

**ANNUAL FINANCIAL REPORT**  
**ST. TAMMANY PARISH**  
**FIRE PROTECTION DISTRICT NO. 4**  
**AS OF AND FOR THE YEAR ENDED**  
**DECEMBER 31, 2020**



**ERICKSEN KRENTEL** LLP  
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Commissioners  
St. Tammany Parish Fire Protection District No. 4  
Mandeville, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the major fund of the St. Tammany Parish Fire Protection District No. 4, a component unit of St. Tammany Parish, Louisiana, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise St. Tammany Parish Fire Protection District No. 4'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 of 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, the *Louisiana Governmental Audit Guide* 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 of 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 opinion.





St. Tammany Parish Fire Protection District No. 4  
April 30, 2021  
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### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the St. Tammany Parish Fire Protection District No. 4 as of December 31, 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.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in net OPEB liability and related ratios, schedule of proportionate share of the net pension liability, schedule of contributions – retirement plan, and the related notes to the required supplementary information on pages 4 through 8 and 46 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

St. Tammany Parish Fire Protection District No. 4

April 30, 2021

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*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the St. Tammany Parish Fire Protection District No. 4's basic financial statements. The accompanying schedules of compensation paid to board members and compensation, benefits and other payments to agency head are presented to comply with the requirements issued by the State of Louisiana, and are not a required part of the basic financial statements.

The schedules of compensation paid to board members and 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 schedules of compensation paid to board members and compensation, benefits and other payments to agency head are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2021 on our consideration of the St. Tammany Parish Fire Protection District No. 4'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 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 St. Tammany Parish Fire Protection District No. 4's internal control over financial reporting and compliance.

April 30, 2021

Mandeville, Louisiana

*Erickson Krentel, LLP*  
Certified Public Accountants

## **REQUIRED SUPPLEMENTARY INFORMATION**

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**MANDEVILLE, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020**

This section of St. Tammany Parish Fire Protection District No. 4's (The District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended December 31, 2020. This analysis should be read in conjunction with the audited financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- The District's net position increased by \$2,659,980
- The District's general revenues were \$17,454,532 and program revenues were \$3,481,073.
- The total expenses of the District were \$18,275,625.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This report consists of two sections: Management's Discussion and Analysis and audited financial statements. The financial statements also include notes that provide additional detail of the information included in the financial statements.

**BASIC FINANCIAL STATEMENTS**

The financial statements of the District report information about the District using accounting methods similar to those used by private companies. These financial statements provide financial information about the activities of the District.

The Statement of Net Position presents information that includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating.

The Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities presents information on how the District's net position changed as a result of current period operations.

The following presents condensed financial information of the District.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**MANDEVILLE, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020**

**SUMMARY OF NET POSITION**  
**AS OF DECEMBER 31, 2020 AND 2019**

	December 31, 2020	Restated December 31, 2019
Current assets	\$ 32,780,701	\$ 30,282,462
Capital assets, net of accumulated depreciation	5,095,204	4,759,261
Deposits	<u>987</u>	<u>987</u>
Total assets	<u>\$ 37,876,892</u>	<u>\$ 35,042,710</u>
 Total deferred outflows of resources	 <u>\$ 6,149,404</u>	 <u>\$ 4,675,240</u>
 Current liabilities	 \$ 999,563	 \$ 713,356
Long-term liabilities	<u>29,781,955</u>	<u>28,408,132</u>
Total liabilities	<u>\$ 30,781,518</u>	<u>\$ 29,121,488</u>
 Total deferred inflows of resources	 <u>\$ 2,792,974</u>	 <u>\$ 2,704,984</u>
 Net investment in capital assets	 \$ 4,759,261	 \$ 3,798,523
Unrestricted	5,128,343	3,711,201
Restricted for:		
Debt service	<u>564,200</u>	<u>282,100</u>
 Total net position	 <u>\$ 10,451,804</u>	 <u>\$ 7,791,824</u>

Total assets increased by \$2,834,182 (8%) primarily due to an increase in ad valorem taxes, net of allowance for uncollectible taxes of \$745,835. Total liabilities increased by \$1,660,030 (6%) due to increases in net pension and OPEB liabilities.

Net position increased by \$2,659,980 (34%) primarily as a result of the increase in ad valorem taxes in 2020.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**MANDEVILLE, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020**

**SUMMARY OF REVENUES, EXPENDITURES/EXPENSES**  
**AND CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>December 31,</u> <u>2020</u>	<u>Restated</u> <u>December 31,</u> <u>2019</u>
General revenues	\$ 17,454,532	\$ 17,231,609
Program revenues	<u>3,481,073</u>	<u>2,049,571</u>
Total revenue	20,935,605	19,281,180
Expenditures/expenses	<u>(18,275,625)</u>	<u>(18,474,181)</u>
Change in net position	<u>\$ 2,659,980</u>	<u>\$ 806,999</u>
Ending net position	<u>\$ 10,451,804</u>	<u>\$ 7,791,824</u>

Total revenues increased by \$1,654,425. The District had an increase in charged services in 2020. Expenditures/expenses decreased by approximately \$200,000 primarily due to a decrease in firefighter retirement expenses and employer health benefit expenses.

**CAPITAL ASSETS**

Following is a schedule of capital assets, net of accumulated depreciation:

	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Land	\$ 699,473	\$ 699,473
Construction-in-progress	2,500	2,500
Buildings and improvements	3,626,515	3,626,515
Firefighting equipment	1,315,057	1,209,334
Medical equipment	581,483	486,952
Transportation vehicles	5,601,514	4,827,899
Furniture and fixtures	<u>56,573</u>	<u>56,573</u>
	11,883,115	10,909,246
Less: accumulated depreciation	<u>(6,787,911)</u>	<u>(6,149,985)</u>
Total capital assets, net of accumulated depreciation	<u>\$ 5,095,204</u>	<u>\$ 4,759,261</u>

During the current year ended December 31, 2020, the District purchased fire fighter equipment, medical equipment, and transportation equipment. Depreciation expense was \$640,526 for the year ended December 31, 2020.



**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**MANDEVILLE, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020**

**LONG-TERM DEBT**

At December 31, 2020, the District had \$4,685,000 in long-term debt which consisted of a 2019 Series Bonds. There is a prior period adjustment to record this bond in 2019. The 2019 Series Bonds were issued in order to fund the upcoming construction of the new fire station. Currently, the proceeds of the bonds are held in cash.

**BUDGETARY HIGHLIGHTS**

The following table presents the variance between the final budget and the actual results for the fiscal year.

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Ad valorem taxes	\$ 14,300,000	\$ 15,753,655	\$ 1,453,655
State revenue sharing	210,000	226,915	16,915
Fire insurance rebate	220,000	225,050	5,050
Federal and state grants	-	28,594	28,594
Charges for services (EMS)	1,400,000	2,024,678	624,678
Training revenue	-	76,325	76,325
Interest income	300,000	56,972	56,972
Other	<u>420,000</u>	<u>621,444</u>	<u>201,444</u>
Total	<u>\$ 16,850,000</u>	<u>\$ 19,313,633</u>	<u>\$ 2,463,633</u>
Expenditures:			
Fire protection and EMS	\$ 16,125,000	\$ 15,827,786	\$ 297,214
Capital outlays	425,000	976,469	(551,469)
Debt service	<u>300,000</u>	<u>443,362</u>	<u>(143,362)</u>
Total	<u>\$ 16,850,000</u>	<u>\$ 17,247,617</u>	<u>\$ (397,617)</u>

**ECONOMIC FACTORS AND A LOOK AT NEXT YEAR**

The District's tax base has remained stable but with little overall economic growth. The District will have to address financial cuts and aggressively seek new revenue to maintain the high level of services our citizens currently expect. The District has begun to replace the aging fleet to offset some of the high maintenance costs associated with older equipment. In order to fund these acquisitions, the District has used both tax and Federal grant funding, as well Bond funding; however, much of the fleet still requires replacement and repairs. Additionally, all aspects of personnel costs continue to rise, which places a further strain on our resources.

