

**ST. TAMMANY PARISH  
FIRE PROTECTION DISTRICT NO. 7**

Annual Financial Statements

December 31, 2022



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## **Independent Auditor's Report**

To the Board of Commissioners  
St. Tammany Parish Fire Protection District No. 7  
Pearl River, Louisiana

### **Report on the Audit of the Financial Statements**

#### **Opinions**

We have audited the financial statements of the governmental activities and each major fund of St. Tammany Parish Fire Protection District No. 7 (the District), a component unit of St. Tammany Parish, Louisiana, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2022, 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.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, beginning on page 5, the budgetary comparison schedule on pages 32 and 33, and the pension schedules on pages 34 and 35 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 the 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.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of governing board and the schedule of compensation, benefits, and other payments to agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of governing board and the schedule of 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 May 17, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



A Professional Accounting Corporation

Baton Rouge, LA  
May 17, 2023

**REQUIRED SUPPLEMENTARY INFORMATION (PART I)  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

## ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

### Management's Discussion and Analysis

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Our discussion and analysis of St. Tammany Parish Fire Protection District No. 7's (the District) financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2022.

The management's discussion and analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in its Statement No. 34, issued in June 1999.

#### Financial Highlights

The financial statements included in this report provide insight into the financial status for the year-end. Based upon the 2022 operations, the District's net position decreased by \$159,772 and resulted in an ending net position of \$1,640,371.

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

#### Condensed Statements of Net Position December 31, 2022 and 2021

	2022	2021	Change
<b>Current Assets</b>	<b>\$ 1,375,857</b>	<b>\$ 1,377,858</b>	<b>\$ (2,001)</b>
<b>Capital Assets, Net</b>	<b>654,457</b>	<b>774,042</b>	<b>(119,585)</b>
<b>Total Assets</b>	<b>2,030,314</b>	<b>2,151,900</b>	<b>(121,586)</b>
<b>Deferred Outflows of Resources</b>			
Pension	365,412	302,161	63,251
<b>Current Liabilities</b>	<b>37,521</b>	<b>37,221</b>	<b>300</b>
<b>Non-Current Liabilities</b>	<b>534,982</b>	<b>251,752</b>	<b>283,230</b>
<b>Total Liabilities</b>	<b>572,503</b>	<b>288,973</b>	<b>283,530</b>
<b>Deferred Inflows of Resources</b>			
Pension	182,852	364,945	(182,093)
<b>Net Position</b>			
Net Investment in Capital Assets	654,457	774,042	(119,585)
Unrestricted	985,914	1,026,101	(40,187)
<b>Total Net Position</b>	<b>\$ 1,640,371</b>	<b>\$ 1,800,143</b>	<b>\$ (159,772)</b>

## ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

### Management's Discussion and Analysis

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#### Condensed Statements of Activities For the Years Ended December 31, 2022 and 2021

	2022	2021	Change
<b>Revenues</b>			
Operating Grants and Contributions	\$ 21,597	\$ 20,294	\$ 1,303
General Revenues	<u>1,130,510</u>	<u>1,041,528</u>	<u>88,982</u>
<b>Total Revenues</b>	<u>1,152,107</u>	<u>1,061,822</u>	<u>90,285</u>
<b>Expenses</b>			
Public Safety - Fire Protection	<u>1,311,879</u>	<u>981,088</u>	<u>330,791</u>
<b>Total Expenses</b>	<u>1,311,879</u>	<u>981,088</u>	<u>330,791</u>
<b>Change in Net Position</b>	<b>(159,772)</b>	<b>80,734</b>	<b>(240,506)</b>
<b>Net Position, Beginning of Year</b>	<u>1,800,143</u>	<u>1,719,409</u>	<u>80,734</u>
<b>Net Position, End of Year</b>	<u>\$ 1,640,371</u>	<u>\$ 1,800,143</u>	<u>\$ (159,772)</u>

Total expenses for governmental activities were \$1,311,879 for the year, which was \$159,772 more than the taxes, grants, contributions, and investment earnings of \$1,152,107.

The interest earned on checking accounts was \$12,539 for the year.

#### Using this Annual Report

This report consists of a series of financial statements. The statement of net position and the statement of activities found on pages 10 and 11 provide information about the financial activities of the District and illustrate a longer-term view of the District's finances. Fund financial statements start on page 13. For governmental-type activities, these statements illustrate how these services were financed in the short-term and what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's significant funds.

The District's independent auditor attests in his report that the basic financial statements are fairly stated. The auditor is providing varying degrees of assurance regarding the required supplementary information, the levels of which are illustrated in the independent auditor's report.

## ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

### Management's Discussion and Analysis

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#### **Reporting on the District as a Whole, the Statement of Net Position, and the Statement of Activities**

Our analysis of the District as a whole begins on page 10. These statements help to illustrate the status of the District resulting from the activities of the last year. The statements include all assets and liabilities using the accrual basis of accounting. In this method, all of the current year's revenues and expenses are taken into account, regardless of when cash is paid or received.

The District's net position is determined by examining the difference in assets and liabilities. Examining the District's net position is an effective way to determine the financial status of the District. Increases and decreases in net position are indicators of the District's overall increasing or decreasing financial performance.

In the statement of net position and the statement of activities, the District reports only governmental-type activities, as well as grants. The majority of the District's activities are of this type. Taxes and grants finance most of the activities.

As with other sections of this financial report, the information contained within this MD&A should be considered only a part of the greater whole. The readers of these financial statements should take the time to read and evaluate all sections of this report, including the notes and the required and other supplementary information that are provided in addition to this MD&A.

#### **Reporting the District's Most Significant Funds, Fund Financial Statements**

The analysis of the District's major funds begins on page 13. The fund financial statements provide detailed information about the most significant funds rather than the District as a whole.

The District uses governmental-type funds. This includes the General Fund. All of the District's services are reported in the General Fund, which focuses on how money flows into and out of that fund and the balance left at year-end that is available for spending. This fund is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationships (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds are described in reconciliations of the fund financial statements on pages 14 and 16.

