

**FIRE PROTECTION DISTRICT NO. 3
OF THE PARISH OF ST. MARY**

Amelia, Louisiana

Year Ended September 30, 2020

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INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
Fire Protection District No. 3 of the Parish of St. Mary
Amelia, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Fire Protection District No. 3 of the Parish of St. Mary (hereinafter, the "District"), a component unit of the Parish of St. Mary, as of and for the year ended September 30, 2020, 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 District'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 District'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.

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 September 30, 2020, 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.

Emphasis of Matter

As described in Note 4 to the financial statements, capital assets reported at historical costs may not be completely recoverable. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information and schedules for employer's share of net pension liability and employer pension contributions 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 budgetary comparison schedule on page 31, schedule of employer's share of net pension liability on page 32, schedule of employer contributions on page 33, or notes to required supplementary information page 34 because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
May 5, 2021

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Statement of Net Position
September 30, 2020

	Governmental Activities
ASSETS	
Cash	\$ 336,851
Due from other governmental units	2,107
Prepaid expenses	110,112
Deposits	1,489
Capital assets	
Land	477,508
Other, net of accumulated depreciation	1,461,405
Total assets	2,389,472
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to net pension liability	213,584
LIABILITIES	
Accounts and other payables	21,110
Long term liabilities:	
Due within one year	
Capital lease payable	85,794
Due in more than one year	
Capital lease payable	179,161
Net pension liability	599,988
Total liabilities	886,053
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to net pension liability	128,432
NET POSITION	
Net investment in capital assets	1,673,958
Unrestricted (deficit)	(85,387)
Total net position	\$ 1,588,571

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

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Statement of Activities
Year Ended September 30, 2020

Functions/Programs	Expenses	Program Revenues Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities:			
Public safety - fire protection	\$ 729,994	\$ 46,398	\$ (683,596)
Interest on long-term debt	<u>10,150</u>	<u>-</u>	<u>(10,150)</u>
Total governmental activities	<u>\$ 740,144</u>	<u>\$ 46,398</u>	<u>\$ (693,746)</u>
General revenues:			
Taxes-			
Property taxes, operations and maintenance			523,928
Interest and investment earnings			1,624
Insurance dividends			<u>9,796</u>
Total general revenues			<u>535,348</u>
Change in net position			(158,398)
Net position - October 1, 2019			<u>1,746,969</u>
Net position - September 30, 2020			<u>\$ 1,588,571</u>

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

FUND FINANCIAL STATEMENTS

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Balance Sheet
Governmental Fund
September 30, 2020

	General Fund
ASSETS	
Current assets:	
Cash	\$ 336,851
Due from other government	2,107
Prepaid expenditures	110,112
Total current assets	449,070
Other assets:	
Deposits	1,489
Total assets	\$ 450,559
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ 5,327
Retirement payable	1,840
Payroll taxes payable	3,793
Total liabilities	10,960
Fund balance:	
Nonspendable	110,112
Unassigned	329,487
Total fund balance	439,599
Total liabilities and fund balance	\$ 450,559

(continued)

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Balance Sheet (continued)
Governmental Fund
September 30, 2020

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

Total fund balance for governmental funds at September 30, 2020		\$ 439,599
Cost of capital assets:		
Land	\$ 477,508	
Capital assets, net of accumulated depreciation	<u>1,461,405</u>	1,938,913
Deferred outflows of resources related to net pension liability		213,584
Net pension liability		(599,988)
Deferred inflows of resources related to net pension liability		(128,432)
Long-term liabilities		(264,955)
Accrued interest payable		<u>(10,150)</u>
Net position at September 30, 2020		<u>\$ 1,588,571</u>

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

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
Year Ended September 30, 2020

	<u>General Fund</u>
Revenues:	
Ad valorem taxes	\$ 523,928
Interest income	1,624
Insurance dividends	9,796
Intergovernmental	<u>22,146</u>
Total revenues	<u>557,494</u>
Expenditures:	
Current -	
Ad valorem tax deductions	17,495
Amelia Volunteer Fire Department	165,000
Commissioner per diem	1,380
Insurance	36,516
Professional fees	23,930
Salaries and benefits	286,443
Miscellaneous	1,377
Debt service -	
Principal	83,365
Interest	<u>10,150</u>
Total expenditures	<u>625,656</u>
Net change in fund balance	(68,162)
Fund balance, beginning	<u>507,761</u>
Fund balance, ending	<u>\$ 439,599</u>

(continued)

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance (continued)
Governmental Fund
Year Ended September 30, 2020

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

Total net changes in fund balance for the year ended September 30, 2020 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ (68,162)
Depreciation expense	(176,657)
Effects of recording net pension liability and deferred inflows and outflows of resources related to net pension liability:	
Increase in pension expense	(12,396)
Nonemployer pension contribution revenue	24,252
Principal payment	<u>83,365</u>
Total changes in net position for the year ended September 30, 2020 per Statement of Activities	<u>\$ (158,398)</u>

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

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements

Fire Protection District No. 3 of the Parish of St. Mary (the "District") was created by Ordinance No. 1044 of the St. Mary Parish Council on July 27, 1988 for the purpose of providing fire protection, medical assistance, and extrication rescue. The District encompasses Ward Nine of the Parish of St. Mary.