The District and its citizens currently enjoy a Class 1 fire rating which provides substantial reductions in property insurance. The District is committed to keeping insurance rates low for all its citizens and providing the highest level of Emergency Response and other services. The District is committed to fiscal responsibility and maintaining the trust from the citizens with their tax dollars.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**MANDEVILLE, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020**

**ECONOMIC FACTORS AND A LOOK AT NEXT YEAR (CONTINUED)**

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. There has been no immediate impact to the District's operations. Future potential impacts may include disruptions in the ability of citizens to continue making tax payments as a result of job loss or other pandemic related issues.

**CONTACTING THE DISTRICT'S MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, and customers with an overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Fire Chief Kenneth Moore, St Tammany Parish Fire Protection District No. 4, 709 Girod Street, Mandeville, Louisiana, 70448.

## **BASIC FINANCIAL STATEMENTS**

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**STATEMENT OF NET POSITION**  
DECEMBER 31, 2020

**ASSETS:**

Cash and cash equivalents	\$ 10,462,869
Restricted cash	5,043,923
Receivables:	
Ad valorem taxes, net of allowance for uncollectible taxes of \$808,027	15,299,627
State revenue sharing	150,492
EMS receivable	1,416,160
Other receivables	8,225
Due from other governments	63,349
Prepaid insurance	336,056
Capital assets, net of accumulated depreciation	5,095,204
Utility deposits	987
	<hr/>
Total assets	37,876,892

**DEFERRED OUTFLOWS OF RESOURCES:**

Other post-employment benefits	1,309,434
Pensions	4,839,970
	<hr/>
Total deferred outflows of resources	6,149,404

**LIABILITIES:**

Accounts payable	140
Accrued payroll and related payables	291,828
Accrued interest	52,058
Sheriff's pension deduction payable	505,537
Compensated absences	766,857
Other post-employment benefits	5,821,847
Net pension liability	18,263,242
Debt:	
Long-term debt	4,535,000
Current portion of long-term debt	150,000
Unamortized premium	395,009
	<hr/>
Total liabilities	30,781,518

**DEFERRED INFLOWS OF RESOURCES:**

Other post-employment benefits	512,633
Pensions	2,280,341
	<hr/>
Total deferred inflows of resources	2,792,974

**NET POSITION:**

Net investment in capital assets	4,759,261
Unrestricted	5,128,343
Restricted for:	
Debt service	564,200
	<hr/>
Total net position	\$ 10,451,804

**The accompanying notes are an integral part of this statement**

**ST. TAMMANY FIRE PROTECTION DISTRICT NO. 4**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

<u>Function/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
<u>Governmental activities:</u>				
Fire protection and EMS	\$ 18,275,625	\$ 2,101,003	\$ 1,380,070	\$ (14,794,552)
 Total governmental activities	 \$ 18,275,625	 \$ 2,101,003	 \$ 1,380,070	 \$ (14,794,552)
General revenues:				
Property taxes				16,024,151
Fire insurance rebate				225,050
State revenue sharing				226,915
Investment earnings				356,972
Miscellaneous				<u>621,444</u>
Total general revenues				<u>17,454,532</u>
Change in net position				2,659,980
Net position - beginning				<u>7,996,326</u>
Prior period adjustment				(204,502)
Net position - beginning, as restated				<u>7,791,824</u>
Net position - ending				<u>\$ 10,451,804</u>

**The accompanying notes are an integral part of this statement**

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2020**

**ASSETS:**

Cash and cash equivalents	\$ 15,506,792
Receivables:	
Ad valorem taxes, net of allowance for uncollectible taxes of \$808,027	15,299,627
State revenue sharing	150,492
EMS receivable	1,416,160
Other receivables	8,225
Due from other governments	63,349
Prepaid insurance	336,056
Utility deposits	<u>987</u>
 Total assets	 <u><u>\$ 32,781,688</u></u>

**LIABILITIES:**

Accounts payable	\$ 140
Accrued payroll and related payables	291,828
Sheriff's pension deduction payable	<u>505,537</u>
 Total liabilities	 <u>797,505</u>

**DEFERRED INFLOWS OF RESOURCES:**

Unavailable revenue - property taxes	<u>1,891,362</u>
 Total deferred inflows of resources	 <u>1,891,362</u>

**FUND BALANCE:**

Nonspendable: prepaid expenses	336,056
Unassigned	28,592,565
Restricted for:	
Debt service	564,200
Committed to emergencies	<u>600,000</u>
 Total fund balance	 <u>30,092,821</u>
 Total liabilities, deferred inflows of resources and fund balance	 <u><u>\$ 32,781,688</u></u>

**The accompanying notes are an integral part of this statement**



**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**DECEMBER 31, 2020**

Fund balance - total governmental funds	\$ 30,092,821
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	5,095,204
Deferred outflows of resources related to OPEB and pensions are not reported in governmental funds	6,149,404
Deferred inflows of resources related to OPEB and pensions are not reported in governmental funds	(2,792,974)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. All liabilities (both current and long-term) are reported in the Statement of Net Position:	
Accrued annual leave	(766,857)
Accrued interest	(52,058)
Long-term debt, including original issue premiums	(5,080,009)
Other post-employment benefits	(5,821,847)
Pension liability	(18,263,242)
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>1,891,362</u>
Net position of governmental activities	<u>\$ 10,451,804</u>

**The accompanying notes are a integral part of this statement**

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	General Fund
<b><u>GENERAL REVENUES:</u></b>	
Ad valorem taxes	\$ 15,753,655
Intergovernmental revenues:	
State revenue sharing	226,915
Fire insurance rebate	225,050
Federal and state grants	28,594
State supplemental pay	611,927
Charges for services (EMS)	2,024,678
Training revenue	76,325
Investment earnings	356,972
Miscellaneous	621,444
	<hr/>
Total general revenues	19,925,560
<b><u>EXPENDITURES:</u></b>	
Current for fire protection and EMS:	
Salaries and related expenditures	12,377,762
Insurance	961,768
Accounting and professional fees	693,106
Telephone and utilities	112,206
Repairs and maintenance	644,578
Dispatch	225,788
Uniforms and apparel	122,993
Deduction from ad valorem taxes for Sheriff's pension	505,537
Vehicle operations	438,040
Other operating expenses	357,935
	<hr/>
Total current fire protection and EMS expenditures	16,439,713
Debt service:	
Principal	285,000
Interest	158,362
	<hr/>
Total debt service	443,362
Capital outlays	976,469
	<hr/>
Total expenditures	17,859,544
Net change in fund balance	2,066,016
<b><u>FUND BALANCE:</u></b>	
Beginning of year	23,000,888
	<hr/>
Restatement of fund balance	5,025,917
Beginning of year, as restated	28,026,805
End of year	<u>\$ 30,092,821</u>

**The accompanying notes are an integral part of this statement**

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

Net change in fund balance - governmental fund \$ 2,066,016

Amounts reported for governmental activities in the Statement of Activities  
are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated lives and reported as depreciation expense. This is the amount by which capital asset additions of \$976,469 exceeded depreciation expense of \$640,526 in the current period.	335,943
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 long-term liabilities and does not affect the Statement of Activities.	285,000
Under the modified accrual basis of accounting used in the governmental funds, advances of derived tax revenues is not recognized until received, rather than as it is earned. This is the amount by which prior year advances of derived tax revenues recognized of \$1,620,866 were exceeded by current advances of derived tax revenues recognized of \$1,891,362.	270,496
Interest accrued on the government-wide financial statements are not expensed until paid under the modified accrual basis used in the governmental funds.	6,690
Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds:	
Accrued annual leave - The change in the amount by which current year accrued annual leave recognized of \$766,857 exceeded prior accrued annual leave recognized of \$746,607.	(20,250)
Amortization of bond issuance premiums	30,583
Pensions	(844,512)
Non-employer contributions for pensions	739,549
Other post-employment benefits	(209,535)
Change in net position	<u>\$ 2,659,980</u>

