

**ST. TAMMANY PARISH FIRE PROTECTION
DISTRICT NO. 11**

Financial Statements with Supplementary Information

December 31, 2019

(With Independent Auditors' Report Thereon)

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Independent Auditors' Report

**Board of Commissioners
St. Tammany Parish Fire Protection District No. 11
Pearl River, Louisiana**

We have audited the accompanying financial statements of the governmental activities and the major fund of St. Tammany Parish Fire Protection District No. 11 (the District), a component unit of St. Tammany Parish, Louisiana, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance

that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District as of December 31, 2019, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 and 5, and budgetary comparison information on page 12, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The schedule of governing board and the schedule of compensation, benefits, and other payments to agency head are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 15, 2020, on our consideration of St. Tammany Parish Fire Protection District No. 11's internal control over financial reporting and on our tests of its compliance with certain provisions of laws,

regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

Griffin & Furman, LLC

May 15, 2020

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 11

Management's Discussion and Analysis

For the Year Ended December 31, 2019

Our discussion and analysis of St. Tammany Parish Fire Protection District No. 11's (the District's) financial performance provides an overview of the District's financial activities for the year ended December 31, 2019.

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

Financial Highlights:

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

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

	<u>2019</u>	<u>2018</u>	<u>Change</u>
Total current assets	\$ 3,512,815	2,945,615	567,200
Capital assets, net of depreciation	<u>1,102,388</u>	<u>1,128,821</u>	<u>(26,433)</u>
Total assets	<u>4,615,203</u>	<u>4,074,436</u>	<u>540,767</u>
Total current liabilities	212,524	196,924	15,600
Long-term liabilities	<u>285,455</u>	<u>341,319</u>	<u>(55,864)</u>
Total liabilities	<u>497,979</u>	<u>538,243</u>	<u>(40,264)</u>
Net position			
Net investment in capital assets	803,266	674,592	128,674
Unrestricted	<u>3,313,958</u>	<u>2,861,601</u>	<u>452,357</u>
Total net position	<u>4,117,224</u>	<u>3,536,193</u>	<u>581,031</u>
Total liabilities and net position	<u>\$ 4,615,203</u>	<u>4,074,436</u>	<u>540,767</u>

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

	<u>2019</u>	<u>2018</u>	<u>Change</u>
Program revenues	\$ 182,572	178,700	3,872
General revenues	<u>1,879,926</u>	<u>1,752,330</u>	<u>127,596</u>
Total revenues	2,062,498	1,931,030	131,468
Expenditures	<u>1,481,467</u>	<u>1,404,711</u>	<u>76,756</u>
Change in net position	581,031	526,319	54,712

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 11

Management's Discussion and Analysis

For the Year Ended December 31, 2019

Net position – beginning of year	<u>3,536,193</u>	<u>3,009,874</u>	<u>526,319</u>
Net position – end of year	<u>\$ 4,117,224</u>	<u>3,536,193</u>	<u>581,031</u>

Capital Assets

At the end of 2019, the District had \$2,963,935 invested in capital assets, including building, firefighting equipment, and vehicles, net of accumulated depreciation of \$1,861,547. The increase in capital assets is related to the purchase of equipment for the station and EMS services during the year. More detailed information about the District's capital assets is presented in Note 4 of the financial statements.

Debt Service

During the year ended December 31, 2019, the District continued to pay down its capital lease obligations. One capital lease obligation was paid in full and the related equipment was purchased. The District also purchased two EMS monitors with a down payment of \$20,000 and the remaining balance of \$49,112 being financed by the vendor.

Economic Factors and Next Year's Budgets and Rates

In 2020, no revenues or expenses are expected to change significantly during the year.

