
Total Revenues	910,034	926,284	929,058	2,774
Expenditures				
Public Safety - Fire Protection				
Salaries and Benefits	554,532	573,265	581,636	(8,371)
Equipment and Supplies	49,200	99,362	83,033	16,329
Operations and Repairs	59,000	60,820	64,120	(3,300)
Insurance	48,239	53,371	53,371	-
Professional Fees	37,000	33,856	33,856	-
Utilities	26,320	29,300	29,299	1
Dispatcher Fees	23,730	23,282	25,457	(2,175)
Other	11,700	11,434	21,145	(9,711)
Training	8,000	8,036	8,040	(4)
Office Supplies	2,500	552	2,519	(1,967)
Capital Outlay	47,081	824	3,995	(3,171)
Debt Service - Principal	31,360	29,634	29,634	-
Debt Service - Interest	11,372	11,372	11,372	-
Total Expenditures	910,034	935,108	947,477	(12,369)
Excess (Deficiency) of Revenues Over Expenditures	-	(8,824)	(18,419)	(9,595)
Other Financing Sources				
Transfers	-	-	20,203	20,203
Net Change in Fund Balance	\$ -	\$ (8,824)	1,784	\$ 10,608
Fund Balance, Beginning of Year			239,277	
Fund Balance, End of Year			\$ 241,061	

See independent auditor's report.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5
Budgetary Comparison Schedule (Budgetary Basis)
Grant Special Revenue Fund
For the Year Ended December 31, 2019

	Budgetary Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Intergovernmental Revenues	\$ 1,660	\$ 1,660	\$ 1,660	\$ -
Grant Revenue	291,448	291,448	291,448	-
Interest Income	833	833	833	-
Total Revenues	293,941	293,941	293,941	-
Expenditures				
Capital Outlay	293,450	293,450	293,450	-
Excess (Deficiency) of Revenues Over Expenditures	491	491	491	-
Other Financing Uses				
Transfers Out	(20,203)	(20,203)	(20,203)	-
Net Change in Fund Balance	\$ (19,712)	\$ (19,712)	\$ (19,712)	\$ -
Fund Balance, Beginning of Year			19,712	
Fund Balance, End of Year			\$ -	

See independent auditor's report.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5
Note to Budgetary Comparison Schedules
For the Year Ended December 31, 2019

Note A. Reconciliation of Budgetary Basis to GAAP Basis

The District maintains its accounting records and prepares and adopts its budget under the cash basis of accounting. Accounting principles generally accepted in the United States of America (GAAP) require the statement of revenues, expenditures, and changes in fund balance for the General Fund to be reported using the modified accrual basis of accounting. The budgetary comparison schedule is presented using the cash basis, which is the same as the legally adopted budget. Reconciliation to the GAAP basis has been provided below:

	Actual Amounts (Budgetary Basis)	Budget to GAAP Differences Over (Under)	Actual Amounts (GAAP Basis)
Revenues			
Ad Valorem Taxes	\$ 830,362	\$ 39,026	\$ 869,388
Intergovernmental Revenues			
State Revenue Sharing	30,812	307	31,119
Fire Insurance Premium Tax	28,564	-	28,564
Supplemental Pay	23,077	-	23,077
Grant Revenue	3,340	-	3,340
Interest Income	5,922	-	5,922
Other Income	6,981	100	7,081
Total Revenues	929,058	39,433	968,491
Expenditures			
Public Safety - Fire Protection			
Salaries and Benefits	581,636	(16,591)	598,227
Operations and Repairs	64,120	(3,480)	67,600
Equipment and Supplies	83,033	3,745	79,288
Insurance	53,371	-	53,371
Professional Fees	33,856	1,276	32,580
Dispatcher Fees	25,457	116	25,341
Utilities	29,299	1,419	27,880
Other	21,145	35	21,110
Training	8,040	(129)	8,169
Office Supplies	2,519	(1,166)	3,685
Capital Outlay	3,995	96,450	100,445
Debt Service - Principal	29,634	-	29,634
Debt Service - Interest	11,372	-	11,372
Total Expenditures	947,477	81,675	1,058,702
(Deficiency) Excess of Revenues Over Expenditures	(18,419)	121,108	(90,211)
Other Financing Sources (Uses)			
Proceeds of Capital Leases	-	96,450	96,450
Operating Transfers	20,203	-	20,203
Total Other Financing Sources (Uses)	20,203	96,450	116,653
Net Change in Fund Balance	1,784	217,558	26,442
Fund Balance, Beginning of Year	239,277	723,430	962,707
Fund Balance, End of Year	\$ 241,061	\$ 940,988	\$ 989,149

