

ANNUAL FINANCIAL REPORT
ST. TAMMANY FIRE PROTECTION DISTRICT NO. 1
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2020



ERICKSEN KRENTEL LLP
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
St. Tammany Parish Fire Protection District No. 1
Slidell, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the St. Tammany Parish Fire Protection District No. 1 (the District), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

To the Board of Commissioners
St. Tammany Parish Fire Protection District No. 1
June 22, 2021

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the St. Tammany Parish Fire Protection District No. 1, as of December 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, statement of revenues, expenditures, and changes in fund balance - budget to actual - governmental fund, schedule of proportionate share of the net pension liability, the schedule of contributions-retirement plan, the schedule of changes in net OPEB liability and related ratios, and the related notes to the required supplementary information on pages 4 through 8 and 37 through 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the St. Tammany Parish Fire Protection District No. 1's basic financial statements. The accompanying schedules of compensation paid to board members and compensation, benefits and other payments to agency head are presented to comply with the requirements issued by the State of Louisiana, and are not a required part of the basic financial statements.

To the Board of Commissioners
St. Tammany Parish Fire Protection District No. 1
June 22, 2021

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated June 22, 2021, on our consideration of St. Tammany Parish Fire Protection District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering St. Tammany Parish Fire Protection District No. 1's internal control over financial reporting and compliance.

June 22, 2021
Mandeville, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

REQUIRED SUPPLEMENTAL INFORMATION (PART I)

ST. TAMMANY FIRE PROTECTION DISTRICT NO. 1
SLIDELL, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

This section of the St. Tammany Fire Protection District No.1's (the District) annual financial report presents management's analysis of the District's financial performance for the year ended December 31, 2020. This analysis should be read in conjunction with the audited financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

1. The District's net position increased by \$1,344,829
2. The general revenues of the District were \$25,549,184
3. The total expenses of the District were \$24,204,355

OVERVIEW OF THE FINANCIAL STATEMENTS

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

BASIC FINANCIAL STATEMENTS

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

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

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

The following pages present condensed financial information of the District.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
SLIDELL, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

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

ASSETS

	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Current assets	\$ 34,970,737	\$ 33,006,059
Capital assets, net of accumulated depreciation	<u>15,233,534</u>	<u>15,070,552</u>
Total assets	<u>50,204,271</u>	<u>48,076,611</u>
Deferred outflows of resources	<u>8,586,677</u>	<u>7,179,029</u>

LIABILITIES

Current liabilities	1,136,331	1,110,565
Long-term liabilities	<u>33,243,973</u>	<u>32,590,594</u>
Total liabilities	<u>34,380,304</u>	<u>33,701,159</u>
Deferred inflows of resources	<u>3,593,002</u>	<u>2,081,668</u>

NET POSITION

Net investment in capital assets	14,122,972	13,436,454
Unrestricted	<u>6,694,670</u>	<u>6,036,359</u>
Total net position	<u>\$ 20,817,642</u>	<u>\$ 19,472,813</u>

Total assets increased by \$2,127,660 (4%) primarily due to an increase in ad valorem tax receivable offset by a significant decrease in the reserve fund in 2020. Total liabilities increased by \$679,145 (2%) primarily due to an increase in net pension liability. Net position increased \$1,344,829 (7%).

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
SLIDELL, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

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

	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
General revenues	\$ 25,549,184	\$ 24,634,972
Expenditures/ expenses	<u>(24,204,355)</u>	<u>(25,126,462)</u>
Change in net position	<u>\$ 1,344,829</u>	<u>\$ (491,490)</u>
Ending net position	<u>\$ 20,817,642</u>	<u>\$ 19,472,813</u>

The change in net position increased by \$1,344,829 due to operations.

CAPITAL ASSETS

The following table presents the major categories of capital assets, net of accumulated depreciation:

	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Land	\$ 850,821	\$ 850,821
Buildings and improvements	9,080,535	8,621,999
Equipment	3,967,914	3,800,204
Computers	483,892	453,125
Vehicles	11,044,352	11,776,382
Construction in progress	<u>142,777</u>	<u>154,280</u>
	25,570,291	25,656,811
Less: accumulated depreciation	<u>(10,336,757)</u>	<u>(10,586,259)</u>
Total capital assets, net of accumulated depreciation	<u>\$ 15,233,534</u>	<u>\$ 15,070,552</u>

Buildings and improvements increased due to the new fire station 13 headquarters being put into service and being moved from construction in progress to buildings. There are still continuing construction improvements being made to this building.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
SLIDELL, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

LONG-TERM DEBT

At December 31, 2020, the District had \$1,080,000 of long-term debt which consisted of bonds payable. Of that amount, \$350,000 will be repaid in 2021. Long-term debt decreased by \$340,000 due to scheduled principal payments.