The accompanying financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513, and to the guides set forth in the *Louisiana Governmental Audit Guide*, and to the audit and accounting guide, *Audits of State and Local Governmental Units*.

(1) Summary of Significant Accounting Policies

The following is a summary of certain significant accounting policies.

A. Reporting Entity

As the governing authority of the parish, for reporting purposes, the St. Mary Parish Government is the financial reporting entity for St. Mary Parish. The financial reporting entity consists of (a) the primary government (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement (GASB) No. 14, *The Financial Reporting Entity*, as amended, established criteria for determining which component units should be considered part of the St. Mary Parish Government for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

- Appointing a voting majority of an organization's governing body, and the ability of the Parish Council to impose its will on that organization and/or the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Parish Council.
- Organizations for which the Parish Council does not appoint a voting majority but are fiscally dependent on the Parish Council.
- Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the Parish Council appoints the governing body and has the ability to significantly impose its will, the District is a component unit of the St. Mary Parish Government, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Parish Government, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

B. Basis of Presentation

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 34, *Basic Financial Statements-and Management's Discussion and Analysis—for State and Local Governments*.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include all the financial activities of the District. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

The statement of activities presents a comparison between direct expenses and program revenues for the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of services offered by the District, and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The District uses fund accounting 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 its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds. The District's General Fund is its only fund and is considered to be the major fund as described below:

Governmental Fund –

General Fund – this fund is the primary operating fund of the District and it accounts for the operations of the District's office. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to District policy. The general fund is always classified as a major fund.

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

C. Capital Assets

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 \$500 or more for capitalizing capital assets.

Capital assets are recorded in the statement of net position. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Leasehold improvements	20 – 40 years
Equipment	5 – 12 years
Furniture	5 – 7 years

D. Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. 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 (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current position.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. The District uses the following practices in recording certain revenues and expenditures:

Revenues

Intergovernmental revenues are recorded when approved for payment by the payer or governing body.

Substantially 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. An exception to this general rule is principal and interest on long-term debt is recognized when due.

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

E. Cash

Cash includes amounts in demand deposits and interest-bearing demand deposits.

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.

F. Investments

Under state law, the District may deposit funds with a fiscal agent organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool (LAMP), a nonprofit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

G. Prepaid Items

Payments made to vendors that will benefit periods beyond the current period are recorded as prepaid items.

H. Deferred Outflows of Resources and Deferred Inflows of Resources

The District reports decreases (increases) in net position that relate to future periods as deferred outflows (inflows) of resources in separate sections of its government-wide statement of net position. The District reports deferred outflows of resources and deferred inflows of resources related to its net pension liability.

I. Equity Classifications

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

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

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

Fund balance for the District's governmental fund is displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

- a. Nonspendable – amounts that cannot be spent either because they are in nonspendable form (such as prepaid amounts) or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed – amounts that can be used only for specific purposes determined by a formal action of the Board of Commissioners. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through formal actions of the Board of Commissioners.
- d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the Board of Commissioners may assign amounts for specific purposes.
- e. Unassigned – amounts that are available for any purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Commissioners has provided otherwise in its commitment of assignment actions.

J. Pensions

For purposes of measuring the net pension liability, deferred outflows or resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Firefighters' Retirement System (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.

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

(2) Cash

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At September 30, 2020, the District has cash and interest-bearing deposits (book balances) totaling \$336,851 as follows:

Demand deposits	\$ 187,880
Time deposits	<u>148,971</u>
Total	<u>\$ 336,851</u>

Under state law, deposits, (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposits (bank balances) at September 30, 2020 totaled \$359,664.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District's deposits may not be recovered, or the District will not be able to recover collateral securities that are in the possession of an outside party. The District has not formally adopted policies that limit allowable deposits or investments and address the specific type of risk to which the District is exposed, or a policy to monitor or attempt to reduce exposure to custodial credit risk. As of September 30, 2020, all of the District's deposits are fully covered by federal deposit insurance and not subject to custodial credit risk.

(3) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property within the District's taxing area as of January 1 of each year. Taxes are levied by the District in September or October and are billed to taxpayers in November or December. Billed taxes become delinquent on January 1 of the following year. The St. Mary Parish Sheriff bills and collects the District's property taxes using the assessed values determined by the tax assessor of St. Mary Parish. District property tax revenues are budgeted in the year billed. For the year ended September 30, 2020, the District levied a property tax of 10.0 mills for maintenance and operations on property with assessed valuations totaling \$54,434,793. The total taxes collected were \$523,928.