Contingencies

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

Budgetary Highlights

The District uses its budgetary amounts throughout the year to be fiscally responsible with public funds. Adjustments to the budget are approved only by the board. The board of commissioners has successfully used the District's budget to maintain consistent and responsible spending of the revenues designated for the District's use.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to St. Tammany Parish Fire Protection District No. 11, located at 64279 LA-3081, Pearl River, LA 70452.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 11

Statement of Net Position

December 31, 2019

	<u>Governmental Activities</u>	
<u>Assets</u>		
Cash and cash equivalents	\$	1,915,042
Receivables:		
Ad valorem taxes, net of allowance for uncollectable taxes of \$31,577		1,521,364
State revenue sharing		22,188
Patients receivable, net of contractual allowance of \$57,044		33,138
Prepaid expenses		21,083
Capital assets, net of accumulated depreciation		<u>1,102,388</u>
 Total assets		 <u>4,615,203</u>
<u>Liabilities</u>		
Accounts payable and accrued liabilities		44,045
Current portion of leases payable		104,976
Sheriff pension deductions payable		49,836
Accrued interest		13,667
Leases payable		160,482
Notes payable		<u>124,973</u>
 Total liabilities		 <u>497,979</u>
<u>Net Position</u>		
Net investment in capital assets		803,266
Restricted for fire protection and EMS		<u>3,313,958</u>
	\$	<u><u>4,117,224</u></u>

See accompanying notes to financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 11

Statement of Activities

For the Year Ended December 31, 2019

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue & Changes in Net Assets</u>
		<u>Charges for Services</u>	
Governmental Activities:			
Public safety	\$ <u>1,481,327</u>	<u>180,232</u>	<u>(1,301,095)</u>
Total	\$ <u><u>1,481,327</u></u>	<u><u>180,232</u></u>	<u><u>(1,301,095)</u></u>
General Revenues:			
Ad valorem taxes			1,561,693
Fire insurance rebate			25,070
State revenue sharing			33,282
Workers compensation dividend			58,882
Interest income			39,179
Tax abatement revenue			100,000
Other income			<u>64,020</u>
Total general revenues			<u><u>1,882,126</u></u>
Change in net position			<u><u>581,031</u></u>
Net position - beginning of year			3,536,193
Prior period adjustment			<u><u>-</u></u>
Net position - beginning of year, as restated			<u><u>3,536,193</u></u>
Net position - end of year			\$ <u><u>4,117,224</u></u>

See accompanying notes to the financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 11

Governmental Funds

Balance Sheet

December 31, 2019

Assets

	<u>General</u>	<u>Total Governmental Funds</u>
Assets:		
Cash and cash equivalents	\$ 1,915,042	1,915,042
Receivables:		
Ad valorem taxes, net of allowance for uncollectable taxes of \$28,725	1,521,364	1,521,364
State revenue sharing	22,188	22,188
Patients receivable, net of contractual allowance of \$37,438	33,138	33,138
Prepaid expenses	21,083	21,083
	<u>3,512,815</u>	<u>3,512,815</u>

Liabilities, Deferred Inflows of Resources, & Fund Balance

Liabilities:		
Accounts payable and accrued liabilities	44,045	44,045
Sheriff pension deductions payable	49,836	49,836
	<u>93,881</u>	<u>93,881</u>
Deferred Inflows of Resources:		
Unavailable revenue - Ad Valorem	49,288	49,288
Fund Balances:		
Nonspendable	21,083	21,083
Committed for capital purchases	473,111	473,111
Unassigned	2,875,452	2,875,452
	<u>3,369,646</u>	<u>3,369,646</u>
Total fund balance	<u>3,369,646</u>	<u>3,369,646</u>
Total liabilities & fund balance	<u>\$ 3,512,815</u>	<u>3,512,815</u>

See accompanying notes to the financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 11

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

For the Year Ended December 31, 2019

Fund Balances - total governmental funds	\$ <u>3,369,646</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	1,102,388
Long-term liabilities at December 31, 2018:	
Accrued interest	(13,667)
Leases payable	(265,458)
Notes payable	(124,973)
Certain property tax collections are not available to pay for current period expenditures and therefore are reported as deferred inflows of resources in the governmental funds	<u>49,288</u>
Net Position of Governmental Activities	\$ <u><u>4,117,224</u></u>

See accompanying notes to the financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 11