NET PENSION LIABILITY

At December 31, 2020, the District reported \$26,151,038 for its proportionate share of net pension liability, \$7,531,168 for deferred outflow of resources and \$2,356,363 for deferred inflows of resources related to pension benefits. See Note 7 to the basic financial statements for further discussion of the pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions.

OPEB LIABILITY

At December 31, 2020, the District reported \$6,197,780 for its other post-employment benefits liability and \$1,055,509 for deferred outflows of resources and \$1,236,639 for deferred inflows of resources related to other post-employment benefits. See Note 8 to the basic financial statements for further discussion of the other post-employment benefits

BUDGET

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

	<u>Final Budget</u>	<u>Non-GAAP Actual</u>	<u>Variance</u>
Revenues:			
Ad valorem taxes	\$ 18,932,454	\$ 21,027,707	\$ 2,095,253
Parcel fees	1,207,308	1,230,479	23,171
State revenue sharing	475,000	497,158	22,158
Other	<u>810,000</u>	<u>987,132</u>	<u>177,132</u>
Total	<u>\$ 21,424,762</u>	<u>\$ 23,742,476</u>	<u>\$ 2,317,714</u>
Expenditures:			
Fire protection and prevention	\$ 20,429,652	\$ 19,305,072	\$ 1,124,580
Capital outlay	2,613,421	1,533,728	1,079,693
Debt service	<u>366,750</u>	<u>366,750</u>	<u>-</u>
Total	<u>\$ 23,409,823</u>	<u>\$ 21,205,550</u>	<u>\$ 2,204,273</u>

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
SLIDELL, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

ECONOMIC FACTORS AND A LOOK AT NEXT YEAR

St. Tammany Fire District No. 1 expects revenues from taxes to rise in 2021; however, personnel costs are expected to continue to rise causing worries that the District may operate at a deficit in the future. The impact of COVID-19 is expected to last for some time in 2021 and possibly into 2022. There has been no immediate impact to the District's operations. Future potential impacts may include disruptions in the ability of citizens to continue making tax payments as a result of job loss or other pandemic related issues. With aging fleet costs rising, the District is implementing an aggressive equipment replacement program which will help offset some of the high maintenance costs. Additionally, the District may seek a future tax certificate to help fund a capital improvement program.

The District is proud to be distinguished with a Property Insurance Association of Louisiana (PIAL) rating of Class 2. The District is committed to keeping insurance rates low for all of its citizens and providing the highest level of hazard emergency response services. While being an internationally accredited fire department in the State of Louisiana, the District is committed to being completely transparent, demonstrating fiscal responsibility, and maintaining the trust of its citizens.

CONTACTING THE DISTRICT'S MANAGEMENT

This report is designed to provide a general overview of the District and to demonstrate the District's accountability for its finances. If you have any questions about this report or need additional information, please contact Chief Chris Kaufmann, St. Tammany Fire Protection District No. 1, 522 Robert Blvd., Slidell, Louisiana 70458.

BASIC FINANCIAL STATEMENTS

ST. TAMMANY FIRE PROTECTION DISTRICT NO. 1
STATEMENT OF NET POSITION
DECEMBER 31, 2020

	<u>Governmental Activities</u>
<u>ASSETS:</u>	
Cash	\$ 13,137,934
Taxes receivable, net of allowance for uncollectible taxes of \$1,499,646	19,923,864
Parcel fee receivable, net of allowance for uncollectible fees of \$67,043	1,273,816
Other receivables	524,767
Prepayments	110,356
Capital assets, net of accumulated depreciation	<u>15,233,534</u>
 Total assets	 <u>50,204,271</u>
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>	
Other post-employment benefits	1,055,509
Pensions	<u>7,531,168</u>
 Total deferred outflows of resources	 <u>8,586,677</u>
<u>LIABILITIES:</u>	
Accounts payable	71,549
Retainage payable	30,562
Pension deduction payable	676,516
Accrued interest	7,704
Compensated absences	165,155
Other post-employment benefits	6,197,780
Net pension liability	26,151,038
Long-term debt:	
Due within one year	350,000
Due after one year	<u>730,000</u>
 Total liabilities	 <u>34,380,304</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>	
Other post-employment benefits	1,236,639
Pensions	<u>2,356,363</u>
 Total deferred inflows of resources	 <u>3,593,002</u>
<u>NET POSITION:</u>	
Net investment in capital assets	14,122,972
Unrestricted	<u>6,694,670</u>
 Total net position	 <u>\$ 20,817,642</u>