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

(4) Capital Assets

Capital asset activity for the year ended September 30, 2020 was as follows:

	Balance 10/1/2019	Additions	Deletions	Balance 9/30/2020
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 477,508	\$ -	\$ -	\$ 477,508
Capital assets, being depreciated:				
Buildings	884,150	-	-	884,150
Equipment	1,838,651	-	(88,000)	1,750,651
Improvements	<u>79,422</u>	<u>-</u>	<u>-</u>	<u>79,422</u>
Total capital assets, being depreciated	<u>2,802,223</u>	<u>-</u>	<u>(88,000)</u>	<u>2,714,223</u>
Less: accumulated depreciation				
Buildings	273,297	26,161	-	299,458
Equipment	839,027	146,258	(79,200)	906,085
Improvements	<u>43,037</u>	<u>4,238</u>	<u>-</u>	<u>47,275</u>
Total accumulated depreciation	<u>1,155,361</u>	<u>176,657</u>	<u>(79,200)</u>	<u>1,252,818</u>
Net capital assets, being depreciated	<u>1,646,862</u>	<u>(176,657)</u>	<u>(8,800)</u>	<u>1,461,405</u>
Net capital assets	<u>\$2,124,370</u>	<u>\$(176,657)</u>	<u>\$ (8,800)</u>	<u>\$1,938,913</u>

Depreciation expense in the amount of \$176,657 was charged to public safety, \$35,777 of which relates to the District's capital lease.

The capital asset recorded under the District's capital lease pertains to the acquisition of a fire apparatus. The gross amount carried in equipment category is \$429,325 and accumulated amortization expense totaled \$92,424 at September 30, 2020. The amortization expense for the capital lease is included in depreciation.

Capital assets, not being depreciated, are recorded at historical costs of \$477,508. Of the amount reported, \$470,176 accounts for the acquisition of a 4.7972 acre tract of land purchased in a prior period. The property was purchased without appraisal, which may have been in violation of state statutes. During the year ended September 30, 2019, the District provided for a retrospective appraisal which valued the property at \$131,900 as of the approximate date of acquisition, March 24, 2014, and a value of \$179,900 as of the date of the appraisal, April 30, 2019. Since the appraised values are not due to a significant and unexpected decline in the service utility of the property, the property is not considered impaired and continues to be reported at historical cost.

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

(5) Retirement Plan

Firefighters' Retirement System (System)

Plan Description: The Firefighters' Retirement System is a cost-sharing multiple-employer defined benefit pension plan established by Act 434 of 1979 to provide retirement, disability and survivor benefits to firefighters in Louisiana.

Eligibility Requirements: 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. Members in the System consist of full-time firefighters, eligible employees of the retirement system, or any person in a position as defined in the municipal fire and police civil service system that earns at least \$375 per month, excluding state supplemental pay, and is employed by a fire department of any municipality, parish, or fire district of the state of Louisiana, except for Orleans Parish and the City of Baton Rouge.

No person who has attained age 50 or over shall become a member of the System unless the person becomes a member by reason of 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 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.

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 retirees' lives in the form of a monthly annuity. A member 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).

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

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) & (C).

Deferred Retirement Option Plan (DROP): After completing 20 years of creditable service and attaining the age of 50 years, 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 member's DROP 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 withdrawals 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.

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

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

Employer Contributions: According to state statute, employer contributions are actuarially-determined each year. For the year ended June 30, 2020, employer and employee contribution rates for members above the poverty line were 27.75% and 10.00%, respectively. The employer and employee contribution rates for those members below the poverty line were 29.75% and 8.00%, respectively.

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

Non-Employer Contributions: According to state statute, the System receives insurance premium assessments from the state of Louisiana. The assessment is considered support from a non-employer contribution 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, 2020 and were excluded from pension expense.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources: At September 30, 2020, The District reported liabilities in its government-wide financial statements of \$599,988 in its governmental activities for its proportionate share of the net pension liabilities of the System. The net pension liabilities were measured as of June 30, 2020 and the total pension liability used to calculate the net pension obligation was determined by separate actuarial valuations performed on each of the retirement systems as of that date. Under each retirement system, 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, 2020, the District's proportional share of the System was 0.086559%, which was an increase of 0.002391% from its proportion measured as of June 30, 2019.

For the year ended September 30, 2020, the District recognized pension expense of \$75,364 in its governmental activities related to its participation in the System.

At September 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 38,387
Changes in assumptions	58,000	-
Net difference between projected and actual earnings on pension plan investments	66,074	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	71,709	90,045
Employer contributions subsequent to the measurement date	17,801	-
	\$ 213,584	\$ 128,432

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

Deferred outflows of resources of \$17,801 related to pension resulting from the District's contributions subsequent to the measurement date will be recognized as an adjustment to the net pension liability in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	
2021	\$ (2,167)
2022	26,391
2023	35,765
2024	9,998
2025	(6,062)
2026	<u>3,426</u>
	<u>\$ 67,351</u>

Actuarial 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.

For each year, the actuary determines the reasonable range of the actuarial valuation interest rate, an expected long-term portfolio rate of return and standard deviation based upon the System's target asset allocation and a thirty-year time horizon. These rates were based on an analysis of the System's portfolio along with expected long-term rates of return, standard deviations of return, and correlations between asset classes collected from a number of investment consulting firms in addition to the System's investment consultant, NEPC, L.L.C. Using these values and assuming that future portfolio returns are normally distributed, ten thousand trials of returns over the upcoming thirty years was performed. The results of these trials were organized into percentiles and a reasonable range equal to the 40th through 60th percentiles was set. For the fiscal year ended June 30, 2020, the reasonable range was set at 5.99% through 7.06% and the Board of Trustees elected to set the System's assumed rate of return at 7.00% for Fiscal 2020. For the fiscal year ended June 30, 2019, the reasonable range was set at 6.20% through 7.15% and the Board of Trustees elected to set the System's assumed rate of return at 7.15% for Fiscal 2019. The actuarial valuation interest rates selected by the board, which were within the reasonable range, were 7.00% and 7.15% for fiscal years 2020 and 2019, respectively.