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balance

For the Year Ended December 31, 2019

	<u>General</u>	<u>Total Governmental Funds</u>
Revenues:		
Ad valorem	\$ 1,568,163	1,568,163
Fire insurance tax	25,070	25,070
State revenue sharing	33,282	33,282
Workers compensation dividend	58,882	58,882
EMS revenue	180,232	180,232
Interest income	39,179	39,179
Grant revenue	100,000	100,000
Other income	64,020	64,020
	<u>2,068,828</u>	<u>2,068,828</u>
Total revenues		
Expenditures:		
Public safety - fire protection		
Salaries and benefits	799,062	799,062
Insurance	120,559	120,559
Dispatching	23,642	23,642
Repairs and maintenance	64,965	64,965
Utilities	28,499	28,499
Professional fees	76,628	76,628
Training and education	14,060	14,060
Fuel and oil	18,732	18,732
Office	13,732	13,732
Supplies	49,488	49,488
Uniforms	25,893	25,893
Other	16,768	16,768
Sheriff pension deduction	49,836	49,836
Total public safety	<u>1,301,864</u>	<u>1,301,864</u>
Debt service - interest	12,696	12,696
Debt service - principal	101,390	101,390
Capital outlay	89,075	89,075
	<u>1,505,025</u>	<u>1,505,025</u>
Total expenditures		
Net change in fund balance	563,803	563,803
Fund balance, beginning of year	<u>2,805,843</u>	<u>2,805,843</u>
Fund balance, end of year	<u>\$ 3,369,646</u>	<u>3,369,646</u>

See accompanying notes to the financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 11

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

For the Year Ended December 31, 2019

Net Change in Fund Balances - total governmental funds \$ 563,803

Amounts reported for governmental activities in the statement
of net position are different because:

Governmental funds report capital outlays as expenditures.
However, in the statement of activities the cost of those
assets is allocated over their estimated useful lives and
reported as depreciation expense:

Capital asset additions	72,575
Loss on disposal of equipment	(3,717)
Depreciation expense	(144,403)

Property tax revenues in the government-wide statement of
activities include economic resources that are not reported as
revenues in the governmental fund operating statement. This
is the amount by which current year deferred inflows of resources
in the governmental funds of \$49,288 was less than prior year
deferred inflows of resources in the governmental funds of \$55,758 (6,470)

Interest accrued on government-wide financial statements is not
expensed until paid under the modified accrual basis used in the
governmental funds. (2,147)

Repayments of note principal are reported as financing used in
governmental funds and thus contribute to the reduction in fund
balance. In the Statement of Net Position, however, repayment of
debt decreases the liabilities and does not affect the Statement of
Activities 101,390

Change in Net Position of Governmental Activities \$ 581,031

See accompanying notes to the financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 11

Governmental Funds

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

For the Year Ended December 31, 2019

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Adjustments to Budgetary <u>Basis</u>	Non-GAAP Budgetary <u>Basis</u>	Variance Favorable <u>(Unfavorable)</u>
Revenues:						
Ad valorem	\$ 1,418,097	1,418,097	1,568,163	(180,067)	1,388,096	(30,001)
Fire insurance tax	27,000	27,000	25,070	-	25,070	(1,930)
State revenue sharing	31,000	31,000	33,282	11	33,293	2,293
Workers compensation dividend	-	58,882	58,882	-	58,882	-
EMS revenue	168,000	168,000	180,232	(2,197)	178,035	10,035
Interest income	15,000	37,000	39,179	-	39,179	2,179
Tax abatement revenue	100,000	100,000	100,000	-	100,000	-
Other	56,000	56,400	64,020	-	64,020	7,620
Total revenues	1,815,097	1,896,379	2,068,828	(182,253)	1,886,575	(9,804)
Expenditures:						
Public safety						
Salaries and benefits	946,843	843,690	799,062	(4,693)	794,369	49,321
Insurance	139,329	126,700	120,559	-	120,559	6,141
Dispatching	16,500	24,000	23,642	-	23,642	358
Repairs and maintenance	96,350	72,621	64,965	-	64,965	7,656
Utilities	36,500	30,075	28,499	-	28,499	1,576
Professional fees	99,950	69,530	76,628	-	76,628	(7,098)
Training and education	20,000	16,000	14,060	-	14,060	1,940
Fuel and oil	25,700	20,341	18,732	-	18,732	1,609
Office	17,800	14,813	13,732	-	13,732	1,081
Supplies	57,500	54,000	49,488	-	49,488	4,512
Uniforms	31,000	26,200	25,893	-	25,893	307
Other	17,000	17,280	16,768	-	16,768	512
Sheriff pension deduction	-	-	49,836	(49,836)	-	-
Debt principal	101,390	101,965	101,390	-	101,390	575
Debt interest	12,697	12,121	12,696	-	12,696	(575)
Capital outlay	50,000	436,500	89,075	-	89,075	347,425
Total expenditures	1,668,559	1,865,836	1,505,025	(54,529)	1,450,496	415,340
Other:						
Transfers (to)/from other funds	-	-	-	-	-	-
Net change in fund balance	146,538	30,543	563,803	(127,724)	436,079	533,260
Fund balance, beginning of year	2,805,843	2,805,843	2,805,843			
Fund balance, end of year	\$ 2,952,381	2,836,386	3,369,646			