The accompanying notes are an integral part of this statement

ST. TAMMANY FIRE PROTECTION DISTRICT NO. 1
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

FUNCTIONS/PROGRAMS

GOVERNMENTAL ACTIVITIES:

Public safety - fire protection	\$ 24,204,355
Total (expense) from governmental activities	<u>(24,204,355)</u>

GENERAL REVENUES & EXPENSES:

Property taxes	21,082,312
Parcel fee	1,230,357
Fire insurance rebate	381,213
State revenue sharing	497,158
State supplemental pay	925,617
Grant income	1,057,038
Interest income	423,486
Gain (loss) on disposal of assets	(230,430)
Miscellaneous	<u>182,433</u>
Total general revenues	<u>25,549,184</u>

Change in net position	1,344,829
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NET POSITION:

Beginning of the year	<u>19,472,813</u>
End of the year	<u>\$ 20,817,642</u>

The accompanying notes are an integral part of this statement

ST. TAMMANY FIRE PROTECTION DISTRICT NO. 1
BALANCE SHEET
DECEMBER 31, 2020

	<u>General Fund</u>
<u>ASSETS:</u>	
Cash	\$ 13,137,934
Taxes receivable, net of allowance for uncollectible taxes of \$1,499,646	19,923,864
Parcel fee receivable, net of allowance for uncollectible fees of \$67,043	1,273,816
Other receivables	524,767
Prepayments	<u>110,356</u>
 Total assets	 <u>\$ 34,970,737</u>
<u>LIABILITIES:</u>	
Accounts payable	\$ 71,549
Retainage payable	30,562
Pension deduction payable	<u>676,516</u>
 Total liabilities	 <u>778,627</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>	
Unavailable revenue - property taxes and parcel fees	<u>1,395,202</u>
 Total deferred inflows of resources	 <u>1,395,202</u>
<u>FUND BALANCE:</u>	
Unrestricted	19,656,888
Nonspendable:	
Prepaid expenses	110,356
Committed to:	
Rolling stock, facilities and equipment	5,292,160
Disaster	2,000,000
Emergencies	<u>5,737,504</u>
 Total fund balance	 <u>32,796,908</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 34,970,737</u>

The accompanying notes are an integral part of this statement

ST. TAMMANY FIRE PROTECTION DISTRICT NO. 1
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2020

Fund balance - total governmental funds	\$ 32,796,908
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Amounts reported for governmental activities in the Statement of Net Position
are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	15,233,534
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Deferred outflows of resources related to pensions and OPEB are not reported in governmental funds	8,586,677
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Deferred inflows of resources related to pensions and OPEB are not reported in governmental funds	(3,593,002)
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Long-term liabilities are not due and payable in the current period and,
therefore, are not reported in the governmental funds. All liabilities
(both current and long-term), including the related accrued interest
are reported in the Statement of Net Position:

Accrued interest	(7,704)
Compensated absences	(165,155)
Long-term debt	(1,080,000)
OPEB liability	(6,197,780)
Net pension liability	(26,151,038)

Certain property tax and parcel fee collections are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the governmental funds.	1,395,202
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Net position of governmental activities	<u>\$ 20,817,642</u>
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The accompanying notes are an integral part of this statement

ST. TAMMANY FIRE PROTECTION DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>General Fund</u>
<u>GENERAL REVENUES:</u>	
Property taxes	\$ 21,027,707
Parcel fee	1,230,479
Fire insurance rebate	381,213
State revenue sharing	497,158
State supplemental pay	925,617
Investment earnings	423,486
Miscellaneous	<u>182,433</u>
 Total general revenues	 <u>24,668,093</u>
<u>EXPENDITURES/EXPENSES:</u>	
Current for fire protection:	
Salaries and related expenses	14,433,170
Repairs and maintenance	1,342,374
Deduction from ad valorem taxes for pension	676,516
Fire fighting equipment, supplies and related expenses	909,363
Legal and professional services	413,973
Insurance	2,409,383
Office supplies	76,183
Telephone and utilities	169,479
Training expenses	305,517
Miscellaneous	<u>139,653</u>
 Total current fire protection expenditures/expenses	 20,875,611
 Capital outlay	 1,533,728
Debt service:	
Principal	340,000
Interest	<u>26,750</u>
 Total debt service expenditures/expenses	 <u>366,750</u>
 Total expenditures/expenses	 <u>22,776,089</u>
 Net change in fund balance	 <u>1,892,004</u>
<u>FUND BALANCE:</u>	
Beginning of the year	<u>30,904,904</u>
 End of the year	 <u>\$ 32,796,908</u>