See independent auditor's report.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5
Schedule of District's Proportionate Share of the
Net Pension Liability
For the Year Ended December 31, 2019

	2019	2018	2017	2016	2015
District's Portion of the Net Pension Liability	0.066540%	0.067100%	0.058710%	0.064296%	0.063507%
District's Proportionate Share of the Net Pension Liability	\$ 416,667	\$ 385,964	\$ 337,517	\$ 421,554	\$ 342,754
District's Covered-Employee Payroll	\$ 162,436	\$ 149,630	\$ 134,983	\$ 137,447	\$ 134,965
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	256.51%	241.60%	240.05%	312.30%	249.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.96%	73.96%	73.55%	68.15%	72.45%

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

See independent auditor's report.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5
Schedule of District's Contributions
For the Year Ended December 31, 2019

	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 44,234	\$ 44,337	\$ 38,769	\$ 37,039	\$ 38,703
Contributions in Relation to the Contractually Required Contribution	(44,234)	(44,337)	(38,769)	(37,039)	(38,703)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered-Employee Payroll	\$ 162,820	\$ 167,310	\$ 149,630	\$ 134,983	\$ 137,447
Contributions as a Percentage of Covered-Employee Payroll					
January 1, 2019 to June 30, 2019	26.50%	26.50%	25.25%	27.25%	29.25%
July 1, 2019 to December 31, 2019	27.75%	26.50%	26.50%	25.25%	27.25%

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

See independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5
Schedule of Compensation, Benefits, and Other Payments
to Agency Head
For the Year Ended December 31, 2019

Agency Head
Chief James D. Pittman

Purpose	Amount
Salary *	\$100,020
Benefits - Insurance	\$900
Benefits - Retirement	\$0
Benefits - Other	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

* This amount includes the State Supplemental Pay of \$6,000 YTD.

See independent auditor's report.

**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**

Independent Auditor's Report

To the Board of Commissioners
St. Tammany Parish Fire Protection District No. 5
Folsom, 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 accompanying financial statements of the governmental activities and each major fund of St. Tammany Parish Fire Protection District No. 5 (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, and have issued our report thereon dated June 16, 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 the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Purpose of this Report

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

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Covington, LA
June 16, 2020

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5
Schedule of Findings and Responses
For the Year Ended December 31, 2019

Part I - Summary of Auditor's Results

Financial Statements

- | | |
|--|---------------|
| 1. Type of auditor's report issued: | Unmodified |
| 2. Internal control over financial reporting and compliance and other matters: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified? | None reported |
| c. Noncompliance material to the financial statements? | No |
| d. Other matters identified? | No |

Federal Awards

Not applicable.

Part II - Findings Related to the Financial Statements

None.

Part III - Compliance and Other Matters

None.

AGREED-UPON PROCEDURES REPORT

St. Tammany Parish Fire Protection District No. 5

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period of January 1, 2019 - December 31, 2019

To the Management of
St. Tammany Parish Fire Protection District No. 5
and the Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the St. Tammany Parish Fire Protection District No. 5 (the District) and the Louisiana Legislative Auditor (the specified parties) on the District's internal controls and compliance with certain laws and regulations as selected by the Louisiana Legislative Auditor in accordance with Act 774 of the 2014 Regular Legislative Session. The District's management is responsible for its financial records, its internal control, and compliance with applicable laws and regulations. The sufficiency of these procedures is solely the responsibility specified parties. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which the report has been requested or for any other purpose.