See accompanying notes to the financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 11

Notes to Financial Statements

December 31, 2019

(1) Summary of Significant Accounting Policies

The mission of St. Tammany Parish Fire Protection District No. 11 (the District) is to acquire, maintain and operate equipment necessary to provide fire protection and control, and emergency medical services. The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America applicable to government entities. The following is a summary of significant accounting policies.

(a) Reporting Entity

The St. Tammany Parish Fire Protection District No. 11 (The District) was created by the St. Tammany Parish Government, as authorized by Louisiana Revised Statute 40:1492. Ordinance No. 691 was adopted in regular session assembled on February 17, 1977. The District is responsible for fire protection and emergency medical services in the Pearl River, Louisiana area and is governed by a five-member volunteer, non-compensated board of directors. As the governing authority of St. Tammany Parish (the Parish) for financial reporting purposes, the St. Tammany Parish Council is the financial reporting entity for the Parish. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The Governmental Accounting Standards Board (GASB) Codification Section 2100 Defining the Financial Reporting Entity has set forth criteria to be considered in determining financial accountability. These criteria include:

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

The St. Tammany Parish Fire Protection District No. 11 was determined to be a component unit of St. Tammany Parish, the reporting entity, because the reporting entity's financial statements would be misleading if data of the St. Tammany Parish Fire Protection District No. 11 was not included due to the significance of the relationship and scope of public services. The accompanying financial statements present information only on the funds maintained by the St. Tammany Parish Fire Protection District No. 11 and do not present information on the Parish, the general government services provided by the Parish, or other governmental units that comprise the financial reporting entity.

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

Notes to Financial Statements

December 31, 2019

(b) Basis of Presentation

Government-Wide Financial Statements:

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

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

Fund Financial Statements:

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

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

Governmental Fund

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

Notes to Financial Statements

December 31, 2019

General Fund

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

(c) Measurement Focus and Basis of Accounting

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

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

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

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

Accrual

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

Modified Accrual

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 11

Notes to Financial Statements

December 31, 2019

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

(d) Operating Budgetary Data

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

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

(e) Assets, Liabilities, Net Position / Fund Balance, Revenue, and Expenditures

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the District's investment policy allow the entity to invest in collateralized certificates of deposits, government back securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities.

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

Receivables

The allowance for uncollectible receivables is \$31,577 which represents 2% of the total ad valorem tax receivable, at December 31, 2019. The estimate is based on the District's history of collections within this revenue stream.

Property taxes are levied on a calendar year basis, become due on December 31st and are considered delinquent on January 1st. The District authorized and levied a 42.17 mill ad valorem tax for operations and maintenance for the year ended December 31, 2019.

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

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Value</u>
Associated Wholesale Grocers	\$ 13,442,760	39.5%
Rooms to Go Louisiana Corporation	2,393,080	7.0%
Central Louisiana Electric Company	860,030	2.5%
Hancock Whitney Bank	502,660	1.5%

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 11

Notes to Financial Statements

December 31, 2019

MHC 4 New Orleans LA LLC	418,470	1.2%
SIKA Investment LLC	400,652	1.2%
SKF Properties, LLC	295,249	.09%
Norfolk Southern Corporation	261,040	0.8%
Planet Storage, LLC	209,370	0.6%
Bell South Communications	<u>187,715</u>	<u>0.6%</u>
	<u>\$ 18,971,026</u>	<u>55.8%</u>

Tax Abatement

St. Tammany Parish negotiates property tax abatement agreements on the District's behalf on an individual basis. The District is subject to in lieu of property tax agreements with two entities as of December 31, 2019:

- Associated Wholesale Grocers - Abatement on land, building, and immovable equipment and furniture.
- Rooms to Go-Abatement on land, building & immovable equipment and fixtures

Each agreement was negotiated under a special exemption through St. Tammany Parish Development District for a variety of economic development purposes, including business relocation, retention, and expansion. The abatements may be granted to any business located within the Parish for promising to relocate to the Parish's geographic area. The Parish has not made any commitments as part of the agreements other than to reduce taxes. During the year ended December 31, 2019, the District received \$100,000 in lieu of the property taxes that would have been assessed for these entities. Total property taxes that would have been collected by the District had these agreements not been in place amounted to \$270,603 for the year ended December 31, 2019.

Patients Receivable

The District provides medical services to beneficiaries of government payment programs and has agreements with other third-party payers that provide for payments at amounts different from its established rates. Net patient service revenue is recorded at the estimated realizable amount from patients, third-party payers, and others for services rendered, based upon prior years' experience and management's analysis of possible bad debts. Patients receivable are charged against the allowance when it is determined by the District that payment will not be received. For the year ended December 31, 2019, the District provided \$257,471 and \$61,192, respectively, for adjustments to established rates billed and for an allowance for doubtful accounts.

Allowance for Contractual Adjustment

The District records an allowance for contractual adjustment on patients' receivable based on historical collections and adjustments to amounts billed to government payment programs and other third-party payers. Because this estimate is based on collections and adjustments, it is reasonably possible that this estimate will change in the near term as collections improve or decline and third-party contracts are adjusted.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 11

Notes to Financial Statements

December 31, 2019

Capital Assets

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

Government-wide Financial Statements:

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

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

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

Fund Financial Statements:

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

Long-Term Debt

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

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

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

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. The District does not have any deferred outflows of resources. In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will

Notes to Financial Statements

December 31, 2019

not be recognized as revenue until then. The District has one item that meets the criterion for this category – receipt of ad valorem taxes more than 60 days after year end.

Net Position

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

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

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

Fund Balance

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

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

1. Nonspendable- This component consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
2. Restricted - This component consists of amounts that have constraints placed on them either externally by third-parties (bond creditors) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the District to assess payment of resources (from external resource providers) and includes a legally enforceable

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 11

Notes to Financial Statements

December 31, 2019

requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

3. **Committed** - This component consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District. Those committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed previously to commit those amounts.
4. **Assigned** - This component consists of amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed.
5. **Unassigned** - This component consists of amounts that have not been restricted, committed or assigned to specific purposes within the general fund.

Committed fund balance represents amounts set aside by the District for future capital purchases. As of December 31, 2019, committed fund balance amounted to \$473,111.

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

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

Revenues

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

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

All other revenues are recorded when received.

Expenditures

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

(f) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 11

Notes to Financial Statements

December 31, 2019

that affect the report amounts and disclosures. Accordingly, actual results could differ from those estimates.

(2) Deposits and Investments

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

Bank Deposits:

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

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

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

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

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

The year end balances of deposits are as follows:

	<u>Bank Balances Category</u>			<u>Book</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Balance</u>
Demand deposits	\$ 855,605	-	-	773,462
Money market accounts	<u>1,141,580</u>	<u>-</u>	<u>-</u>	<u>1,141,580</u>
	<u>\$ 1,997,185</u>	<u>-</u>	<u>-</u>	<u>1,915,042</u>

(3) Property Taxes

Property taxes are levied each November 1st on the assessed value listed as of prior January 1st for all real property, merchandise, and movable property located in the Parish. Assessed values are established by the St. Tammany Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. Taxes are due and payable December 31st with interest being charged on payments after January 1st. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which taxes have not been paid are sold for the amount of the taxes. The tax rate

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 11

Notes to Financial Statements

December 31, 2019

for the year ended December 31, 2019 was \$42.17 per \$1,000 of assessed valuation on property within the District for the purpose of constructing, maintaining, and operating fire protection facilities within the District and paying the cost of obtaining water for fire protection purposes.