The remaining actuarial assumptions utilized for this report for fiscal year 2020 are based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019, unless otherwise specified in this report. The assumptions in the report for fiscal year 2019 were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014. Additional details are given in the actuary's complete Experience Reports for each period.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2020 are as follows:

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

	Firefighters' Retirement System
Valuation Date	June 30, 2020
Actuarial cost method	Entry Age Normal
Actuarial cost assumptions:	
Expected remaining service lives	7 years, closed period
Investment rate of return	7.00% per annum (net of investment expenses, including inflation)
Inflation rate	2.50% per annum
Projected salary increases	14.10% in the first two years of service and 5.20% with 3 or more years of service; includes inflation and merit increases
 Cost of Living Adjustments (COLAs)	 For the purpose of determining the present value of benefits, COLAs were deemed not to be substantively automatic and only those previously granted were included.

The investment rate of return was 7.00%, which was a .15% decrease from the rate used as of June 30, 2019.

The mortality rate assumptions were updated in fiscal year 2020 to reflect changes from the recent experience study and rates set in the Pub-2010 Public Retirement Plans mortality tables, as compared to the RP-2000 Combined Healthy and Disabled Lives tables that were used for the previous valuation. For the June 30, 2020 valuation, assumptions for mortality rates were based on the following:

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

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
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Notes to Financial Statements (continued)

The estimated long-term expected rate of return on pension plan investments was determined by the System's actuary using the System's target asset allocation and the G.S. Curran & Company Consultant Average study for 2020. The consultants' average study included projected nominal rates of return, standard deviations of returns, and correlations of returns for a list of common asset classes collected from a number of investment consultants and investment management firms. Each consultant's response included nominal expected long term rates of return. In order to arrive at long term expected arithmetic real rates of return, the actuary normalized the data received from the consultant's responses in the following ways. Where nominal returns received were arithmetic, the actuary simply reduced the return assumption by the long term inflation assumption. Where nominal returns were geometric, the actuary converted the return to arithmetic by adjusting for the long term standard deviation and then reduced the assumption by the long term inflation assumption. Using the target asset allocation for the System and the average values for expected real rates of return, standard deviation of returns, and correlation of returns, an arithmetic expected nominal rate of return and standard deviation for the portfolio was determined. The System's long-term assumed rate of inflation of 2.50% was used in this process for the fiscal year ended June 30, 2020.

The long-term expected real rate of return is an important input into the actuary's determination of the reasonable range for the discount rate which is used in determining the total pension liability. Prior year's financial reports presented the long-term expected real rate of return provided by the System's investment consultant, whereas this year's report presents this information for both fiscal years 2020 and 2019 from the System's actuary. The actuary's method incorporates information from multiple consultants and investments firms regarding future expected rates of return, variances, and correlation coefficients for each asset class. The actuary's method integrates data from multiple sources to produce average values thereby reducing reliance on a single data source.

Best estimates of real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2020, and June 30, 2019, are summarized in the following tables:

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

As of June 30, 2020:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rates of Return</u>
Equity:		
U.S. Equity	26.00%	5.72%
Non-U.S. Equity	12.00%	6.24%
Global Equity	10.00%	6.23%
Emerging Market Equity	6.00%	8.61%
Fixed Income		
U.S. Core Fixed Income	26.00%	1.00%
Emerging Market Debt	5.00%	3.40%
Multi-Asset Strategies:		
Global Tactical Asset Alloc	0.00%	4.22%
Risk Parity	0.00%	4.22%
Alternatives:		
Real Estate	6.00%	4.20%
Private Equity	<u>9.00%</u>	10.29%
	<u>100.00%</u>	

As of June 30, 2019:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rates of Return</u>
Equity:		
U.S. Equity	21.50%	5.74%
Non-U.S. Equity	12.00%	6.57%
Global Equity	10.00%	6.30%
Emerging Market Equity	5.50%	8.31%
Fixed Income		
U.S. Core Fixed Income	26.00%	1.70%
Emerging Market Debt	5.00%	3.49%
Multi-Asset Strategies:		
Global Tactical Asset Alloc	5.00%	2.73%
Risk Parity	5.00%	2.73%
Alternatives:		
Real Estate	6.00%	4.19%
Private Equity	<u>4.00%</u>	8.84%
	<u>100.00%</u>	

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

The discount rate used to measure the total pension liability was 7.000%, which was a .150% decrease from the rate used as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates, and that contributions from participating employers and non-employer contributing entities will be made at the actuarially-determined rates approved by the Board of Trustees and by the Public Retirement Systems' Actuarial Committee taking into consideration the recommendation of the System's actuary. Based on these assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate: The following presents the net pension liability of the participating employers calculated using the discount rate of 7.00%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.00% or one percentage point higher 8.00% than the current rate as of June 30, 2020.

	Changes in Discount Rate: Firefighters' Retirement System		
	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Net Pension Liability	<u>\$ 866,677</u>	<u>\$ 599,988</u>	<u>\$ 377,382</u>

Support of Non-Employer Contributing Entities: Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The District recognizes revenue in an amount equal to its proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended September 30, 2020, the District recognized revenue as a result of support received from the non-employer contributing entities of \$24,252 for its participation in the System.