**The accompanying notes are an integral part of this statement**

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The St. Tammany Fire Protection District No. 4 (the District) was created by the St. Tammany Parish Council as provided by Louisiana Revised Statute 40:1492. The District is responsible for fire protection and emergency medical services for the entire fourth ward of St. Tammany Parish. The administration of the District is governed by a board of commissioners consisting of five members. Two members are appointed by the parish governing authority and two by the governing body of the municipal corporation in the district. The fifth member is selected by the other four members and serves as chairman. Vacancies are filled by the governing bodies making the original appointments. Board members serve two-year terms with a per diem compensation of \$100 for regular and special board meetings and \$50 per committee meetings attended, limited to payment of two meetings of each type per month. The District operates four fire protection facilities and a training center. In addition to fire protection service, the District also provides fire prevention service to the public.

Fire protection districts are created for the purposes of acquiring, maintaining, and operating facilities, machinery, equipment, water tanks, water hydrants, water lines, and other resources necessary to provide proper fire protection and control of the property within the District.

GASB Statement No. 14, *The Financial Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, the District is considered a component unit of the St. Tammany Parish Council. As a component unit, the accompanying financial statements are included within the reporting of the primary government, either blended into those financial statements or separately reported as discrete component units.

**Basis of Presentation**

The District's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, issued in June 1999, as amended by GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

DECEMBER 31, 2020

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (continued)**

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's fire protection activities and related general administrative services are classified as governmental activities. The District does not have any business-type activities.

**Basic Financial Statements - Government-Wide Financial Statements (GWFS)**

In the government-wide Statement of Net Position (Exhibit A), the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables, as well as long-term debt and obligations. The District's net position are reported in two parts – net investment in capital assets and restricted for fire protection, debt service, and capital outlay.

The government-wide Statement of Activities (Exhibit B) reports both gross and net cost of the District's function. The function is supported by general government revenues (ad valorem tax). Any program revenues and operating grants received would reduce gross expenses in the Statement of Activities.

This government-wide focus is on the sustainability of the District as an entity and the change in the District's net position resulting from current year's activities.

**Basic Financial Statements – Fund Financial Statements (FFS)**

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflow of resources, liabilities, deferred inflow of resources, reserves, fund equity, revenues and expenditures. The District's current operations require the use of only the following fund type:

**Governmental Fund:**

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

**General Fund**

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

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

DECEMBER 31, 2020

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Accrual

The governmental activities in the government-wide financial are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

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

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

Revenues

Property taxes, parcel fees, 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.



**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

Louisiana revised statutes authorize the District to invest in (1) United States bonds, treasury notes or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal offices in the State of Louisiana, an investment as stipulated in LSA-R.S. 39:1271, or any other federally insured investments or (2) in mutual or trust fund institutions, which are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the U.S. Government or its agencies.

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

**Receivables and Payables**

All property tax receivables are shown net of a 5% allowance for uncollectibles. The allowance is based on prior years' experience.

Property taxes are levied on a calendar year basis, become due on December 31 and are considered delinquent on January 1. The District authorized and levied a 25.38 mill ad valorem tax for operations and maintenance for the year ended December 31, 2020.

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

	<u>Assessed Valuation</u>	<u>% of Total Assessed Value</u>
Florida Marine Transporters	\$ 16,713,110	2.22%
Central LA Elec Co.	11,809,769	1.57%
Tri States NGL Pipeline LLC	6,233,310	0.83%
Atmos Energy Corporation	4,648,673	0.62%
Parkway Pipeline LLC	4,532,081	0.60%
Epic Development Inc.	4,074,529	0.54%
Mechanical Equipment Co Inc.	4,073,335	0.54%
Premier Centre LLC	3,573,147	0.47%
Capital One N A	3,369,560	0.45%
Lakeview Medical Center LLC	<u>2,941,035</u>	<u>0.39%</u>
	<u>\$ 61,968,549</u>	<u>8.23%</u>

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Emergency Medical Services (EMS) Receivable**

In 1994, the District started providing emergency medical transportation to the residents of the fourth ward of St. Tammany Parish. Residents who use the medical transportation service are charged a fee ranging from \$150 to \$1,246 plus upcharges for additional specialized services during transport, as needed. Mileage is billed at a rate of \$20 per mile per occurrence. The District has agreements with other third-party payers that provide for payments at amounts different from its established rates. For the year ended December 31, 2020, the District provided \$1,361,453 for adjustments to established rates billed. Net emergency medical 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. Emergency medical receivables are written off when it is determined by the District that payment will not be received. Generally accepted accounting principles require that the allowance method be used to reflect bad debts. However, the effect of the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed.

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**Capital Assets**

Capital assets, which include property and equipment, are reported in the government wide statements. Capital assets are recorded 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 of \$2,500 or more for capitalizing capital assets.

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

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

Buildings	40 Years
Building improvements	20 Years
Transportation equipment	5-15 Years
Medical/firefighting equipment	3-10 Years
Computers	3-5 Years
Furniture and fixtures	5 Years

**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. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has two items that qualify for reporting in this category, deferred amounts related to pensions and other post-employment benefits.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred Outflows and Inflows of Resources (Continued)**

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. Currently, the District has two items that qualify for reporting in this category, deferred amounts related to pensions and other post-employment benefits.

**Compensated Absences**

Each full time employee shall be entitled to annual vacation of 18 days with full pay. This vacation period shall be increased one day for each year of service over 10 years, up to a maximum vacation period of 30 days, all of which shall be with full pay. Maximum accumulation of the total annual leave balance each year shall be evaluated on an annual basis by the Board of Commissioners. The Board of Commissioners will have the authority to reduce or increase the total accumulated hours allowed on an annual basis. Any member of the department for any cause shall not forfeit the vacation privileges herein provided for unless allowed by law.

All 24 hour shift personnel shall be entitled to 216 hours of annual vacation time with full pay. This vacation time shall be increased 12 hours each year of service over 10 years, up to a maximum of 450 hours of annual vacation time, all of which shall be with full pay.

The cost of current leave privileges, computed in accordance with GASB Codification Section C60, is recognized as current-year expenditures in the general fund when the leave is actually taken. The total cost of leave privileges is recorded in the Statement of Net Position.

**Other Post-Employment Benefits**

The District provides certain health care benefits for retired employees. The District recognizes the costs associated with providing these benefits monthly. In the government-wide financial statements, other post-employment benefits are reported as liabilities in the applicable governmental activities statement of net position.

**Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Long-term Obligations (Continued)**

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

**Equity Classifications**

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

- a. Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be 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 net position – net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

Governmental fund equity is classified as fund balance. In the governmental fund financial statements, fund balances are classified as follows:

- a. Nonspendable – amounts that cannot be spent either because they are in a nonspendable form 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 state, local or federal awards or externally imposed conditions by grantors or creditors.
- c. Committed – amounts that can be used for specific purposes determined by formal action by an ordinance or resolution.
- d. Assigned – amounts that are designated by the formal action of the government's highest level of decision making authority.
- e. Unassigned – amounts not included in other classifications.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Equity Classifications (Continued)**

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.

**Use of Estimates**

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

**Date of Management's Review**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, April 30, 2021. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements

**Subsequent Events**

The District has plans to construct a new fire station in 2021, using the Series 2019 Bond funds described in Note 6. It was determined that no other events occurred that require disclosure.