(4) Capital Assets

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

	Balance January 1, <u>2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2019</u>
Capital assets not being depreciated				
Land	\$ 69,787	-	-	69,787
Machinery and equipment	-	107,426	-	107,426
Total capital assets not being depreciated	69,787	107,426	-	177,213
Capital assets being depreciated				
Buildings	378,379	-	-	378,379
Machinery and equipment	2,423,605	23,261	(38,523)	2,408,343
Total capital assets being depreciated	2,801,984	23,261	(38,523)	2,786,722
Less accumulated depreciation	(1,742,950)	(144,403)	25,806	(1,861,547)
Total capital assets being depreciated, net	1,059,034	(121,142)	(12,717)	925,175
Total capital assets, net	\$ 1,128,821	(13,716)	(12,717)	1,102,388

The District recorded \$144,403 of depreciation expense on its capital assets for the year ended December 31, 2019.

(5) Accounts Payable and Accrued Expenditures

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

Vendors	\$ 14,848
Payroll withholdings	9,261
Accrued salaries and wages	<u>19,936</u>
	<u>\$ 44,045</u>

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 11

Notes to Financial Statements

December 31, 2019

(6) Long-term Debt

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Community Disaster Loan With FEMA, accrues interest at 2.83%, until maturity in February 2035	\$ 75,861	-	-	75,861	-
Note Payable with imputed interest at 3.3%, annual payments of \$12,995 until March 2023	-	49,112	-	49,112	12,499
	<u>\$ 75,861</u>	<u>49,112</u>	<u>-</u>	<u>124,973</u>	<u>12,499</u>

Future maturities of long-term debt are as follows as of December 31, 2019:

<u>Year Ending</u>	<u>Amount</u>
2019	\$ 12,499
2020	11,873
2021	12,166
2022	12,574
2023	-
Thereafter	<u>75,861</u>
	<u>\$ 124,973</u>

(7) Capital Leases

The District records items under capital leases as an asset and an obligation in the accompanying financial statements. On December 30, 2010, the District entered into a capital lease agreement for the purchase of a ladder truck for a ten-year term at an annual interest rate of 3.694%, secured by the ladder truck.

On December 5, 2013, the District entered into a Louisiana Municipal Lease-Purchase Agreement for the purchase of an ambulance and fire apparatus for a ten-year term with an interest rate of 3.364%, secured by the ambulance and fire apparatus. The interest rate and payments may be adjusted by the lessor on the 5th annual payment date. Notice of any rate adjustment shall be given in writing to the District on or before the 30th day prior to such rate adjustment. The interest rate shall be adjusted to the five-year treasury rate, plus 211 basis points. The District had an option to purchase these assets after November 15, 2019 which was exercised during the current year.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 11

Notes to Financial Statements

December 31, 2019

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

<u>Year Ending</u>	<u>Amount</u>
2020	\$ 114,087
2021	57,133
2022	57,133
2023	57,133
2024	-
Total minimum lease payments	285,486
Less: Amounts representing interest	(20,028)
Present value of minimum lease payments	<u>\$ 265,458</u>

(8) Deferred Compensation

The District allows its employees to participate in the Louisiana Public Employees 457(b) Deferred Compensation Plan (the Plan). The Plan was established in accordance with Section 457 of the Internal Revenue Code of 1986, as amended and allows employees to voluntarily elect to contribute a portion of their compensation, up to the lesser of 25% of their compensation or the current IRC limits. The District did not match employee contributions in the year ended December 31, 2019.

(9) Risk Management

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

(10) Compensation of Board Member

The Board of Commissioners were compensated \$100 per meeting in accordance with the provisions of Louisiana Revised Statute 40:1498.

(11) Concentration of Revenue

Of the District's revenues, \$1,561,693 (76%) of the revenues are obtained through a single source, ad valorem taxes, for the year ended December 31, 2019.

(12) Subsequent Events

The Fire District evaluated subsequent events through May 15, 2020, the date which the financial statements were available to be issued.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 11

Schedule of Compensation Paid to Board Members

For the Year Ended December 31, 2019

Michelle Blackman, Board Chairman	\$	1,300
Floyd Trascher, Vice-Chairman		1,200
Don Thanars, Secretary		600
Russell Lindsey, Treasurer		1,100
Emile Lombard, Vice Secretary		<u>1,300</u>
Total	\$	<u><u>5,500</u></u>

The schedule of compensation paid to board members was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. In accordance with Louisiana Revised Statute 40:1498, members, including police jurors serving ex-officio, may be paid per diem of \$100 for attending board meetings - not to exceed two meetings in one calendar month.