Payables to the Pension Plan: The District recorded accrued liabilities to the System for the year ended September 30, 2020, primarily due to the accrual of accounts payable at the end of the fiscal year. The amounts due are included in liabilities under the amounts reported as accounts and other payables. The balance due to the System as of September 30, 2020 is \$5,934.

Pension Plan Fiduciary Net Positions: Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the System available at www.lafirefightersret.com.

(6) 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 is named insured on commercial insurance policies, purchased through the market, by the Amelia Volunteer Fire Department, which covers its exposure to loss. The District is insured up to policy limits for each of the above risks. There were no significant changes in coverage, retentions, or limits during the year ended September 30, 2020. Settled claims have not exceeded the commercial coverage in any of the previous three fiscal years.

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

(7) Long-term Liabilities

During the year ended September 30, 2020, the following changes occurred in long-term liabilities:

	<u>10/1/2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>9/30/2020</u>	<u>One Year</u>
Capital Lease	\$ 348,320	\$ -	\$ (83,365)	\$ 264,955	\$ 85,794

During the fiscal year ended September 30, 2018, the District entered into a lease agreement with U.S. Bancorp Government Leasing and Finance, Inc. to finance the acquisition of a fire apparatus. The terms of the agreement include an interest rate of 2.914% with annual lease payments due on October 1 of each year, beginning October 1, 2018, and final payment due on October 1, 2022. The lease payments are determined based on a five-year term at the stated interest rate. The renewal of the agreement is contingent upon budget appropriations adopted by the District as provided by a nonappropriation clause in the terms of the lease agreement. On the last day of the lease term, the District has the option to purchase, upon payment in full of the lease payments, plus payment of one (1) dollar.

Debt service requirements to maturity are as follows:

Year Ending September 30	Principal	Interest	Total
2021	85,794	7,721	93,515
2022	88,294	5,221	93,515
2023	90,867	2,648	93,515
Totals	\$ 264,955	\$ 15,590	\$ 280,545

(8) Net Position

Net position is classified as net investment in capital assets, restricted and/or unrestricted. The unrestricted deficit presented in the government-wide statement of net position is significantly affected by the recognition of net pension liability in accordance with GASB 68. At September 30, 2020, the District reported liabilities on its government-wide financial statements of \$599,998 for its proportionate share of the net pension liabilities. The recordation of net pension liability on the District's government-wide financial statements resulted in a deficit of unrestricted net position of \$87,494.

(9) On-Behalf Payments for Salaries

GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, requires the District to report on-behalf payments made by the State of Louisiana (State) to the District's employees. The basis for recognizing the revenues and expenditure payments is that the actual contribution is made by the State and not by the District. During the year ended September 30, 2020, the State paid supplemental compensation in accordance with R.S. 40:1666.1 directly to the District's employees. On-behalf payments recorded as revenue and expenditures for the year ended September 30, 2020 totaled \$22,146.

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

(10) Compensation Paid to Board Members

A detail of compensation paid to the Board of Commissioners for the period ended September 30, 2020 follows:

	<u>Per Diem Received</u>
Larry Aucoin, Chair	330
Bonnie Duhon, Vice-Chair	330
Errol Tabor	30
Clint Abshire	270
Tom Nguyen	330
John Cox	<u>90</u>
Total	<u>\$ 1,380</u>

Act 706 of the 2014 Legislative Session amended RS 24:513A requires additional disclosure of total compensation, reimbursements, benefits, or other payments made to an agency head or chief officer. With the exception of per diem, no other payments which would require disclosure were made to the District's chief officer. During the year ended September 30, 2020, Larry Aucoin received \$330.

(11) Tax Abatements

The District is subject to certain property tax abatements granted by the Louisiana Board of Commerce and Industry ("LBCI"), a state entity governed by board members representing major economic groups and gubernatorial appointees. Abatements to which the District may be subject include those issued for property taxes under the Industrial Tax Exemption Program ("ITEP") and the Restoration Tax Abatement Program ("RTAP"). For the year ended September 30, 2020, the District incurred abatements of ad valorem taxes through ITEP.

ITEP is authorized by Article 7, Section 21(F) of the Louisiana Constitution. Companies qualifying as manufacturers can apply to the LBCI for a property tax exemption on all new property, as defined, used in the manufacturing process. Under ITEP, companies are required to promise to expand or build manufacturing facilities in Louisiana, with a minimum investment of \$5 million. The exemptions are granted for a 5 year term and are renewable for an additional 5 year term upon approval by LBCI. These state-granted abatements have resulted in reductions of property taxes, which is administered as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. The local government may recapture abated taxes if a company fails to expand facilities or otherwise fail to fulfill its commitments under the agreement. For the year ended September 30, 2020, \$81,955 of the District's ad valorem tax revenues were abated by the state of Louisiana through ITEP.

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

(12) New Accounting Pronouncements Scheduled to be Implemented

The Governmental Accounting Standards Board (GASB) has issued the following pronouncement:

GASB Statement No. 87, *Leases* (June 2017)

The Statement increased the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the fundamental principle that leases are financings of the right to use an underlying asset. The provisions of GASB Statement No. 87 are effective for fiscal years beginning after June 15, 2021. The effects of implementation or its applicability on the District's financial statements has not yet been determined.