**(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

The District published the proposed budget for the General Fund in the St. Tammany Farmer on October 31<sup>st</sup> and November 7<sup>th</sup> of 2019. A public hearing was held on November 19, 2019 and the board adopted the budget. The budget is prepared using GAAP basis of accounting. All appropriations lapse at year end. Formal budget integration within the accounting records is employed as a management control device during the year. The board also reviews budget versus actual reports on a monthly basis. Changes or amendments are made upon approval of the board.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2020

**(3) CASH AND CASH EQUIVALENTS**

At December 31, 2020, the District has cash and cash equivalents (book balances) totaling \$15,506,792 as follows:

Operating accounts	\$ 766,901
2019 series bond account (restricted)	5,043,923
Budget planning accounts	4,434,769
Investment account	20,608
Certificate of deposits	5,240,486
Petty cash	<u>105</u>
	<u>\$ 15,506,792</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance 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. These securities are held in the name of the pledging agent bank in a holding or custodial bank that is mutually acceptable to both parties.

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 or uncollateralized.

At December 31, 2020, the carrying amount and the bank balances of deposits of the primary government are summarized as follows:

	<u>Bank Balances Category</u>			<u>Bank</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Balance</u>
Cash	<u>\$ 15,574,965</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,574,965</u>

**(4) RECEIVABLES**

The receivables of \$16,937,853 at December 31, 2020 are as follows:

<u>Class of Receivable</u>	<u>Amount</u>
Taxes – ad valorem, net	\$ 15,299,627
State revenue sharing	150,492
EMS receivable, net	1,416,160
FEMA grant receivable	63,349
Other	<u>8,225</u>
	<u>\$ 16,937,853</u>



**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2020

**(5) CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended December 31, 2020 is as follows:

	<u>1/1/2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2020</u>
<b>Governmental Activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 699,473	\$ -	\$ -	\$ 699,473
Construction in progress	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>2,500</u>
Total capital assets not being depreciated	<u>701,973</u>	<u>-</u>	<u>-</u>	<u>701,973</u>
<b>Capital assets being depreciated:</b>				
Buildings and improvements	3,626,515	-	-	3,626,515
Firefighting equipment	1,209,334	108,322	(2,600)	1,315,056
Medical equipment	486,952	94,532	-	581,484
Transportation vehicles	4,827,899	773,615	-	5,601,514
Furniture and fixtures	<u>56,573</u>	<u>-</u>	<u>-</u>	<u>56,573</u>
Total capital assets being depreciated	<u>10,207,273</u>	<u>976,469</u>	<u>(2,600)</u>	<u>11,181,142</u>
<b>Less accumulated depreciation for:</b>				
Buildings and improvements	1,846,747	110,938	-	1,957,685
Firefighting equipment	983,661	103,488	(2,600)	1,084,549
Medical equipment	434,674	31,813	-	466,487
Transportation vehicles	2,828,330	394,287	-	3,222,617
Furniture and fixtures	<u>56,573</u>	<u>-</u>	<u>-</u>	<u>56,573</u>
Total accumulated depreciation	<u>6,149,985</u>	<u>640,526</u>	<u>(2,600)</u>	<u>6,787,911</u>
Total capital assets being depreciated, net	<u>4,057,288</u>	<u>335,943</u>	<u>-</u>	<u>4,393,231</u>
Governmental activities capital assets, net	<u>\$ 4,759,261</u>	<u>\$ 335,943</u>	<u>\$ -</u>	<u>\$ 5,095,204</u>

Depreciation expense of \$640,526 for the year ended December 31, 2020, was charged to fire protection and EMS.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

DECEMBER 31, 2020

**(6) LONG-TERM DEBT**

	<u>Balance at</u> <u>1/1/2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>12/31/2020</u>	<u>Due Within</u> <u>One Year</u>
\$600,000 - Limited tax certificate of indebtedness, interest rate at 1.74%, maturing on March 1, 2022, secured by ad valorem.	\$ 215,000	\$ -	\$ 215,000	\$ -	\$ -
 \$4,755,000 - 2019 Series Bond interest rate at 3.00%, maturing on March 1, 2042, secured by ad valorem.	 4,755,000	 -	 358,923	 4,685,000	 150,000
Issuance premiums	<u>425,592</u>	<u>-</u>	<u>30,583</u>	<u>395,009</u>	<u>30,803</u>
	<u>\$ 5,395,592</u>	<u>\$ -</u>	<u>\$ 604,506</u>	<u>\$ 5,080,009</u>	<u>\$ 180,803</u>

**Series 2019**

In September of 2019, the St. Tammany Fire Protection District No. 4 issued \$4,755,000 of Revenue Bonds, Series 2019 to be used for the purposes of constructing a new fire station.

The Series 2019 Bonds carried a purchase price of \$5,133,042, representing the par amount of \$4,755,000, plus a net original issue premium of \$425,592, less an Underwriter's Discount of \$47,550.

The Bonds maturing March 1, 2028 and thereafter, shall be callable for redemption at the option of the District in full at any time on or after March 1, 2027, or in part by lot in such manner as the Paying Agent in its discretion may determine, at the principal amount thereof, plus accrued interest from the most recent Interest Payment Date to which interest has been paid or duly provided.

The Bonds maturing March 1, 2036, are subject to mandatory sinking fund redemption through Sinking Fund Payments at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date, without premium, in the amounts set forth below:

<u>Sinking Fund Payment Date</u>	<u>Principle Amount</u>
<u>(March 1)</u>	
2035	\$ 230,000
2036	240,000

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

**(6) LONG-TERM DEBT (CONTINUED)**

**Series 2019 (continued)**

The Bonds maturing March 1, 2038, are subject to mandatory sinking fund redemption through Sinking Fund Payments at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date, without premium, in the amounts set forth below:

Sinking Fund Payment Date	
<u>(March 1)</u>	<u>Principle Amount</u>
2037	\$ 245,000
2038	255,000

The Bonds maturing March 1, 2040, are subject to mandatory sinking fund redemption through Sinking Fund Payments at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date, without premium, in the amounts set forth below:

Sinking Fund Payment Date	
<u>(March 1)</u>	<u>Principle Amount</u>
2039	\$ 265,000
2040	275,000

The Bonds maturing March 1, 2042, are subject to mandatory sinking fund redemption through Sinking Fund Payments at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date, without premium, in the amounts set forth below:

Sinking Fund Payment Date	
<u>(March 1)</u>	<u>Principle Amount</u>
2041	\$ 285,000
2042	295,000

The District will make annual principal payments commencing on March 1, 2020 and ending on March 1, 2042. Interest payments are due semi-annually on March 1<sup>st</sup> and September 1<sup>st</sup>.

As December 31, 2020, the District was in compliance with all debt covenants.

Interest costs incurred and charged to expense for the year ended December 31, 2020 was \$121,089.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2020

**(6) LONG-TERM DEBT (CONTINUED)**

The annual requirements to maturity for the bond as of December 31, 2020 for the following five years and thereafter is as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 150,000	\$ 153,925
2022	155,000	149,350
2023	160,000	144,626
2024	165,000	139,751
2025	170,000	134,726
Thereafter	<u>3,885,000</u>	<u>1,251,673</u>
	<u>\$ 4,685,000</u>	<u>\$ 1,974,051</u>

**(7) OPERATING LEASES**

The District leases copier and radio equipment for a period of less than 12 months. Total payments charged to leased equipment expense for the year ended December 31, 2020 was \$80,576.

**(8) COMPENSATED ABSENCES**

A summary of compensated absences is as follows:

	<u>Balance at January 1, 2020</u>	<u>Net Increase (Decrease)</u>	<u>Balance at December 31, 2020</u>
Compensated absences	<u>\$ 746,607</u>	<u>\$ 20,250</u>	<u>\$ 766,857</u>

**(9) SUPPLEMENTAL SALARIES**

During the year ended December 31, 2020, eligible full time employees received additional pay in the amount of \$611,927 from the State of Louisiana. These intergovernmental funds are reflected in the Statement of Revenues, Expenditures, and Changes in Fund Balance – governmental fund in salaries and related benefits.