See independent auditors' report.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 11

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

For the Year Ended December 31, 2019

Agency Head Name: Jack Dockery, Fire Chief

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 75,857
Cell Phone Allowance	589
Benefits - Insurance	5,622
Benefits - Retirement	-
Benefits - Other	-
Car Allowance	-
Vehicle Provided by Government	-
Per Diem	-
Reimbursements	-
Travel	-
Registration Fees	-
Conference Travel	-
Continuing Professional Education Fees	-
Unvouchered Expenses	-
Special Meals	-
	<hr/>
	\$ <u>82,067</u>

See independent auditors' report.



Stephen M. Griffin, CPA
Robert J. Furman, CPA

Jessica S. Benjamin, Director

—
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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

To the Board of Commissioners
St. Tammany Parish Fire Protection District No. 11
Pearl River, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund of the St. Tammany Parish Fire Protection District No. 11 (the District), as of and for the year then ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 15, 2020.

Internal Control Over Financial Reporting

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

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

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

material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings that we consider to be a significant deficiency – 2019-1.

Compliance and Other Matters

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

Response to Findings

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

Purpose of this Report

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

Griffin & Fwuman, LLC

May 15, 2020

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 11

Schedule of Findings and Management Corrective Action Plan

December 31, 2019

Summary of Audit Results:

1. Type of Report Issued – Unqualified
2. Internal Control Over Financial Reporting
 - a. Significant Deficiencies – Yes (2019-1)
 - b. Material Weaknesses - No
3. Compliance and Other Matters – No
4. Management Letter – Yes

Finding 2019-1:

Criteria:

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

Condition & Cause:

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

Recommendation:

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

Management Corrective Action Plan:

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

Status of Prior Findings

December 31, 2019

Finding 2018-1:

Criteria:

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

Condition & Cause:

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

Recommendation:

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

Management Corrective Action Plan:

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

Status:

There is no change in the status of this finding.

Finding 2018-2:

Criteria:

The District should have a system in place to monitor board and employee compliance with Louisiana Revised Statute 42:1101-1124 [Code of Ethics]. Per LA RS 42:1101-1124, each employee, board member and / or elected official of the agency (public servant) must receive the annual ethics training as required.

Condition & Cause:

Three part-time medics did not receive annual ethics training due to administrative oversight.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 11

Status of Prior Findings

December 31, 2019

Recommendation:

The District should verify that all employees are compliant with the State Ethics policy by receiving the annual ethics training.

Management Corrective Action Plan:

All employees will receive training upon their hire.

Status:

Resolved.



Stephen M. Griffin, CPA
Robert J. Furman, CPA

Jessica S. Benjamin, Director

—
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To the Board of Commissioners
St. Tammany Parish Fire Protection District No. 11
Pearl River, Louisiana

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

Management of the St. Tammany Parish Fire Protection District No. 11, is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. These procedures were agreed to by management of the District and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the District's compliance with certain laws and regulations during the period of January 1, 2019 thru December 31, 2019, in accordance with Act 774 of 2014 Regular Legislative Session.

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

Credit Cards/Debit Cards/Fuel Cards/P-Cards (follow-up)

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

Finding:

Procedure performed without exception. During the testing period the District had two debit cards and ten fuel cards.

Corrective Action:

Not applicable.

2. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement

for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation:

Finding:

For the month selected, the debit card statement and fuel card statements were reviewed and approved in writing by someone other than the authorized card holder

Corrective Action:

Not applicable.

3. Using the monthly statements or combined statements selected under #2 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by written documentation of the business/public purpose.

Finding:

All debit card transactions and all fuel cards transactions were supported by an original itemized receipt that identified precisely what was purchased. Each item had a written documentation of the business/public purpose.

Corrective Action:

Not applicable.

Debt Service (follow-up)

1. Obtain and inspect the entity's written policies and procedures over debt collection and write-off and observe that they require a monthly review of the accounts receivable aging schedule(s); methods, time frames, and documentation related to debt collection efforts; and criteria for write-offs.