REQUIRED SUPPLEMENTARY INFORMATION

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Budgetary Comparison Schedule
General Fund
Year Ended September 30, 2020

	Budgeted Amounts		Actual	Variance -
	Original	Amended		Favorable (Unfavorable)
Revenues:				
Ad valorem taxes	\$ 578,995	\$ 448,923	\$ 523,928	\$ 75,005
Interest income	1,300	1,300	1,624	324
Insurance dividends	-	-	9,796	9,796
Intergovernmental	-	-	22,146	22,146
Total revenues	<u>580,295</u>	<u>450,223</u>	<u>557,494</u>	<u>107,271</u>
Expenditures:				
Current -				
Ad valorem tax deductions	-	-	17,495	(17,495)
Amelia Volunteer Fire Department	180,000	180,000	165,000	15,000
Commissioner per diem	1,800	1,800	1,380	420
Insurance	-	-	36,516	(36,516)
Professional fees	17,500	17,500	23,930	(6,430)
Salaries and benefits	275,000	275,000	286,443	(11,443)
Miscellaneous	7,500	7,500	1,377	6,123
Debt service -				
Principal	-	-	83,365	(83,365)
Interest	-	-	10,150	(10,150)
Capital outlay	517,500	497,500	-	497,500
Total expenditures	<u>999,300</u>	<u>979,300</u>	<u>625,656</u>	<u>353,644</u>
Net change in fund balance	(519,005)	(629,077)	(68,162)	460,915
Fund balance, beginning	<u>590,681</u>	<u>798,971</u>	<u>507,761</u>	<u>(291,210)</u>
Fund balance, ending	<u>\$ 71,676</u>	<u>\$ 169,894</u>	<u>\$ 439,599</u>	<u>\$ 269,705</u>

See notes to required supplementary information.

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Schedule of Employer's Share of Net Pension Liability
Year Ended September 30, 2020

Plan Year Ended June 30	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset) (a)	Employer's Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.088403%	\$ 477,121	159,738	298.69%	72.45%
2016	0.072803%	\$ 476,197	164,154	290.09%	68.16%
2017	0.094377%	\$ 540,955	220,378	245.47%	73.55%
2018	0.098797%	\$ 568,288	235,357	241.46%	74.76%
2019	0.084168%	\$ 527,052	203,424	259.09%	73.96%
2020	0.086559%	\$ 599,988	215,498	278.42%	72.61%

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

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Schedule of Employer Contributions
Year Ended September 30, 2020

Fiscal Year Ended Sept 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2015	\$ 46,337	\$ 46,337	\$ -	\$ 161,172	28.75%
2016	\$ 46,500	\$ 46,500	\$ -	\$ 172,845	26.90%
2017	\$ 58,649	\$ 58,649	\$ -	\$ 229,384	25.57%
2018	\$ 59,888	\$ 59,888	\$ -	\$ 225,992	26.50%
2019	\$ 55,560	\$ 55,560	\$ -	\$ 207,174	26.82%
2020	\$ 62,968	\$ 62,968	\$ -	\$ 217,963	28.89%

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

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Required Supplementary Information
Year Ended September 30, 2020

(1) Basis of Accounting

The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP).

(2) Budgetary Practices

The District prepares and adopts a budget in accordance with RS 39:1301 et seq. The annual budget for the General Fund is prepared in accordance with the basis of accounting utilized by the fund.

Neither encumbrance accounting nor formal integration of the budget into the accounting records is employed as a management control device. However, periodic comparisons of budget and actual amounts are performed.

(3) Firefighters' Retirement System

Changes of benefit terms – There were no changes of benefit terms.

Changes of assumptions –

Plan Year ended June 30,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase
2015	7.500%	7.500%	2.875%	7	4.75% - 15.0%
2016	7.500%	7.500%	2.875%	7	4.75% - 15.0%
2017	7.400%	7.400%	2.775%	7	4.75% - 15.0%
2018	7.300%	7.300%	2.700%	7	4.75% - 15.0%
2019	7.150%	7.150%	2.500%	7	4.5% - 14.75%
2020	7.000%	7.000%	2.500%	7	5.20% - 14.10%

INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S 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

The Board of Commissioners
Fire Protection District No. 3 of the Parish of St. Mary
Amelia, Louisiana

Report on the Financial Statements

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Fire Protection District No. 3 of the Parish of St. Mary (hereinafter "District"), a component unit of the Parish of St. Mary, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 5, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstance 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 District'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 have not been identified. We did identify deficiencies in internal control, described in the accompanying schedule of audit results and findings as items 2020-001 and 2020-002, that we consider to be material weaknesses.

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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of audit results and findings as items 2020-003 and 2020-004.