#### **The District's Funds**

As previously mentioned, the District uses funds to help control and manage money for particular purposes. At the completion of the year, the District reported total fund balance of \$1,307,069. This reflects a decrease of \$23,315 from last year.

## **ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7**

### **Management's Discussion and Analysis**

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#### **General Fund Budgetary Highlights**

Information on the District's General Fund balance is reported on page 13. The General Fund's budgetary information is reported in the budgetary comparison schedule on pages 32 and 33.

#### **Capital Assets**

At the end of 2022, the District had \$654,457 invested in capital assets, including building, furniture, firefighting equipment, and vehicles, net of accumulated depreciation of \$2,183,310. More detailed information about the District's capital assets is presented in Note 5 to the financial statements.

#### **Economic Factors and Next Year's Budgets and Rates**

Taking all factors into consideration, the District's General Fund balance is expected to remain unchanged by the close of 2023.

#### **Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to: St. Tammany Parish Fire Protection District No. 7, 73469 Highway 41, Pearl River, LA 70452.

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

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7**  
**Statement of Net Position**  
**December 31, 2022**

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 405,171
Receivables - Ad Valorem Taxes, Net	955,444
Receivables - State Revenue Sharing	15,242
Capital Assets, Net of Accumulated Depreciation	<u>654,457</u>
<b>Total Assets</b>	<u>2,030,314</u>
<b>Deferred Outflows of Resources</b>	
Deferred Outflows on Pension Obligation	<u>365,412</u>
<b>Liabilities</b>	
Accounts Payable	12,733
Accrued Expenses	24,788
Noncurrent Liabilities	
Net Pension Liability	<u>534,982</u>
<b>Total Liabilities</b>	<u>572,503</u>
<b>Deferred Inflows of Resources</b>	
Deferred Inflows on Pension Obligation	<u>182,852</u>
<b>Net Position</b>	
Net Investment in Capital Assets	654,457
Unrestricted	<u>985,914</u>
<b>Total Net Position</b>	<u><u>\$ 1,640,371</u></u>

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

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7**  
**Statement of Activities**  
**For the Year Ended December 31, 2022**

Function/Program	Expenses	Program Revenue Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
<b>Governmental Activities</b>			
Public Safety - Fire Protection	\$ 1,311,879	\$ 21,597	\$ (1,290,282)
<b>Total</b>	<u>\$ 1,311,879</u>	<u>\$ 21,597</u>	<u>(1,290,282)</u>
<b>General Revenues</b>			
Ad Valorem Taxes			978,478
Fire Insurance Premium Tax			59,097
Other Income			28,451
State Revenue Sharing			22,862
Cell Tower Lease			17,223
Intergovernmental Revenue			13,350
Interest			12,539
Loss on Sale of Capital Assets			<u>(1,490)</u>
<b>Total General Revenues</b>			<u>1,130,510</u>
<b>Change in Net Position</b>			(159,772)
<b>Net Position, Beginning of Year</b>			<u>1,800,143</u>
<b>Net Position, End of Year</b>			<u>\$ 1,640,371</u>

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

**BASIC FINANCIAL STATEMENTS  
FUND FINANCIAL STATEMENTS**

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2022**

	<b>General Fund</b>
<hr/>	
<b>Assets</b>	
Cash and Cash Equivalents	\$ 405,171
Receivables - Ad Valorem Taxes, Net	955,444
Receivables - State Revenue Sharing	<u>15,242</u>
<b>Total Assets</b>	<u><u>\$ 1,375,857</u></u>
<b>Liabilities</b>	
Accounts Payable	\$ 12,733
Accrued Expenses	<u>24,788</u>
<b>Total Liabilities</b>	<u>37,521</u>
<b>Deferred Inflows of Resources</b>	
Unavailable Ad Valorem Taxes	<u>31,267</u>
<b>Fund Balance</b>	
Assigned	50,966
Unassigned	<u>1,256,103</u>
<b>Total Fund Balance</b>	<u>1,307,069</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<u><u>\$ 1,375,857</u></u>

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

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7**  
**Reconciliation of the Governmental Fund Balance Sheet**  
**to the Statement of Net Position**  
**December 31, 2022**

<b>Total Fund Balance</b>	<b>\$ 1,307,069</b>
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>	654,457
<p>Deferred inflows of resources - unavailable ad valorem taxes are not reported on government-wide financial statements.</p>	31,267
<p>In accordance with GASB Statement No. 68, the net pension liability related to pension plans, deferred outflows of resources, and deferred inflows of resources are not recorded in the governmental funds:</p>	
<p>Net Pension Liability</p>	(534,982)
<p>Deferred Outflows of Resources</p>	365,412
<p>Deferred Inflows of Resources</p>	<u>(182,852)</u>
<p><b>Net Position of Governmental Activities</b></p>	<b><u>\$ 1,640,371</u></b>

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

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended December 31, 2022**

	<b>General Fund</b>
<b>Revenues</b>	
Ad Valorem Taxes	\$ 957,464
Fire Insurance Premium Tax	59,097
Other Income	28,451
State Revenue Sharing	22,862
Cell Tower Lease	17,223
Intergovernmental Revenue	13,350
Interest	12,538
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<b>Total Revenues</b>	<b>1,110,985</b>
<b>Expenditures</b>	
Public Safety - Fire Protection	
Salaries and Benefits	735,599
Repairs	148,219
Professional Services	76,898
Insurance	63,520
Fuel	32,404
Utilities	19,285
Dispatching	18,745
Office	16,309
Firefighting Supplies	14,314
Telephone	5,621
Other	5,212
Training	5,128
Capital Outlay	6,120
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<b>Total Expenditures</b>	<b>1,147,374</b>
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<b>Revenues Over (Under) Expenditures</b>	<b>(36,389)</b>
<b>Other Financing Sources</b>	
Proceeds from Sale of Equipment	13,074
	<hr/>
<b>Total Other Financing Sources</b>	<b>13,074</b>
	<hr/>
<b>Net Change in Fund Balance</b>	<b>(23,315)</b>
<b>Fund Balance, Beginning of Year</b>	<b>1,330,384</b>
	<hr/>
<b>Fund Balance, End of Year</b>	<b>\$ 1,307,069</b>
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The accompanying notes are an integral part of these financial statements.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balance of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended December 31, 2022**

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<b>Net Change in Fund Balance - Total Governmental Funds</b>	\$	(23,315)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		(121,075)
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The net effect of transactions involving capital assets. These transactions are not reported in the governmental funds:

Loss on disposition of capital assets		1,490
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Governmental funds report retirement contributions as expenditures, but pension expense on the statement of activities includes the change in net pension liability as well as the change in deferred inflows and outflows of resources related to pensions.		(37,886)
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Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds:

Change in Unavailable Ad Valorem Taxes		21,014
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<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>(159,772)</b>
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The accompanying notes are an integral part of these financial statements.

# ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

## Notes to Financial Statements

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### Note 1. Summary of Significant Accounting Policies

#### **Reporting Entity**

St. Tammany Parish Fire Protection District No. 7 (the District) was created by St. Tammany Parish, Louisiana (the Parish), as authorized by Louisiana Revised Statute (R.S.) 40:1492, on August 20, 1972, to purchase and maintain fire equipment and provide fire protection for the residents of District No. 7 of St. Tammany Parish. The District is governed by a five-member board which is appointed by the Parish.

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

In accordance with Governmental Accounting Standards Board (GASB) Codification Section 2100, the District is a component unit of the Parish because the Parish appoints members of the District and, as such, is financially accountable for the District. While the District is an integral part of the Parish reporting entity and should be included within the financial statements of that reporting entity, GASB Codification Section 2600 provides that a component unit may also issue financial statements separate from those of the reporting entity. Accordingly, the accompanying financial statements present information only on the funds maintained by the District and do not present information on the Parish, the general government services provided by that governmental unit, or the governmental units that comprise the financial reporting entity.

#### **Basis of Presentation**

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

#### **Government-Wide Financial Statements**

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

# ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

## Notes to Financial Statements

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### **Basis of Presentation (Continued)**

##### ***Government-Wide Financial Statements (Continued)***

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

##### ***Fund Financial Statements***

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

The District reports the following major governmental fund:

##### **General Fund**

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

##### **Measurement Focus / Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to the government-wide financial statements.

# ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

## Notes to Financial Statements

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### Measurement Focus / Basis of Accounting (Continued)

Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Ad valorem taxes are considered to be collected when they are collected by the St. Tammany Parish Sheriff. Ad valorem taxes collected after 60 days are recorded as a deferred inflow on the governmental fund balance sheet. State revenue sharing associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

#### Budgets and Budgetary Accounting

The District adopts an annual budget for the General Fund on the cash basis of accounting. The budget is legally adopted and amended as necessary by the District.

The District's General Fund expenditures of \$1,147,074 (budgetary basis) were \$7,561 more than its budgeted expenditures of \$1,139,513.

#### Cash and Cash Equivalents and Investments

Cash includes amounts in interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at fair market value.

#### Receivables

All receivables are reported net of estimated uncollectible amounts. The allowance for uncollectible ad valorem taxes was \$20,374, which represents 2% of the total ad valorem tax receivable at December 31, 2022. This estimate is based on the District's history of collections within this revenue stream.

# ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

## Notes to Financial Statements

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### Deferred Outflows / Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has the following items that are reported as deferred inflows or outflows of resources: deferred inflows / outflows of resources related to pensions and unavailable revenue. Unavailable revenue arises only under a modified accrual basis of accounting, so it is reported only on the governmental funds balance sheet.

#### Capital Assets

Capital assets, which include property, equipment, and buildings, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. The following estimated useful lives and methods are used to compute depreciation:

Buildings and Improvements	40 Years	Straight-Line
Vehicles	5 - 20 Years	Straight-Line
Equipment	5 - 20 Years	Straight-Line

Depreciation expense amounted to \$111,141 for the year ended December 31, 2022.

#### Estimates

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

#### Pensions

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

## ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### Equity Classifications

In accordance with GASB Statement No. 34, as amended by GASB Statement No. 63, net position is classified into three components: net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

1. *Net Investment in Capital Assets* - This component of net position consists of the historical cost of capital assets, including any restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, plus deferred outflows of resources, less deferred inflows of resources, related to those assets.
2. *Restricted* - This component of net position consists of assets that have constraints that are externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
3. *Unrestricted* - All other net position is reported in this category.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy is to apply restricted net position first.

In the governmental fund financial statements, fund balances are classified as follows, in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*:

1. *Restricted Fund Balance* - Amounts that can be spent only for specific purposes because of state or federal laws, or externally imposed conditions by grantors, creditors, or contributors.
2. *Assigned Fund Balance* - Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
3. *Unassigned Fund Balance* - All amounts not included in other spendable classifications.

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

## ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### **Recently Accounting Pronouncements - Adopted**

In the current year, the District adopted GASB Statement No. 87, *Leases*. The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The adoption of this standard did not have an impact on the financial statements or the notes to the financial statements.

In the current year, the District adopted GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. This Statement amends Questions 4.3 and 4.5 of Implementation Guide 201-2. The adoption of this standard did not have an impact on the financial statements or the notes to the financial statements.

##### **Recent Accounting Pronouncements - Not Yet Adopted**

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The Statement is effective for fiscal years beginning after June 15, 2022.

The GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. This Statement enhances the accounting and financial reporting requirements for accounting changes and error corrections. This Statement is effective for fiscal years beginning after June 15, 2023.

The GASB issued Statement No. 101, *Compensated Absences*. This Statement updates the recognition and measurement guidance for compensated absences through aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement is effective for fiscal years beginning after December 15, 2023.

Management is currently determining the expected impact of implementation of the above standards on the financial statements and notes to the financial statements.

## ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

### Notes to Financial Statements

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#### Note 2. Ad Valorem Taxes

Ad valorem taxes are recorded in the year taxes are levied. Ad valorem taxes are assessed on a calendar-year basis, billed in November of each year, and become delinquent on January 1<sup>st</sup> of the subsequent year.