**(10) PENSION PLAN**

**Louisiana Firefighters' Retirement System**

**Plan Description**

Substantially all full-time employees of the District are members of the Louisiana Firefighters' Retirement System (the System), a cost-sharing, multiple-employer defined benefit public retirement system, which is controlled and administered by a separate Board of Trustees.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

DECEMBER 31, 2020

**(10) PENSION PLAN (CONTINUED)**

**Louisiana Firefighters' Retirement System (continued)**

The Firefighters' Retirement System is the administrator of a cost-sharing multiple-employer plan. Membership in the System is a condition of employment, for any full-time firefighters who earn at least \$375 per month and are employed by any municipality, parish, or fire protection district of the State of Louisiana in addition to employees of the Firefighters' Retirement System; however, employees may opt out of participation. The System provides retirement benefits for their members. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

Benefit provisions are authorized within Act 434 of 1979 and amended by LRS 11:2251-11:2272. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

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

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

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

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 completing 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.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

**(10) PENSION PLAN (CONTINUED)**

**Louisiana Firefighters' Retirement System (continued)**

The System also provides death and disability benefits. Benefits are established by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Louisiana Firefighters' Retirement System, Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling, (225) 925-4060.

**Funding Policy**

For the twelve months ended December 31, 2020, members of the System are required to contribute 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate. At December 31, 2020, the employer contribution rate was 32.25% above poverty and 34.25% below poverty. The contribution requirements of plan members and the District are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

**Contributions**

According to state statute, for the System, contribution requirements for all employees are actuarially determined each year. State statute requires covered employees to contribute a percentage of their salaries to the System. For the year ending December 31, 2020, the actual employer contribution rate and the actuarially determined employer contribution rate is listed below. The actual rate differs from the actuarially required rate due to state statutes that require the contribution rate be calculated and set two years prior to the year effective.

The amount of the District's employer contributions to the System for the year ended December 31, 2020 was \$1,936,230. The District's covered payroll for the System for the year ended December 31, 2020 was \$6,473,100.

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

At December 31, 2020, the District reported a liability totaling \$18,262,442 for its proportionate share of the net pension liability for the System. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The District's proportion of the Net Pension Liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the District's proportion was 2.634684% for the System, which was a decrease of .053173% from its proportion measured as of June 30, 2019.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2020

**(10) PENSION PLAN (CONTINUED)**

**Louisiana Firefighters' Retirement System (Continued)**

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

For the year ended December 31, 2020, the District recognized pension expense for the System totaling \$2,771,199. Deducted from pension expense is the employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions totaling \$(359,738) for the System.

For the year ended December 31, 2020, the District recognized revenue from ad valorem taxes and revenue sharing funds received by the System. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities totaling \$738,177.

At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the System:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,168,426
Change in assumptions	1,765,403	-
Net difference between projected and actual earnings on pension plan investments	2,011,172	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	17,002	1,074,835
Employer contributions subsequent to the measurement date	<u>1,021,418</u>	<u>-</u>
Total	<u>\$ 4,814,995</u>	<u>\$ 2,243,261</u>



**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

**(10) PENSION PLAN (CONTINUED)**

**Louisiana Firefighters' Retirement System (Continued)**

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

Employer contributions subsequent to the measurement date totaling \$1,021,418 and reported as deferred outflows of resources will be recognized as a reduction of the Net Pension Liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:

2021	\$ 41,028
2022	539,112
2023	600,691
2024	314,600
2025	46,570
2026	<u>8,315</u>
Total	<u>\$ 1,550,316</u>

**Actuarial Assumptions**

The total pension liability in the June 30, 2020 actuarial valuation for the System was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal Cost
Estimated Remaining Service Life	7 years, closed period
Investment Rate of Return	7.00% per annum (net of investment expenses)
Inflation Rate	2.50% per annum
Salary increases	Vary from 14.10% in the first two years of service to 5.20% with 3 or more years of service
Cost of Living Adjustments	Only those previously granted included



**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2020

**(10) PENSION PLAN (CONTINUED)**

**Louisiana Firefighters' Retirement System (Continued)**

Mortality Rate

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.

Long-term Expected Real Rate of Return

The estimated long term expected rate of return on pension plan investments was determined using a building block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The long term expected nominal rate of return was 7.00% as of June 30, 2020. Best estimates of real rates of return for each major asset class included in FRS' target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
U.S. core fixed income	26.0%	1.0%
Emerging market debt	5.0%	3.40%
U.S. equity	26.0%	5.72%
Non-U.S. equity	12.0%	6.24%
Global equity	10.0%	6.23%
Emerging market equity	6.0%	8.61%
Real estate	6.0%	4.20%
Private equity	<u>9.0%</u>	<u>10.29%</u>
Totals	<u>100.0%</u>	<u>4.98%</u>
Inflation		2.50%
Expected arithmetic nominal return		7.00%

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

**(10) PENSION PLAN (CONTINUED)**

**Louisiana Firefighters' Retirement System (Continued)**

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those 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 of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the Net Pension Liability using the discount rate of 7.00%, as well as what the Authority's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate:

	1% Decrease	Current	1% Increase
	<u>6.00%</u>	<u>Discount Rate</u>	<u>8.00%</u>
		<u>7.00%</u>	
District's proportionate share of the Net Pension Liability	\$ 26,379,917	\$ 18,262,442	\$ 11,486,746

Retirement System Audit Report

Firefighters' Retirement System issued a stand-alone audit report on its financial statements for the year ended June 30, 2020. Access to the audit report can be found on the System's website: [www.lafirefightersret.com](http://www.lafirefightersret.com) or on the Office of Louisiana Legislative Auditor's official website: [www.la.state.la.us](http://www.la.state.la.us).

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2020

**(10) PENSION PLAN (CONTINUED)**

**Parochial Employees' Retirement System of Louisiana**

Plan Description

The District has adopted "Parochial Employees' Retirement System of Louisiana Plan A" (the "System"), a public cost-sharing multiple employer defined benefit pension plan conforming with Chapter 5 Title 11 of the Louisiana Revised Statutes of 1950 (R.S. 11:1901) operated by the Parochial Employees' Retirement System Board of Trustees. Act 584 of 2006 implemented a new plan on benefits for employees hired January 1, 2007 and thereafter. The System provides retirement benefits to employees of taxing districts of a parish or any branch or section of a parish within the State which does not have their own retirement system and which elects to become members of the System.

All permanent parish government employees (except those employed by Orleans, Lafourche and East Baton Rouge Parishes) who work at least 28 hours a week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate.

The retirement allowance is equal to three percent of the member's final average compensation multiplied by his/her years of creditable service. Final average compensation shall be defined as the average of the highest consecutive 36 months' salary for members hired prior to January 1, 2007. For members hired on January 1, 2007 or later, final average compensation shall be defined as the average of the highest consecutive 60 months' salary.

Any employee who was a member of the supplemental plan prior to the revision date of January 1, 1980 has the benefit earned for service credited prior to the revision date on the basis of one percent of final compensation plus two dollars per month for each year credited prior to the revision date, and three percent of final compensation for each year of service credited after the revision date. The retirement allowance may not exceed the greater of one hundred percent of the member's final salary or the final average compensation. The System also provides death and disability benefits. Benefits are established by state statute.