District's Response to Findings

The District's responses to the findings identified in our audit are described in the accompanying corrective action plan for current audit findings. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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. Although the intended use of this report may be limited under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
May 5, 2021

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Schedule of Audit Results and Findings
Year Ended September 30, 2020

Part I. Summary of auditor's results:

Financial Statements

1. Type of auditor's report issued on financial statements:

Opinion Unit	Type of Opinion
Governmental activities	Unmodified
Major fund- General	Unmodified

2. Internal control over financial reporting:

Material weakness(es) identified?	✓	yes		no
Significant deficiency(ies) identified?		yes	✓	none reported

3. Noncompliance material to the financial statements?

✓	yes		no
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Other

4. Management letter issued?

	yes	✓	no
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FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Schedule of Audit Results and Findings (continued)
Year Ended September 30, 2020

Part II. Findings relating to an audit in accordance with *Government Auditing Standards*:

A. Internal Control

2020-001 - Segregation of Duties

Year Initially Occurring: Unknown

CONDITION: Accounting and financial functions are not adequately segregated.

CRITERIA: Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The District’s internal control over financial reporting includes those policies and procedures that pertain to the District’s ability to record, process, summarize, and report financial data consistent with the assertions embodied in financial statements.

CAUSE: The cause of the condition is the result of a failure to design and implement policies and procedures necessary to achieve adequate internal control.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Schedule of Audit Results and Findings (continued)
Year Ended September 30, 2020

2020-002 - Financial Reporting

Year Initially Occurring: Unknown

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities, in the financial statement preparation process.

CRITERIA: The District's internal control over financial reporting includes those policies and procedures that pertain to its ability to record, process, summarize, and report financial data consistent with the assertions embodied in the financial statements, including the ability of its management and staff to detect potential misstatements that may exist in the financial statements and related disclosures.

CAUSE: The condition results from a reliance on the auditor as part of the internal control process.

EFFECT: Financial statements and related notes may reflect a material departure from generally accepted accounting principles.

RECOMMENDATION: The additional costs required to achieve the desired benefit may not be economically feasible.

B. Compliance

2020-003 - Titling of Capital Assets and Cooperative Endeavor Agreement with AVFD

Year Initially Occurring: September 30, 2014

CONDITION: During the fiscal year ended September 30, 2018, the District acquired two fire apparatuses totaling \$858,650. However, the District failed to title either purchase in the name of the District, rather the assets are titled to the Amelia Volunteer Fire Department (AVFD). During the fiscal year ended September 30, 2014, the District purchased immovable property in the amount of \$470,176, which is also titled in the name of AVFD. Although there is a cooperative endeavor in place which requires, upon the AVFD's dissolution, the transfer of assets titled to the AVFD, but paid with funds of the District, the agreement does not consider, preclude, or hold the District harmless from potential claims, judgments, liens or other liabilities to which the District could be subject, at no fault of the District, since the assets are titled to the AVFD. The District maintains other assets which are also titled in the name of AVFD.

CRITERIA: Article VII, Section 14(a) of the Louisiana Constitution of 1974 states, in part, "[E]xcept as otherwise provided in the Constitution, the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private".

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Schedule of Audit Results and Findings (continued)
Year Ended September 30, 2020

CAUSE: The condition results from lack of clarity and legality of content within the cooperative endeavor causing the District's failure to title assets in the name of the District.

EFFECT: Certain assets of the District are not titled as such, exposing the District to potential liabilities related to the actions of the AVFD.

RECOMMENDATION: The District, with the assistance of legal counsel, should update the terms and conditions of the cooperative endeavor agreement with AVFD. We also recommend the District, with the assistance of legal counsel and the Louisiana Attorney General, determine whether the holding of title for capital items purchased with public funds by the AVFD is appropriate.

2020-004 -Appraisal of Immovable Property

Year Initially Occurring: September 30, 2014

CONDITION: During the year ended September 30, 2014, the District acquired immovable property in the amount of \$470,176 but did not obtain an appraisal of the property prior to the acquisition. An appraisal performed during the year ended September 30, 2019 provided a retrospective value of \$131,900 as of the approximate date of acquisition, March 24, 2014. The property value as of the date of the appraisal, April 30, 2019, was \$179,000.

CRITERIA: RS 33:4712.10 states, in pertinent part, "no political subdivision shall purchase immovable property with a value greater than three thousand dollars unless prior to such purchase the property has been appraised by a qualified appraiser." Further, Article VII, Section 14(a) of the Louisiana Constitution of 1974 states, in part, "[E]xcept as otherwise provided in the Constitution, the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private".

CAUSE: The condition results from a failure to comply with applicable statutory and constitutional provisions.

EFFECT: The District may have violated RS 33:4712.10 and Article VII, Section 14(a) of the Louisiana Constitution of 1974.

RECOMMENDATION: The District should consult with legal counsel regarding appropriate action. The District should also comply with the provisions of state statutes and the Louisiana Constitution of 1974 regarding future purchases of immovable property.

Part III. Findings and questioned costs reported in accordance with the Uniform Guidance:

The requirements of the Uniform Guidance are not applicable.

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Summary Schedule of Prior Audit Findings
Year Ended September 30, 2020

A. Internal Control -

2019-001 - Inadequate Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

RECOMMENDATION: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

CURRENT STATUS: See schedule of audit results and findings item 2020-001.

2019-002 - Financial Reporting

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities, in the financial statement preparation process.

RECOMMENDATION: The additional costs required to achieve the desired benefit may not be economically feasible.

CURRENT STATUS: See schedule of audit results and findings item 2020-002.