The following is a summary of authorized and levied ad valorem taxes for 2022:

<b>Taxes Due for:</b>	<b>Authorized Millage</b>	<b>Levied Millage</b>	<b>Millage Expiration Date</b>
Maintenance	10.00	9.70	2031
Operations and Maintenance	5.00	5.00	2029
Operations and Maintenance	5.21	5.04	2026

#### Note 3. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents (carrying value) at December 31, 2022:

Unrestricted Demand Deposits	<u>\$ 405,171</u>
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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 bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

*Custodial Credit Risk* - Custodial credit risk is the risk that in the event of a bank failure the District's deposits may not be recovered. The District does not have a policy for custodial risk. At December 31, 2022, the District had \$445,518 in deposits (collected bank balances) of which \$-0- was exposed to custodial credit risk. This is due to the District's bank offering Insured Cash Sweep (ICS) service, in which the District's deposits are placed into accounts with various Federal Deposit Insurance Corporation (FDIC) insured institutions, ensuring there are no deposits with a single institution above the FDIC maximum of \$250,000.

# ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

## Notes to Financial Statements

### Note 4. Fire Insurance Premium Tax

The District is eligible and receives a pro rata share of the fire insurance premium taxes collected by the State of Louisiana (the State), in accordance with R.S. 22:345. The amounts received by the District are based on the population of the areas that it serves. In accordance with the Revised Statutes, such money shall be used only for the purpose of “rendering more efficient and efficacious” fire protection, as the District shall direct. For the year ended December 31, 2022, the District received \$59,097 of such funds.

### Note 5. Capital Assets

Capital assets activity for the year ended December 31, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 28,400	\$ -	\$ -	\$ 28,400
<b>Capital Assets Being Depreciated</b>				
Buildings and Improvements	688,174	-	-	688,174
Firefighting and Rescue Vehicles	1,499,851	-	(156,046)	1,343,805
Firefighting Equipment	595,224	-	-	595,224
Computer Equipment	53,477	3,420	-	56,897
Station Equipment	122,567	2,700	-	125,267
<b>Total Capital Assets Being Depreciated</b>	<b>2,959,293</b>	<b>6,120</b>	<b>(156,046)</b>	<b>2,809,367</b>
<b>Less Accumulated Depreciation for:</b>				
Buildings and Improvements	(374,112)	(14,082)	-	(388,194)
Firefighting and Rescue Vehicles	(1,171,320)	(60,635)	141,482	(1,090,473)
Firefighting Equipment	(504,051)	(33,198)	-	(537,249)
Computer Equipment	(51,381)	(1,030)	-	(52,411)
Station Equipment	(112,787)	(2,196)	-	(114,983)
<b>Total Accumulated Depreciation</b>	<b>(2,213,651)</b>	<b>(111,141)</b>	<b>141,482</b>	<b>(2,183,310)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>745,642</b>	<b>(105,021)</b>	<b>(14,564)</b>	<b>626,057</b>
<b>Capital Assets, Net</b>	<b>\$ 774,042</b>	<b>\$ (105,021)</b>	<b>\$ (14,564)</b>	<b>\$ 654,457</b>

## ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

### Notes to Financial Statements

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#### Note 6. Louisiana Firefighters' Retirement System Pension

The District began participating in the Firefighters' Retirement System of Louisiana (the System) in September 2016. The System issues a stand-alone report on its financial statements. Access to the audit report can be found on the System's website [www.lafirefightersret.com](http://www.lafirefightersret.com).

##### **Plan Description and Provisions**

Substantially all employees of the District are members of the System, a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Benefit provisions are authorized within Act 434 of 1979 and amended by R.S. 11:2251-11:2272. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

##### **Eligibility Requirements**

Any person who becomes an employee as defined in R.S. 11:2252 on and after January 1, 1980 shall become a member as a condition of employment. No person who has attained age 50 or over shall become a member of the System, unless the person becomes a member by reason of a merger or unless the System received an application for membership before the applicant attained the age of 50. No person who has not attained the age of 18 years shall become a member of the System. Any person who has retired from service under any retirement system or pension fund maintained basically for public officers and employees of the State, its agencies, or political subdivisions, and who is receiving retirement benefits therefrom may become a member of the System, provided the person meets all other requirements for membership. Service credit from the retirement system or pension plan from which the member is retired shall not be used for reciprocal recognition of service with the System, or for any other purpose in order to attain eligibility or increase the amount of service credit in the System.

##### **Retirement Benefits**

Employees are eligible to retire at or after age 55 with at least 12 years of creditable service, at or after age 50 with at least 20 years of creditable service, or at any age with 25 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to three and one-third percent of their final-average salary for each year of creditable service, not to exceed 100% of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

## ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

### Notes to Financial Statements

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#### Note 6. Louisiana Firefighters' Retirement System Pension (Continued)

##### **Deferred Retirement Option Plan**

After completing 20 years of creditable service and attaining the age of 50 years, or 25 years at any age, a member may elect to participate in the deferred retirement option plan (DROP) for up to 36 months. Upon commencement of participation in DROP, employer and employee contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the member's DROP account. Upon termination of employment, a participant in the program has several options to receive their DROP benefit. A member may (1) elect to roll over all or a portion of their DROP balance into another eligible qualified plan, (2) receive a lump-sum payment from the account, (3) receive single withdrawals at the discretion of the member, (4) receive monthly or annual withdrawals, or (5) receive an annuity based on the DROP account balance. These withdrawals are in addition to the member's regular monthly benefit. If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to the System. No withdrawals may be made from the DROP account until the participant retires.

##### **Initial Benefit Option Plan**

Effective June 16, 1999, members eligible to retire and who do not choose to participate in DROP may elect to receive, at the time of retirement, an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. Such amounts may be withdrawn or remain in the IBO account earning interest at the same rate as the DROP account.

##### **Employer and Non-Employer Contributions**

Employer contributions are actuarially determined each year. For the plan year ended June 30, 2022, employer and employee contributions for members above the poverty line were 33.75% and 10.00%, respectively. For the plan year ending June 30, 2023, employer and employee contributions for members above the poverty line are 33.25% and 10.00%, respectively.