Eligibility of Benefits Available:

Members hired prior to January 1, 2007

<u>Years</u>	<u>Age</u>
7	65
10	60
25	55
30	any age

Members hired after January 1, 2007

<u>Years</u>	<u>Age</u>
7	67
10	62
30	55

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**DECEMBER 31, 2020**

**(10) PENSION PLAN (CONTINUED)**

**Parochial Employees' Retirement System of Louisiana (Continued)**

**Plan Description (Continued)**

The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age 65 equal to 2% of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older. (R.S. 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

The System issues an annual financial report to all participating employers. The financial report can be obtained by writing to: The Parochial Employees' Retirement System, P.O. Box 14619, Baton Rouge, LA 70898-4619.

St. Tammany Parish Fire Protection District No. 4 does not guarantee the benefits granted by the System.

**Funding Policy**

In addition to certain dedicated taxes that are remitted to the System, (which constitute major funding of the System) members of the System are required by state statute to contribute 9.5% of their annual covered salary for the year ended December 31, 2020. The District is required to contribute at an actuarially determined rate, which was 11.5% at December 31, 2020. The contribution requirements of plan members and the District are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

**Contributions**

The amount of the District's employer contributions to the System for the year ended December 31, 2020 was \$13,308. The District's covered payroll for the System for the year ended December 31, 2020 was \$108,636.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

**(10) PENSION PLAN (CONTINUED)**

**Parochial Employees' Retirement System of Louisiana (Continued)**

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

At December 31, 2020, the District reported a liability totaling \$798 for its proportionate share of the net pension liability for the System. The net pension liability was measured as of December 31, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2019, the District's proportion was 0.016945% for the System, which was an increase of .000110% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the District recognized pension expense for the System totaling \$31,993. Subtracted from pension expense is the employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions totaling \$35 for the System.

For the year ended December 31, 2020, the District recognized revenue from ad valorem taxes and revenue sharing funds received by the System. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities totaling \$1,371.

At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the System:

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2020

**(10) PENSION PLAN (CONTINUED)**

**Parochial Employees' Retirement System of Louisiana (Continued)**

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 7,141
Change in assumptions	11,140	-
Net difference between projected and actual earnings on pension plan investments	-	29,901
Changes in proportion and differences between employer contributions and proportionate share of contributions	527	38
Employer contributions subsequent to the measurement date	<u>13,308</u>	<u>-</u>
Total	<u>\$ 24,975</u>	<u>\$ 37,080</u>

Employer contributions subsequent to the measurement date totaling \$13,308 and reported as deferred outflows of resources will be recognized as a reduction of the Net Pension Asset in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:

2020	\$ (5,703)
2021	(7,406)
2022	808
2023	<u>(13,112)</u>
Total	<u>\$ (25,413)</u>



**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2020

**(10) PENSION PLAN (CONTINUED)**

**Parochial Employees' Retirement System of Louisiana (Continued)**

Actuarial Assumptions

The total pension liability in the December 31, 2019 actuarial valuation for the System was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date:	December 31, 2019
Actuarial Cost Method:	Plan A - Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	6.50%, net of investment expense, including inflation
Projected Salary Increases	4.75%
Mortality Rates	Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using MP2018 scale. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for disabled annuitants.
Expected Remaining Service Lives	4 years
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2020

**(10) PENSION PLAN (CONTINUED)**

**Parochial Employees' Retirement System of Louisiana (Continued)**

Mortality Rate

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2013 through December 31, 2017. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. As a result of this study, mortality for employees was set equal to the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale. In addition, mortality for annuitants and beneficiaries was set equal to the Pub-2010 Public Retirement plans Mortality Table for Healthy Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale. For Disabled annuitants mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale.

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.18% for the year ended December 31, 2019.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Fixed income	35.0%	1.05%
Equity	52.0%	3.41%
Alternatives	11.0%	0.61%
Real assets	<u>2.0%</u>	<u>0.11%</u>
Totals	<u>100.0%</u>	<u>5.18%</u>
Inflation		2.00%
Expected arithmetic nominal return		7.18%



**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2020

**(10) PENSION PLAN (CONTINUED)**

**Parochial Employees' Retirement System of Louisiana (Continued)**

Discount Rate

The discount rate used to measure the total pension liability was 6.50% for Plan A. The projection of cash flows used to determine the discount rate assumed 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 contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those 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 of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the Net Pension using the discount rate of 6.50%, as well as what the Authority's proportionate share of the Net Pension would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate:

	1% Decrease <u>5.50%</u>	Current Discount Rate <u>6.50%</u>	1% Increase <u>7.50%</u>
Authority's proportionate share of the Net Pension			
(Asset) Liability	\$ 86,214	\$ 798	\$ (70,780)

Retirement System Audit Report

Parochial Employees' Retirement System of Louisiana issued a stand-alone audit report on its financial statements for the year ended December 31, 2019. Access to the audit report can be found on the System's website: [www.persla.org](http://www.persla.org) or on the Office of Louisiana Legislative Auditor's official website: [www.lla.state.la.us](http://www.lla.state.la.us).

**(11) DEFERRED COMPENSATION PLAN**

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**DECEMBER 31, 2020**

**(11) DEFERRED COMPENSATION PLAN (CONTINUED)**

The District also participates in the Social Security Program; therefore individual employees can elect to opt out of the State of Louisiana Fire Fighters Retirement System. The Louisiana Fire Fighters Retirement System must approve all requests to opt out of the state program. By opting out of the Louisiana Fire Fighters Retirement System, an employee is allowed to participate in a deferred compensation plan, which means the employee bears the responsibility and associated risks of their retirement assets.

Any employee that participates in a deferred compensation plan such as the Louisiana Public Employee Deferred Compensation Plan clearly understands the employee is responsible for their investment risks. The employee participating in a defined compensation plan such as the Louisiana Public Employee Deferred Compensation Plan acknowledges it is their sole responsibility to manage their investments and associated risks of their retirement assets. The employee also acknowledges there is no responsibility or liability on behalf of St. Tammany Parish Fire Protection District No. 4 for any losses or reduction in value of the employee's investment or contribution or the District contributions.

The District will limit the employer's contributions to only one the following plans for an employee: Louisiana Fire Fighters Retirement System, Louisiana Parochial Employees Retirement System or Louisiana Public Employee Deferred Compensation Plan.

The District will contribute an equal or matching percentage of a full time employee's contributions to the Louisiana Public Employee Deferred Compensation Plan up to a maximum of ten (10%) of the employee's scheduled wages. The total annual contribution to the defined contribution plan must not exceed the totals allowable by law in the given year. Only full time employees are eligible for any matching contribution. The District's contributions to deferred compensation plans for the years ended December 31, 2020 and 2019, were \$43,988 and \$57,399, respectively, equal to the required contributions for the year.

**(12) OTHER POST-EMPLOYMENT BENEFITS**

**Plan Description**

The St. Tammany Parish Fire District #4 (the Fire District) provides certain continuing health care and life insurance benefits for its retired employees. The St. Tammany Parish Fire District #4's OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the Fire District. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the Fire District. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 *Postemployment Benefits Other Than Pensions—Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit*.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

**(12) OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Benefits Provided**

Medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement. The employees are covered by a retirement system whose retirement eligibility requirements are age 55 and 12 years of service, age 50 and 20 years of service or completion of 25 years of service at any age. At 20 years of service at retirement, the employer pays 100% of retiree only medical benefits and at 16 to 20 years, the employer pays 50%.

**Employees Covered by Benefit Terms**

At December 31, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	22
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>109</u>
	<u>131</u>

**Total OPEB Liability**

The Fire District's total OPEB liability of \$5,821,847 was measured as of December 31, 2020 and was determined by an actuarial valuation as of that date.

**Actuarial Assumptions and other inputs**

The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	4.0%, annually
Discount Rate	2.74% annually (Beginning of Year to Determine ADC)
	2.12%, annually (As of End of Year Measurement Date)
Healthcare cost trend rates	5.5% annually for ten years, 4.5% thereafter

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of December 31, 2020, the end of the applicable measurement period.