B. Compliance

2019-003 - Titling of Capital Assets

CONDITION: During the fiscal year ended September 30, 2018, the District acquired two fire apparatuses totaling \$858,650. However, the District failed to title either purchase in the name of the District, rather the assets are titled to the Amelia Volunteer Fire Department (AVFD). During the fiscal year ended September 30, 2014, the District purchased immovable property in the amount of \$470,176, which is also titled in the name of AVFD. Although there is a cooperative endeavor in place, which requires, upon the AVFD's dissolution, the transfer of assets titled to the AVFD, but paid with funds of the District, the agreement does not consider, preclude, or hold the District harmless from potential claims, judgments, liens or other liabilities to which the District could be subject, at no fault of the District, since the assets are titled to the AVFD. The District maintains other assets which are also titled in the name of AVFD.

RECOMMENDATION: The District, with the assistance of legal counsel, should update the terms and conditions of the cooperative endeavor agreement with AVFD. We also recommend the District, with the assistance of legal counsel and the Louisiana Attorney General, determine whether the holding of title for capital items purchased with public funds by the AVFD is appropriate.

CURRENT STATUS: See schedule of audit results and findings item 2020-003.

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Summary Schedule of Prior Audit Findings (continued)
Year Ended September 30, 2020

2019-004 -Appraisal of Immovable Property

CONDITION: During the year ended September 30, 2014, the District acquired immovable property in the amount of \$470,176 but did not obtain an appraisal of the property prior to the acquisition. An appraisal performed during the year ended September 30, 2019 provided a retrospective value of \$131,900 as of the approximate date of acquisition, March 24, 2014. The property value as of the date of the appraisal, April 30, 2019, was \$179,000.

RECOMMENDATION: The District should consult with legal counsel regarding appropriate action. The District should also comply with the provisions of state statutes and the Louisiana Constitution of 1974 regarding future purchases of immovable property.

CURRENT STATUS: See schedule of audit results and findings item 2020-004.

C. OMB Uniform Guidance –

No findings were reported under this section.

D. Management Letter –

Not issued in prior period.

CORRECTIVE ACTION PLAN FOR CURRENT AUDIT FINDINGS

APPENDIX A

**FIRE PROTECTION DISTRICT NO. 3
PARISH OF ST. MARY**

P.O. Box 921
Amelia, La. 70340
Phone (985) 631-2883

May 5, 2021

Kolder, Slaven & Company, LLC
1201 David Drive
Morgan City, LA 70380

The following is in response to the finding resulting from the District's audit for the fiscal year ended September 30, 2020:

2020-001 - Segregation of Duties

Accounting and financial functions are not adequately segregated.

Management's Response

Corrective Action Plan: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties. We were advised that a response to this issue is not required.

Name of contact person responsible for corrective action: As described above, corrective action is not considered necessary.

Anticipated completion date for the corrective action: As described above, corrective action is not considered necessary.

2020-002 - Financial Reporting

Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities, in the financial statement preparation process.

Management's Response

Corrective Action Plan: The Board of Commissioners has determined that it would be more cost effective to outsource the preparation of the District's financial statements to its independent auditors rather than incur the costs of additional personnel.

Name of contact person responsible for corrective action: As described above, corrective action is not considered necessary.

Anticipated completion date for the corrective action: As described above, corrective action is not considered necessary.

2020-003 - Titling of Capital Assets and Cooperative Endeavor Agreement with AVFD

During the fiscal year ended September 30, 2018, the District acquired two fire apparatuses totaling \$858,650. However, the District failed to title either purchase in the name of the District, rather the assets are titled to the Amelia Volunteer Fire Department (AVFD). During the fiscal year ended September 30, 2014, the District purchased immovable property in the amount of \$470,176, which is also titled in the name of AVFD. Although there is a cooperative endeavor in place which requires, upon the AVFD's dissolution, the transfer of assets titled to the AVFD, but paid with funds of the District, the agreement does not consider, preclude, or hold the District harmless from potential claims, judgments, liens or other liabilities to which the District could be subject, at no fault of the District, since the assets are titled to the AVFD. The District maintains other assets which are also titled in the name of AVFD.

Management's Response

Corrective Action Plan: The Board of Commissioners has executed a new agreement with the AVFD as of December 2020.

Name of contact person responsible for corrective action: As described above, corrective action taken.

Anticipated completion date for the corrective action: As described above, corrective action taken.

2020-004 - Appraisal of Immovable Property

During the year ended September 30, 2014, the District acquired immovable property in the amount of \$470,176 but did not obtain an appraisal of the property prior to the acquisition. An appraisal performed during the year ended September 30, 2019 provided a retrospective value of \$131,900 as of the approximate date of acquisition, March 24, 2014. The property value as of the date of the appraisal, April 30, 2019, was \$179,000.

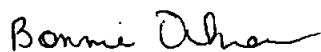
Management's Response

Corrective Action Plan: The Board of Commissioners is actively seeking legal guidance regarding the appropriate action. We will comply with relevant provisions of state statutes and the Louisiana Constitution of 1974 regarding future purchases. This issue has not reoccurred.

Name of contact person responsible for corrective action: Bonnie Duhon, Vice-Chair

Anticipated completion date for the corrective action: 9/30/2021

Sincerely,



Bonnie Duhon, Vice-Chair