According to state statute, the System receives insurance premium assessments from the State of Louisiana. The assessment is considered support from a non-employer contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions were recognized as revenue during the year ended December 31, 2022 and excluded from pension expense. Non-employer contributions made to the System on behalf of the District during the year ended December 31, 2022 were \$21,597.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7**

**Notes to Financial Statements**

**Note 6. Louisiana Firefighters' Retirement System Pension (Continued)**

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

At December 31, 2022, the District reported a liability of \$534,982 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and was determined by actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all governments, actuarially determined. At June 30, 2022, the District's proportionate share was .075870%, which was an increase of .005% from its proportionate share measured as of June 30, 2021.

For the year ended December 31, 2022, the District recognized pension expense of \$644. At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources relative to its pension from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ 3,197	\$ 25,216
Net Difference between Projected and Actual Earnings on Pension Plan Investments	121,187	-
Changes in Proportion	153,725	157,636
Changes in Assumptions	44,113	-
District Contributions Subsequent to the Measurement Date	43,190	-
<b>Total</b>	<u>\$ 365,412</u>	<u>\$ 182,852</u>

In the year ending December 31, 2023, \$43,190 reported as deferred outflows of resources related to the District's contributions subsequent to the measurement date will be recognized. Other amounts reported as deferred inflows of resources and deferred outflows of resources will be recognized in pension expense as follows:

<b>Year Ending June 30,</b>	<b>Amount</b>
2023	\$ 87,995
2024	37,496
2025	(2,617)
2026	38,297
2027	(23,950)
2028	2,149
<b>Total</b>	<u>\$ 139,370</u>

# ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

## Notes to Financial Statements

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### Note 6. Louisiana Firefighters' Retirement System Pension (Continued)

#### Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining net pension liability as of December 31, 2022 are as follows:

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Expected Remaining Service Lives	7 years, closed period
Investment Return	6.90% per annum, net of investing expenses, including inflation
Inflation Rate	2.50% per annum
Salary Increases	14.10% in the first two years of service and 5.20% with 3 or more years of service
Cost-of-Living Adjustments	Only those previously granted

Actuarial assumptions utilized in the Employer Pension Report for fiscal year 2022 are based on the results of an actuarial experience study for the period July 1, 2014 through June 30, 2019, unless otherwise specified.

For the June 30, 2022 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 MP-2019 scale.

# ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

## Notes to Financial Statements

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### Note 6. Louisiana Firefighters' Retirement System Pension (Continued)

#### Actuarial Assumptions (Continued)

The June 30, 2022 estimated long-term expected rate of return on pension plan investments was determined by the System's actuary using the System's target allocation as of January 2022 and the Curran Actuarial Consultant Average Study for 2022 (the Study). The Study included projected nominal rates of return, standard deviations of returns, and correlations of returns for a list of common asset classes collected from a number of investment consultants and investment management firms.

Using the target asset allocation for the System and the average values for expected real rates of returns, standard deviation of returns, and correlation of returns, an arithmetic expected nominal rate of return and standard deviation for the portfolio was determined. The System's long-term assumed rate of inflation of 2.50% was used in this process. The discount rate used to measure the total pension liability was 6.90%, no change from the prior measurement date.

Best estimates of arithmetic real rates of return for each major class included in the System's target asset allocation as of June 30, 2022 are summarized in the following table:

<b>Asset Class</b>	<b>Target Asset Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
<b>Equity</b>		
U.S. Equity	27.5%	5.64%
Non-U.S. Equity	11.5%	5.89%
Global Equity	10.0%	5.99%
Emerging Market Equity	7.0%	7.75%
<b>Fixed Income</b>		
U.S. Core Fixed Income	18.0%	0.84%
U.S. TIPS	3.0%	0.51%
Emerging Market Debt	5.0%	2.99%
<b>Multi-Asset Strategies</b>		
Global Tactical Asset Allocation	0.0%	3.14%
Risk Parity	0.0%	3.14%
<b>Alternatives</b>		
Private Equity	9.0%	8.99%
Real Estate	6.0%	5.57%
Real Assets	3.0%	4.89%
	<u>100.0%</u>	

## ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

### Notes to Financial Statements

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#### Note 6. Louisiana Firefighters' Retirement System Pension (Continued)

##### Actuarial Assumptions (Continued)

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

##### Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the District using the discount rate of 6.90% as well as what the liability would be if it were calculated using a discount rate that is one percentage point lower (5.90%) or one percentage point higher (7.90%) than the current rate as of June 30, 2022:

	1% Decrease (5.90%)	Current Discount Rate	1% Increase (7.90%)
District's Proportionate Share of the Net Pension Liability	\$ 791,446	\$ 534,982	\$ 321,072

#### Note 7. Risk Management

The District is exposed to various risks of loss related to workers' compensation; torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters, for which the District carries commercial insurance. The District had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

#### Note 8. On-Behalf Payments by the State of Louisiana

For the year ended December 31, 2022, the State of Louisiana made on-behalf payments in the form of supplemental pay to four full-time District firemen. In accordance with GASB Statement No. 24, the District has recorded \$13,350 of on-behalf payments as revenue and salary expense.