Mortality rates were based on the RP-2000 Table without projection with 50%/50% unisex blend.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of ongoing evaluations of the assumptions from January 1, 2009 to December 31, 2020.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2020

**(12) OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Changes in the Total OPEB Liability**

Balance at December 31, 2019	\$ 5,478,575
Changes for the year:	
Service cost	129,560
Interest	147,957
Differences between expected and actual experience	(221,481)
Changes in assumptions	444,588
Benefit payments and net transfers	<u>(157,352)</u>
Net changes	<u>343,272</u>
Balance at December 31, 2020	<u>\$ 5,821,847</u>

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the total OPEB liability of the Fire District, as well as what the Fire District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.12%) or 1-percentage-point higher (3.12%) than the current discount rate:

	1% Decrease 1.12%	Current Discount Rate 2.12%	1% Increase 3.12%
Total OPEB Liability	\$ 6,646,558	\$ 5,821,847	\$ 5,126,702

**Sensitivity of the Total OPEB Liability to Healthcare Cost Trend Rates**

The following presents the total OPEB liability of the Fire District, as well as what the Fire District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare trend rates:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 5,088,126	\$ 5,821,847	\$ 6,690,082

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2020

**(12) OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended December 31, 2020, the Fire District recognized OPEB expense of \$366,887. At December 31, 2020, the Fire District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 1,113,684	\$ (289,703)
Differences between expected and actual experience	<u>195,750</u>	<u>(222,930)</u>
Total	<u>\$ 1,309,434</u>	<u>\$ (512,633)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30:	
2021	\$ 89,370
2022	89,370
2023	89,370
2024	89,370
2025	89,370
Thereafter	<u>349,951</u>
Total	<u>\$ 796,801</u>

**(13) RISKS AND UNCERTAINTIES**

The District is exposed to all common perils associated with fire protection and EMS 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.

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. There has been no immediate impact to the District's operations. Future potential impacts may include disruptions in the ability of citizen's ability to continue making tax payments as a result of job loss or other pandemic related issues. The future effects of these issues are unknown.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2020**

**(14) PRIOR PERIOD ADJUSTMENTS**

St. Tammany Fire Protection District No. 4 received proceeds from the 2019 Series Bonds as described in Note 8 in 2019, but did not record the bonds as a liability or record the cash funds received. A prior period adjustment was required in order to adjust the prior period net position. Prior year current assets increased by \$5,025,917, long-term liabilities increased by \$5,230,419, and net position decreased by \$104,848 as a result of the prior period restatement. Fund balance was restated by \$5,025,917, equal to the amount of cash received in the transaction.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budget	Actual	Variance- Favorable (Unfavorable)
<b><u>GENERAL REVENUES:</u></b>			
Ad valorem taxes	\$ 14,300,000	\$ 15,753,655	\$ 1,453,655
Intergovernmental revenues:			
State revenue sharing	210,000	226,915	16,915
Fire insurance rebate	220,000	225,050	5,050
Federal and state grants	-	28,594	28,594
Charges for services (EMS)	1,400,000	2,024,678	624,678
Training revenue	-	76,325	76,325
Interest income	300,000	356,972	56,972
Miscellaneous	420,000	621,444	201,444
Total general revenues	<u>16,850,000</u>	<u>19,313,633</u>	<u>2,463,633</u>
<b><u>EXPENDITURES:</u></b>			
Current for fire protection and EMS:			
Personnel	12,500,000	11,765,835	734,165
Services	825,000	693,106	131,894
Rent/lease expenses	75,000	-	75,000
Utilities	125,000	112,206	12,794
Repairs and maintenance	500,000	644,578	(144,578)
Supplies	-	122,993	(122,993)
Other operating expenses	2,100,000	2,489,068	(389,068)
Total current fire protection and EMS expenditures	16,125,000	15,827,786	297,214
Debt service	300,000	443,362	(143,362)
Capital outlays	425,000	976,469	(551,469)
Total expenditures	<u>16,850,000</u>	<u>17,247,617</u>	<u>(397,617)</u>
Excess of revenues over expenditures	-	2,066,016	2,066,016
<b><u>FUND BALANCE:</u></b>			
Beginning of year	<u>23,000,888</u>	<u>23,000,888</u>	<u>-</u>
End of year	<u>\$ 23,000,888</u>	<u>\$ 25,066,904</u>	<u>\$ 2,066,016</u>

\*Note: The Actual on Budgetary Basis amounts above reflect the modified accrual basis of accounting, except that state supplemental pay for firefighters (\$611,927) is not reflected above in revenues and expenditures.

(See Independent Auditors' Report)



**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability:			
Service cost	\$ 129,560	\$ 105,874	\$ 120,718
Interest	147,957	171,310	153,159
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(221,481)	231,430	(41,360)
Changes of assumptions	444,588	865,811	(362,129)
Benefit payments	<u>(157,352)</u>	<u>(148,268)</u>	<u>(140,538)</u>
Net change in total OPEB liability	343,272	1,226,157	(270,150)
Total OPEB liability - beginning	<u>5,478,575</u>	<u>4,252,418</u>	<u>4,522,568</u>
Total OPEB liability - ending	<u>\$ 5,821,847</u>	<u>\$ 5,478,575</u>	<u>\$ 4,252,418</u>
Covered-employee payroll	\$ 6,661,097	\$ 7,927,805	\$ 7,622,889
Total OPEB liability as a percentage of covered employee payroll	87.40%	69.11%	55.78%

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

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2020\***

	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>
<b><u>Louisiana Firefighters' Retirement System</u></b>						
District's Proportion of the Net Pension Liability	2.634684%	2.687857%	2.702906%	2.859543%	2.877815%	3.029979%
District's Proportionate Share of the Net Pension Liability	\$ 18,262,442	\$ 16,831,121	\$ 15,547,326	\$ 16,390,469	\$ 18,823,508	\$ 16,353,137
District's Covered-Employee Payroll	\$ 6,054,456	\$ 6,496,888	\$ 6,430,065	\$ 6,928,839	\$ 6,574,323	\$ 6,439,270
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	301.64%	259.06%	241.79%	236.55%	286.32%	253.96%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.61%	73.96%	74.76%	73.55%	68.16%	72.45%
<b><u>Parochial Employees' Retirement System of Louisiana</u></b>						
District's Proportion of the Net Pension Liability	0.016945%	0.016835%	0.016633%	0.016936%	0.017787%	0.017048%
District's Proportionate Share of the Net Pension (Asset) Liability	\$ 798	\$ 74,720	\$ (12,346)	\$ 34,884	\$ 46,821	\$ 4,661
District's Covered-Employee Payroll	108,047	103,491	\$ 102,373	\$ 100,442	\$ 101,983	\$ 96,468
District's Proportionate Share of the Net Pension (Asset) Liability as a Percentage of its Covered-Employee Payroll	0.74%	72.20%	-12.06%	-34.73%	-45.91%	4.83%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset (Liability)	99.89%	88.86%	101.98%	94.15%	92.23%	99.15%

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

*\*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.*

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**SCHEDULE OF CONTRIBUTIONS - RETIREMENT PLAN**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>
<b><u>Louisiana Firefighters' Retirement System</u></b>						
Contractually Required Contribution	\$ 1,825,062	\$ 1,725,759	\$ 1,709,422	\$ 1,679,423	\$ 1,696,055	\$ 1,953,370
Contributions in Relation to the Contractually Required Contribution	<u>(1,825,062)</u>	<u>(1,725,759)</u>	<u>(1,703,422)</u>	<u>(1,679,423)</u>	<u>(1,696,055)</u>	<u>(1,953,370)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered-employee payroll	\$ 6,473,100	\$ 6,508,731	\$ 6,486,856	\$ 6,492,182	\$ 6,596,541	\$ 6,953,267
Contributions as a Percentage of Covered-Employee Payroll	28.19%	26.51%	26.26%	25.87%	25.71%	28.09%
<b><u>Parochial Employees' Retirement System of Louisiana</u></b>						
Contractually Required Contribution	\$ 13,308	\$ 11,619	\$ 12,812	\$ 12,797	\$ 13,057	\$ 14,788
Contributions in Relation to the Contractually Required Contribution	<u>(13,308)</u>	<u>(11,619)</u>	<u>(12,797)</u>	<u>(12,797)</u>	<u>(13,057)</u>	<u>(14,778)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10</u>
Authority's covered-employee payroll	\$ 108,636	\$ 108,047	\$ 103,494	\$ 102,373	\$ 100,442	\$ 101,983
Contributions as a Percentage of Covered-Employee Payroll	12.25%	10.75%	12.36%	12.50%	13.00%	14.49%

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

(See Independent Auditors' Report)

**ST.TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2020**

**(1) OTHER POST-EMPLOYMENT BENEFITS SCHEDULE**

**Changes of Benefit Terms**

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

**Changes of Assumptions**

For the year ended December 31, 2020, the Actuary changed its assumptions related to trends, mortality and discount rates. These changes had a cumulative effect of \$223,107.