The procedures and associated results are as follows:

Ethics (follow-up)

1. 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 five employees/elected officials/board members, obtain ethics documentation from management, and:
 - a) Observe that the documentation demonstrates each employee/elected official/board member completed one hour of ethics training during the fiscal period; and
 - b) Observe that the documentation demonstrates each employee/elected official/board member attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Results: We obtained a listing of employees and board members and obtained management's representation that the listing is complete. We randomly selected 5 employees and tested their compliance with the above requirements. Of the 5 employees tested, 4 met the requirements (a) and (b). One employee was lacking documentation of completing one hour of ethics training during the fiscal period and signature verification of having read the entity's ethics policy.

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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) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; and (3) the preparation and approval process of purchase requisitions and purchase orders.
 - b) **Disbursements**, including processing, reviewing, and approving.
 - c) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties).
 - d) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - e) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
 - f) **Bank Reconciliations**, including (1) review of all bank reconciliations by someone independent of cash receipt and disbursement functions, and (2) process for addressing items outstanding for more than 12 months from the statement closing date, if applicable.

Results: We obtained the entity's written policies and procedures addressing purchasing, disbursements, receipts/collections, contracting, travel and expense reimbursement, and bank reconciliations, and tested each policy for the listed requirements.

During our testing, we found that the entity did not have a written policy regarding receipts/collections, and their contracting policy did not address requirements (1), (2), and (3).

All other written policies met the requirements above.

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.

Results: The entity does not have written policies and procedures over information technology disaster recovery/business continuity, nor written policies and procedures that address any of the preceding requirements.

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.
 - 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.
 - 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).

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

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.

Results: We obtained the entity's written sexual harassment policies and procedures and noted that it did not address annual reporting requirements or other components required by the statute such as a general description of the investigation process (including requiring the alleged harasser and victim to participate in the investigation), a general description of possible disciplinary actions which may occur after the conclusion of an investigation (including possible action taken against a complainant if it is determined the allegation is false), and a statement apprising public servants of applicable federal and state law, including the right of the complainant to pursue a claim under said law. The policy did address all other 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.

Results: We obtained a listing of employees and board members employed during the fiscal year and management's representation that the listing was complete. We randomly selected 5 employees/board members and obtained sexual harassment training documentation from management. We observed that two of the selected employees were lacking documentation of having completed at least one hour of sexual harassment training during the calendar year. Three of the selected employees were found to have documentation of completed training.

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).

Results: We noted the entity had posted its sexual harassment policy and complaint procedure in a conspicuous location within the station.

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.

Results: We obtained the entity's annual sexual harassment report for the current fiscal period, noted that it was dated before February 1, and noted that it included all applicable requirements of R.S. 42:344.

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*. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management of the St. Tammany Parish Fire Protection District No. 5 and the Legislative Auditor, State of Louisiana, and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

Covington, LA
June 17, 2020

Mr. Daryl Purpera
Louisiana Legislative Auditor
1600 N 3rd St.
P.O. Box 94397
Baton Rouge, LA 70804-9397

RE: Act 774 Agreed-upon Procedures

The management of the St. Tammany Parish Fire District No. 5 wishes to provide the following responses relative to the results of the 2019 Act 774 agreed-upon procedures engagement:

1. Ethics – The District will ensure that ethics training certificates are maintained in personnel file for each employee.
2. Ethics – The District will institute a procedure requiring all employees to verify by signature each year that they have read the ethics policy.
3. Written Policies and Procedures – The District will amend our policies and procedures to address receipts/collections.
4. Written Policies and Procedures – The District will amend our contract policies and procedures to address requirements (1), (2), and (3).
5. Information Technology Disaster Recovery/Business Continuity – The District will create policies and procedures over information technology disaster recovery/business continuity.
6. Sexual Harassment – The District will amend our policies and procedures to include the required components it does not currently address.
7. Sexual Harassment – The District will ensure that sexual harassment training documentation are maintained in personnel file for each employee.

Sincerely,



Jamie Truett
Chief