**REQUIRED SUPPLEMENTARY INFORMATION (PART II)**

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7**  
**Schedule of Revenues, Expenditures, and Changes in Fund**  
**Balance - Budget and Actual (Cash Basis) - General Fund**  
**For the Year Ended December 31, 2022**

	<u>Budgetary Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Ad Valorem Taxes	\$ 844,778	\$ 844,778	\$ 861,031	\$ 16,253
Fire Insurance Premium Tax	30,500	59,097	59,097	-
Other Income	16,000	31,103	28,451	(2,652)
State Revenue Sharing	14,000	22,094	22,350	256
Cell Tower Lease	10,200	17,223	17,223	-
Intergovernmental Revenue	-	-	13,350	13,350
Interest	2,000	12,000	12,538	538
<b>Total Revenues</b>	<b>917,478</b>	<b>986,295</b>	<b>1,014,040</b>	<b>27,745</b>
<b>Expenditures</b>				
Public Safety - Fire Protection				
Salaries and Benefits	652,485	726,500	742,223	(15,723)
Repairs	60,000	140,000	145,198	(5,198)
Professional Services	25,000	75,000	77,482	(2,482)
Insurance	68,000	63,520	63,520	-
Fuel	25,000	40,000	27,634	12,366
Utilities	20,000	20,000	18,727	1,273
Dispatching	24,993	24,993	18,745	6,248
Office	15,000	20,000	18,428	1,572
Firefighting Supplies	15,000	15,000	14,314	686
Telephone	4,500	9,000	8,241	759
Other	-	-	7,191	(7,191)
Training	3,500	4,500	5,128	(628)
Capital Outlay	4,000	1,000	243	757
<b>Total Expenditures</b>	<b>917,478</b>	<b>1,139,513</b>	<b>1,147,074</b>	<b>(7,561)</b>
<b>Revenues Over (Under) Expenditures</b>	<b>-</b>	<b>(153,218)</b>	<b>(133,034)</b>	<b>20,184</b>
<b>Other Financing Sources</b>				
Proceeds from Sale of Equipment	-	-	13,074	13,074
<b>Total Other Financing Sources</b>	<b>-</b>	<b>-</b>	<b>13,074</b>	<b>13,074</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ (153,218)</b>	<b>(119,960)</b>	<b>\$ 33,258</b>
<b>Fund Balance, Beginning of Year</b>			<u>525,131</u>	
<b>Fund Balance, End of Year</b>			<u>\$ 405,171</u>	

See independent auditor's report.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7**  
**Schedule of Revenues, Expenditures, and Changes in Fund**  
**Balance - Budget and Actual (Cash Basis) - General Fund (Continued)**  
**For the Year Ended December 31, 2022**

**Note A. Reconciliation of Cash Basis to GAAP Basis**

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

	<b>Actual Amounts (Budgetary Basis)</b>	<b>Budget to GAAP Adjustments</b>	<b>Actual Amounts GAAP Basis</b>
<b>Revenues</b>			
Ad Valorem Taxes	\$ 861,031	\$ 96,433	\$ 957,464
Fire Insurance Premium Tax	59,097	-	59,097
Other Income	28,451	-	28,451
State Revenue Sharing	22,350	512	22,862
Cell Tower Lease	17,223	-	17,223
Intergovernmental Revenue	13,350	-	13,350
Interest	12,538	-	12,538
<b>Total Revenues</b>	<b>1,014,040</b>	<b>96,945</b>	<b>1,110,985</b>
<b>Expenditures</b>			
Public Safety - Fire Protection			
Salaries	742,223	(6,624)	735,599
Repairs	145,198	3,021	148,219
Professional Services	77,482	(584)	76,898
Insurance	63,520	-	63,520
Fuel	27,634	4,770	32,404
Utilities	18,727	558	19,285
Dispatching	18,745	-	18,745
Office	18,428	(2,119)	16,309
Firefighting Supplies	14,314	-	14,314
Telephone	8,241	(2,620)	5,621
Other	7,191	(1,979)	5,212
Training	5,128	-	5,128
Capital Outlay	243	5,877	6,120
<b>Total Expenditures</b>	<b>1,147,074</b>	<b>300</b>	<b>1,147,374</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(133,034)</b>	<b>96,645</b>	<b>(36,389)</b>
<b>Other Financing Sources</b>			
Proceeds from Sale of Equipment	13,074	-	13,074
<b>Total Other Financing Sources</b>	<b>13,074</b>	<b>-</b>	<b>13,074</b>
<b>Net Change in Fund Balance</b>	<b>(119,960)</b>	<b>96,645</b>	<b>(23,315)</b>
<b>Fund Balance, Beginning of Year</b>	<b>525,131</b>	<b>805,253</b>	<b>1,330,384</b>
<b>Fund Balance, End of Year</b>	<b>\$ 405,171</b>	<b>\$ 901,898</b>	<b>\$ 1,307,069</b>

See independent auditor's report.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7**  
**Schedule of District's Proportionate Share of the**  
**Net Pension Liability**  
**For the Year Ended December 31, 2022**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
District's Portion of the Net Pension Liability	0.075870%	0.071039%	0.106319%	0.108737%	0.094771%	0.056657%
District's Proportionate Share of the Net Pension Liability	\$ 534,982	\$ 251,752	\$ 736,955	\$ 680,901	\$ 545,130	\$ 324,749
District's Covered Payroll	\$ 198,845	\$ 192,169	\$ 264,691	\$ 262,803	\$ 226,754	\$ 140,675
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	269.04%	131.01%	278.42%	259.09%	240.41%	230.85%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.68%	86.78%	72.61%	73.96%	74.76%	73.55%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available. 2016 data is not readily determinable.

See independent auditor's report.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7**  
**Schedule of District's Contributions**  
**For the Year Ended December 31, 2022**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Contractually Required Contribution	\$ 80,680	\$ 60,187	\$ 64,127	\$ 75,691	\$ 67,808	\$ 57,499	\$ 12,182
Contributions in Relation to the Contractually Required Contribution	(80,680)	(60,187)	(64,127)	(75,691)	(67,808)	(57,499)	(12,182)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 240,975	\$ 182,544	\$ 215,293	\$ 278,704	\$ 255,883	\$ 202,110	\$ 48,246
Contributions as a Percentage of Covered Payroll	33.48%	32.97%	29.79%	27.16%	26.50%	28.45%	25.25%

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

See independent auditor's report.