**(2) PENSION PLAN SCHEDULES**

**Changes of Benefit Terms**

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

**Changes of Assumptions**

For the year ended December 31, 2020 (measurement date of June 30, 2020), the Firefighter's Retirement System inflation rate assumption increased to 2.70% annually, and the real investment rate of return was lowered from 7.30% to 7.00%.

For the year ended December 31, 2019 (measurement date of June 30, 2019), the Firefighter's Retirement System inflation rate assumption was lowered from 2.700% to 2.50% annually, and the real investment rate of return was lowered from 7.30% to 7.15%.

For the year ended December 31, 2019 (measurement date of June 30, 2019), the Firefighter's Retirement System inflation rate assumption was lowered from 2.775% to 2.700% annually, and the real investment rate of return was lowered from 7.40% to 7.30%.

For the year ended December 31, 2018 (measurement date of June 30, 2018), the Firefighter's Retirement System inflation rate assumption was lowered from 2.875% to 2.700% annually, and the salary increase range assumption was lowered from 4.75% - 15.0% to 4.75% - 15.0%.

There were no changes of assumptions during the years ended December 31, 2019 (measurement date of December 31, 2018) for the Parochial Employees' Retirement System of Louisiana.

For the year ended December 31, 2018 (measurement date of June 30, 2018), the Firefighter's Retirement System inflation rate assumption was lowered from 2.700% to 2.500% annually, and the salary increase range assumption was lowered from 4.75% - 15.0% to 4.50% - 14.75%.

**ST.TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2020**

**(2) PENSION PLAN SCHEDULES (CONTINUED)**

**Changes of Assumptions (continued)**

For the year ended December 31, 2017 (measurement date of December 31, 2016), the Parochial Employees' Retirement System of Louisiana's inflation rate assumption was lowered from 2.5% to 2.4% annually, and the salary increase assumption was lowered from 5.25% to 4.75%. The real investment rate of return also decreased from 7.00% in 2015 to 6.75% in 2016. Additionally, the System uses the RP-2000 Employee Sex Distinct Table for selected employees and the RP-2000 Healthy Annuitant Sex Distinct Tables to develop its mortality rate assumptions.

## **OTHER SUPPLEMENTARY INFORMATION**

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

The schedule of compensation paid to Board of Commissioners is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Payment per diem is made in accordance with Louisiana Revised Statute 40:1498 which authorizes per diem payments of \$100 per regular and special board meeting and \$50 per committee meeting. The maximum number of committee meetings per month allowed is two.

<u>Name</u>	<u>Amount</u>
William Dobson	\$ 1,100
Ambrose Amedee	1,100
John Schell	1,100
David Lindsey	1,100
Darryl Taylor	1,100
Evans Spiceland	<u>100</u>
	<u>\$ 5,600</u>

(See Independent Auditors' Report)



**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS**  
**TO AGENCY HEAD**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**Kenneth Moore, Fire Chief**

<u><b>Purpose</b></u>	<u><b>Amount</b></u>
Salary	\$ 182,978
Benefits - insurance	13,055
Benefits - other	<u>141</u>
Total compensation, benefits and other payments	<u><u>\$ 196,174</u></u>



**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. 4  
Mandeville, Louisiana

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 St. Tammany Parish Fire Protection District No. 4, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the St. Tammany Parish Fire Protection District No. 4's basic financial statements, and have issued our report thereon dated April 30, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered St. Tammany Parish Fire Protection District No. 4's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of St. Tammany Parish Fire Protection District No. 4's internal control. Accordingly, we do not express an opinion on the effectiveness of St. Tammany Parish Fire Protection District No. 4'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of St. Tammany Parish Fire Protection District No. 4'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 a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2020-001 that we consider to be a material weakness.

To the Board of Commissioners  
St Tammany Parish Fire Protection District No. 4  
April 30, 2021

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether St. Tammany Parish Fire Protection District No. 4's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **St. Tammany Parish Fire Protection District No. 4's Response to Findings**

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. 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 *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

April 30, 2021  
Mandeville, Louisiana

*Ericksen Krentel, LLP*  
Certified Public Accountants

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**SECTION I SUMMARY OF AUDIT RESULTS**

1. The independent auditors' report expresses an unmodified opinion on the financial statements of St. Tammany Parish Fire Protection District No. 4.
2. One material weakness was disclosed during the audit of the financial statements, and is reported in the 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*.
3. No instances of noncompliance material to the financial statements of St. Tammany Parish Fire Protection District No. 4, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. A management letter was not issued for the year ended December 31, 2020.

**SECTION II FINANCIAL STATEMENT FINDINGS**

**2020-001: Recording of Transaction Involving Debt**

Criteria: All accounting transactions should be recorded in the general ledger on a timely basis.

Condition: The issuance of the 2019 series bonds in a prior year were not recorded in the accounting records of the District.

Effect: The failure to record debt transactions could cause reporting errors and inaccurate financial statements.

Cause: The District experienced significant turnover in office and accounting personnel during the 4th quarter of 2019, with the staff responsible for recording transactions and maintaining the District's general ledger leaving the District at that time. The District's internal controls failed to ensure that all transactions and new accounts were recorded properly in the accounting records.

Recommendation: Management should review the District's accounting procedures and designate personnel with knowledge and understanding of significant transactions and new accounts to periodically review the financial records to ensure that all such transactions are recorded in the accounting records on a timely basis.

Views of Responsible Officials: Management is in agreement with the finding and will work to implement the recommendation.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE  
FINANCIAL STATEMENTS**

Not Applicable

**SECTION II MANAGEMENT LETTER**

Not Applicable



**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 4**  
**MANAGEMENT'S CORRECTIVE ACTION PLAN**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

April 30, 2021

Louisiana Legislative Auditor

St. Tammany Parish Fire Protection District No. 4 respectfully submits the following corrective action plan for the year ended December 31, 2020.

Name and address of independent public accounting firm:

Ericksen Krentel, L.L.P.  
2895 Highway 190, Ste 213  
Mandeville, LA 70471

Audit Period: 01/01/2020 to 12/31/2020

**SECTION II FINANCIAL STATEMENT FINDINGS**

**2020-001 Recording of Transaction Involving Debt**

**Recommendation:** Management should review the District's accounting procedures and designate personnel with knowledge and understanding of significant transactions and new accounts to periodically review the financial records to ensure that all such transactions are recorded in the accounting records on a timely basis.

**Management's Response:** Management is in agreement with the finding and will work to implement the recommendation.

If there are any questions regarding this plan, please contact Kenneth Moore, Fire Chief, at (985) 789-9687.

Sincerely,

  
\_\_\_\_\_  
Signature

  
\_\_\_\_\_  
Title