Finding:

Other than portions of the District's bylaws that pertain to issuance of debt, the District does not have written policies and procedures over debt service. The District does have a written policy over debt collection and write-off. The policy addresses what happens up to 120 days of a past due balance and states it is then turned over to a collection agency. We recommend the policy be modified to require a monthly review of the accounts receivable aging schedules and specify that an account is written off when it is referred to the collection agency. Per discussion with the District's billing company, once the account is referred to the collection agency it is written off by the billing company.

Corrective Action:

The District has obtained the example debt service policy from the Legislative Auditor and will adopt a debt service policy that addresses the items listed in the procedure. The District will modify the policy to address the above items.

Capital Assets

1. Obtain and inspect the entity's written policies and procedures over capital assets and observe that they address the process for tagging assets, performing an annual inventory, and disposing of assets.

Finding:

The District has a System Documentation Memorandum containing verbiage on acquiring fixed assets. This memorandum does not address tagging assets, performing an annual inventory, or disposing of assets.

Corrective Action:

The District has obtained an example capital assets policy from the Legislative Auditor and will adopt a written policy pertaining to capital assets that addresses the items above.

2. Obtain documentation from management for the most recent capital asset inventory count in which all assets were inventoried. Observe that the inventory count was performed no more than one year ago.

Finding:

The District provided a list of capital assets to date. No formal inventory count is done however, the inventory is used and checked daily.

Corrective Action:

The District will adopt a written policy pertaining to capital assets that will address when capital asset inventories will be performed.

3. Obtain a listing of capital assets and obtain management's representation that the listing is complete. Randomly select 25 assets from the listing, physically locate each asset, and observe that each asset is tagged and agrees to the information on the listing as to the location, description, manufacturer, model, and serial number.

Finding:

The District provided a list of capital assets and asserted that the listing was complete. We located fifty-six items in inventory noting they were tagged. All items had clear descriptions of the item. The list did not consistently include the location or manufacturer for every item

Corrective Action:

The District has a new inventory tracking system they are in the process of updating. All information available for existing assets will be entered into this system.

4. Select 10 capital assets in two physical locations (if entity has at least two physical locations) that meet the asset capitalization threshold (e.g., vehicles, office furniture, lawn mowers). Observe that each asset is tagged and trace to the listing from #3 above. Observe that each asset is included on the listing and agree the information on the listing to the location, description, manufacturer, model, and serial number of the asset.

Finding:

Due to COVID-19 restrictions, we were limited to reviewing assets in one location. For this location we selected ten items and agreed these assets to the listing from #3 above. The listing obtained in #3 did not have tag numbers however we did note that assets have been tagged and will be reflected in the new inventory tracking system.

Corrective Action:

Not applicable.

Board (or Finance Committee, if applicable) Oversight

1. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) Observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund.

Finding:

The District provided all board minutes from the fiscal period we observed that the quorum met monthly and that the minutes referenced budget to actual comparisons,

Corrective Action:

Not applicable.

Information Technology Disaster Recovery/Business Continuity

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

Finding:

The District does not have a formal written policy over information technology disaster recovery /business continuity. However, all files that are saved go directly to a drop box or online service as a backup.

Corrective Action:

The District has obtained an example policies and procedures over information technology disaster recovery/business continuity from the Legislative Auditor and will adopt a written policy that addresses the items above.

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).

Finding:

We performed the procedure and discussed the results with management.

Corrective Action:

Not applicable.

Sexual Harassment

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

Finding:

The District provided the sexual harassment policy. Their policy does not state all of the requirements stated in R.S. 42:342-344, however, they did have the Revised Statutes posted in the station. We recommend the policy be revised to address all requirements of the Revised Statutes.

Corrective Action:

The District will revise its policy to include all items stated in the Revised Statutes.

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

Finding:

All employees completed training for the year.

Corrective Action:

Not applicable.

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

Finding:

The sexual harassment policy is posted in the break room visible to all employees.

Corrective Action:

Not applicable.

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

Finding:

Per discussion with the Fire Chief, he was not aware of the report requirements. He did state that they did not have any reports of sexual harassment during the fiscal year.

Corrective Action:

The District will prepare the required report in the future.

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

This report is intended solely for the use of management of the St. Tammany Parish Fire Protection District No. 11 and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Griffin & Furman, LLC

May 29, 2019