## **OTHER SUPPLEMENTARY INFORMATION**

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7**  
**Schedule of Governing Board**  
**For the Year Ended December 31, 2022**

<b>Board of Commissioners</b>	<b>Compensation</b>
Gary Ranatza, Chairman 31320 Vernon Tally Road Bush, LA 70431 (985) 774-0268	\$ 1,300
Chris Hnatyshyn, Vice-Chair 800 Camphill Drive Abita Springs, LA 70420 (504) 427-5130	\$ 1,400
Albert Hollie, Treasurer 75309 Hollie Road Pearl River, LA 70452 (985) 863-9319	\$ 1,500
David Howell 73320 Bud Howell Road Pearl River, LA 70458 (985) 863-5587	\$ 1,200
Shannon Thornhill P.O. Box 37 Talisheek, LA 70464 (985) 246-8356	\$ 800

See independent auditor's report.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7**  
**Schedule of Compensation, Benefits and Other Payments**  
**to Agency Head**  
**For the Year Ended December 31, 2022**

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**Agency Head**  
 Chief Gary Whitehead

<b>Purpose</b>	<b>Amount</b>
Base Salary	\$84,323
Vacation Back Pay	\$15,344
Compensatory Pay	\$7,622
State Supplemental Pay	\$6,200
Benefits - Insurance	\$10,679 *
Benefits - Retirement	\$30,293 **
Benefits - Other	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$400
Travel	\$0
Registration Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

\* This is the employer portion of the insurance expense.

\*\* This is the employer portion of the retirement contribution.

See independent auditor's report.

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

Independent Auditor's Report

To the Board of Commissioners  
St. Tammany Parish Fire Protection District No. 7  
Pearl River, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of St. Tammany Parish Fire Protection District No. 7 (the District), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 17, 2023.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2022-001 and 2022-002 that we consider to be material weaknesses.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questions costs as item 2022-002.

### **St. Tammany Parish Fire Protection District No. 7's Response to Finding**

*Government Auditing Standards* require the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

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



A Professional Accounting Corporation

Baton Rouge, LA  
May 17, 2023

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7**  
**Schedule of Findings and Responses**  
**For the Year Ended December 31, 2022**

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**Part I - Summary of Auditor's Results**

Financial Statements

- |                                                                                |            |
|--------------------------------------------------------------------------------|------------|
| 1. Type of auditor's report issued:                                            | Unmodified |
| 2. Internal control over financial reporting and compliance and other matters: |            |
| a. Material weaknesses identified?                                             | Yes        |
| b. Significant deficiencies identified?                                        | No         |
| c. Noncompliance material to the financial statements identified?              | Yes        |
| d. Other matters identified?                                                   | No         |
| 3. Management letter comment provided?                                         | No         |

Federal Awards

Not applicable.

**Part II - Findings Related to the Financial Statements**

**2022-001 Lack of Proper Oversight of Payroll Processing**

*Criteria:* Effective oversight over payroll is critical to maintaining an effective system of internal control.

*Condition:* It was noted that there is no review of payroll processing by someone independent of the payroll process prior to payroll disbursement.

*Cause:* Ineffective oversight over payroll processing.

*Effect:* Failure to maintain effective oversight over payroll processing creates an environment in which there is potential for failure or management or those charged with governance to prevent or detect misstatements or misappropriation on a timely basis.

*Recommendation:* The District should have biweekly payroll reviewed and approved by someone other than the individual processing payroll.

*Management's Response:* Management will implement controls to ensure effective oversight over payroll processing.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7**  
**Schedule of Findings and Responses (Continued)**  
**For the Year Ended December 31, 2022**

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**Part III - Compliance and Other Matters**

**2022-002 Incorrect Processing of Payroll Deductions**

*Criteria:* Louisiana Constitution Article VII, Section 14(A) prohibits donation of public funds. For effective internal controls over payroll disbursements, payroll deductions should be reviewed prior to processing of payroll disbursements.

*Condition:* An investigative report issued by the Louisiana Legislative Auditor on April 26, 2023, reported that the District failed to withhold payroll deductions for full amounts FTEs owed for their dependents and/or spouses' health, dental, and vision insurance coverage and, instead, paid the premiums itself.

*Cause:* The cause of this condition appears to be lack of adequate oversight over payroll processing.

*Effect:* Four employees were overpaid an aggregate amount of \$17,597 over an eight-year, one-month period (from March 2014 to April 2022), violating the Louisiana Constitution, which prohibits the donation of public funds.

*Recommendation:* The District should develop and implement policies and procedures to ensure payroll deductions are updated on an annual basis.

*Management's Response:* In May 2022, the Board initiated a complete overhaul of all policies and rules of the District. We have simultaneously addressed all known issues that arose as a result of the failure to correctly process payroll deductions.

Other Matter

None.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7**  
**Summary Schedule of Prior Year Findings**  
**For the Year Ended December 31, 2022**

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**Part II - Findings Related to the Financial Statements**

**2021-001 Inconsistency in Performance of Controls over Disbursements**

*Condition:* While performing control testing procedures over disbursements, we noted several instances in which the Fire Chief's signature, documentation of his review, and approval of invoices were missing from invoices for which disbursements were made.

*Status:* Resolved.

## **AGREED-UPON PROCEDURES REPORT**

St. Tammany Parish Fire Protection District No. 7

Independent Accountant's Report  
On Applying Agreed-Upon Procedures

**For the Period January 1, 2022 - December 31, 2022**

To the Board of Commissioners of  
St. Tammany Parish Fire Protection District No. 7  
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on St. Tammany Parish Fire Protection District No. 7's (the District) control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year January 1, 2022 through December 31, 2022. The District's management is responsible for those C/C areas identified in the SAUPs.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal year January 1, 2022 through December 31, 2022. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and results are as follows:

### **1) Written Policies and Procedures**

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
  - ii. **Purchasing**, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
  - iii. **Disbursements**, including processing, reviewing, and approving.

- iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii. **Travel and Expense Reimbursements**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

**Results:** We obtained the entity's written policies and procedures for the above categories and noted they addressed all required subcategories with the following exceptions:

- Written policies and procedures for #1A(vii), travel and expense reimbursements, did not address subcategory (2);
- Written policies and procedures for #1A(ix), ethics, did not address subcategories (2) through (4);
- Written policies and procedures for #1A(xii), prevention of sexual harassment, did not address subcategories (2) through (3); and
- The District did not have written policies and procedures for #1A(xi), information technology disaster recovery/business continuity.

## 2) Board or Finance Committee

---

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
  - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
  - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

**Results:** We performed the procedures above and noted the following exception: there was no evidence that the board received written updates on progress of resolving audit findings. No other exceptions noted.

## 3) Bank Reconciliations

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- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
  - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

**Results:** We performed the above procedures for the District's three bank accounts, noting no exceptions for one account. For the other two bank accounts, one had an outstanding item greater than 12 months old with no evidence of management investigation, and one had not been reconciled timely and had no evidence of independent review. No other exceptions noted.

#### **4) Collections (excluding electronic funds transfers)**

---

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that
- i. Employees responsible for cash collections do not share cash drawers/registers;
  - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
  - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
  - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- i. Observe that receipts are sequentially pre-numbered.
  - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - iii. Trace the deposit slip total to the actual deposit per the bank statement.
  - iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
  - v. Trace the actual deposit per the bank statement to the general ledger.

**Results:** No exceptions noted as a result of procedures performed.

**5) Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)**

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- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
  - ii. At least two employees are involved in processing and approving payments to vendors;
  - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
  - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
  - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- [Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]*
- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
  - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

**Results:** We performed procedure #5A without exception. For procedure #5B, obtained written policies and procedures over non-payroll purchasing and payments and noted that (iv) could not be achieved as policies and procedures are currently designed. No other exceptions noted. We performed procedures #5C and #5D without exception.

## **6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)**

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
  - i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
  - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

**Results:** We performed procedures #6A without exception. For procedure #6B, we noted that there was no evidence statements were reviewed by someone other than the card holder. No other exceptions noted. For procedure #6C, we noted that 3 transactions did not have a supporting receipt, and 4 transactions had no documentation of business/public purpose. No other exceptions noted.

## **7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)**

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation.

For each of the 5 reimbursements selected

- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov));
- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Results:** Procedures not applicable as the District did not disburse reimbursements for travel or travel-related expenses during the period under review.

## **8) Contracts**

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- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
  - i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
  - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
  - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
  - iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

**Results:** No exceptions noted as a result of procedures performed.

## **9) Payroll and Personnel**

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- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
  - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
  - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
  - iv. Observe whether the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

**Results:** We performed the procedures above and noted that for one of the two terminated employees tested, there was no documentation for authorized pay rate and cumulative leave records. No other exceptions noted.

## **10) Ethics**

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- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
  - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

**Results:** We performed the procedures above and noted that one of the five employees selected did not have documentation demonstrating completion of one hour of ethics training. We also noted that the District had not appointed an ethics designee.

## **11) Debt Service**

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- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

**Results:** Procedures not applicable as the District did not issue or have any outstanding debt during the period under review.

## **12) Fraud Notice**

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- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the Legislative Auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

**Results:** No exceptions noted as a result of the procedures performed.

## **13) Information Technology Disaster Recovery/Business Continuity**

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- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
  - i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
  - ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
  - iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

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

#### **14) Prevention of Sexual Harassment**

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- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1<sup>st</sup>, and observe that the report includes the applicable requirements of R.S. 42:344:
- i. Number and percentage of public servants in the agency who have completed the training requirements;
  - ii. Number of sexual harassment complaints received by the agency;
  - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
  - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
  - v. Amount of time it took to resolve each complaint.

**Results:** We performed the above procedures and noted the following exceptions: Documentation of completion of sexual harassment training could not be provided for one of the five employees selected for testing. The annual sexual harassment report included all required components but was not dated on or before February 1<sup>st</sup>. No other exceptions noted.

We were engaged by the District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing on those C/C areas identified in Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, and the results of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

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

A Professional Accounting Corporation

Baton Rouge, LA  
May 17, 2023



## St. Tammany Parish Fire Protection District 7

Fire Chief Gary C. Whitehead

73469 Highway 41 Pearl River La. 70452

Office: 985-863-5111 Fax: 985-863-51110

Mr. Michael J. Waguespack  
Louisiana Legislative Auditor  
1600 N 3<sup>rd</sup> Street  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

RE: Statewide Agreed-Up On Procedures

The management of St. Tammany Parish Fire Protection District No. 7 wishes to provide the following responses relative to the results of the 2022 Statewide agreed-upon procedures engagement:

- 1) In response to the results of the Written Policies and Procedures section, we will review and amend our current written policies and procedures over travel and expense reimbursements, ethics, and prevention of sexual harassment to address all required areas. We will implement written policies and procedures over information technology disaster recovery/business continuity.
- 2) In response to the results of the Board or Finance Committee section, we will develop procedures to ensure that written updates on the progress of resolving audit findings are delivered to us at monthly board meetings.
- 3) In response to the results of the Bank Reconciliations section, we will review current procedures in place and implement any changes necessary to ensure that all bank statements are being reviewed by a Board member timely and that management is following up on outstanding items greater than 12 months old.
- 4) In response to the results of the Non-Payroll Disbursements section, we will review current policies in place and make changes as necessary to ensure proper segregation of duties regarding disbursements.
- 5) In response to the results of the Credit Cards/Debit Cards/Fuel Cards/Purchase Cards section, we will implement procedures to ensure that a board member is reviewing and approving all credit card statements. We will also amend procedures are necessary to ensure that appropriate documentation is collected and retained for all purchase transactions.
- 6) In response to the results of the Payroll and Personnel section, we will implement procedures to ensure that documentation of authorized pay rates and cumulative leave records is maintained.

Chairperson

Albert Hollie  
Vice-Chair

Shannon Thornhill  
Secretary/Treasurer

David Howell  
Commissioner

Shannon Davis  
Commissioner

- 7) In response to the results of the Ethics section, we will implement procedures to ensure all employees are completing and submitting documentation to support their completion of the annual ethics training. We will also appoint an ethics designee.
- 8) In response to the results of the Prevention of Sexual Harassment section, we will implement procedures to ensure all employees are completing and submitting documentation to support their completion of the annual sexual harassment training. We will also implement procedures necessary to ensure the annual report is completed timely.

Sincerely,

*Albert Hattie*  
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vice Board-Chair

\_\_\_\_\_  
Fire Chief

St. Tammany Parish Fire Protection District No. 7