The accompanying notes are an integral part of this statement

ST. TAMMANY FIRE PROTECTION DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

Net change in fund balance - governmental fund	\$ 1,892,004
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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 that depreciation expense of \$1,140,316 was exceeded by capital outlays of \$1,533,728 in the current period.	393,412
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Repayments of note principal are reported as financing used in governmental funds and thus contribute to the reduction in fund balance. In the Statement of Net Position, however, repayment of debt decreases the long-term liabilities and does not affect the Statement of Activities.	340,000
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Property tax revenues in the government-wide Statement of Activities include economic resources that are not reported as revenues in the governmental fund operating statement. This is the amount by which prior year deferred inflows of resources in the governmental funds of \$1,340,719 exceeded current year deferred inflows of resources in the governmental funds of \$1,395,202	54,483
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Interest accrued on the government-wide financial statements are not expensed until paid under the modified accrual basis used in the governmental funds.	2,425
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds:

Accrued annual leave	(36,083)
Losses on disposal of assets	(230,430)
OPEB	(320,759)
Pensions	(1,807,261)
Non-employer contributions for pensions	1,057,038

Change in net position	\$ 1,344,829
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The accompanying notes are an integral part of this statement

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The St. Tammany Fire Protection District No. 1 (the District) was created by the St. Tammany Parish Council as provided by Louisiana Revised Statute 40:1492. The District is responsible for fire protection in the City of Slidell and the immediate surrounding area. The administration of the District is governed by a board of commissioners consisting of five members. Two members are appointed by the parish governing authority and two by the governing body of the municipal corporation in the District. The fifth member is selected by the other four members and serves as chairman. Vacancies are filled by the governing bodies making the original appointments. Board members serve three-year terms without compensation. The District operates eight fire stations within the district and provides fire protection services in an area covering approximately 120 square miles. In addition to fire protection service, the District also provides fire prevention service to the public.

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

Governmental Accounting Standards Board Statement No. 14, as amended by Statement No. 39, established criteria for determining which component units should be considered part of the Parish for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. The criteria include:

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

The District was determined to be a component unit of the Parish, the reporting entity, because the reporting entity's financial statements would be misleading if data of the District was not included due to the significance of the relationship and scope of public services. The accompanying financial statements present information only on funds maintained by the District and do not present information on the Parish, the general government services provided by the Parish, or other governmental units that comprise the financial reporting entity.

Basis of Presentation

The District's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

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

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

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

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED)

Basic Financial Statements – Government-Wide Financial Statements (GWFS)
(Continued)

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

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

Basic Financial Statements – Fund Financial Statements (FFS)

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

Governmental Fund:

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

General Fund

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

Basis of Accounting

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (continued)

Accrual

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

Modified Accrual

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

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

Revenues

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

Expenditures

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

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deposits and Investments (continued)

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

All Investments are reported at fair value.

Receivables and Payables

Property tax and parcel fee receivables are shown net of 7% and 5% allowances, for uncollectible amounts, respectively. The allowance is based on prior years' experience.

Property taxes are levied on a calendar year basis, become due on December 31 and are considered delinquent on January 1. The District authorized and levied a 33.65 mill ad valorem tax for operations and maintenance for the year ended December 31, 2020.

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

	<u>Assessed Valuation</u>	<u>% of Total Assessed Value</u>
Central LA Electric Co.	\$ 16,291,800	1.99%
Atmos Energy Corporation	6,778,078	0.83%
Fremaux Town Center SPE LLC	6,182,256	0.75%
Bell South Communications	3,246,761	0.40%
JP Morgan Chase Bank	3,127,382	0.38%
SC3 Fremaux LLX	3,076,500	0.38%
Wal-Mart Real Estate Business	2,789,657	0.34%
CMF Pelican Pointe LLC	2,787,500	0.34%
Legacy Buick GMC	2,690,420	0.33%
Capital One, N.A.	<u>2,459,150</u>	<u>0.30%</u>
	<u>\$ 49,429,504</u>	<u>6.04%</u>

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables and Payables (continued)

St. Tammany Parish negotiates tax abatement agreements on the District's behalf on an individual basis. The agreements are negotiated under a special exemption through St. Tammany Parish Development District for a variety of economic development purposes, including business relocation, retention, and expansion. The abatements may be granted to any business located within the Parish for promising to relocate to the Parish's geographic area.

The Parish has not made any commitments as part of the agreements other than to reduce taxes. The District is not subject to any tax abatement agreements entered into by other governmental entities other than the Parish. The District does not have quantitative information for its tax abatement agreements at this time, but they are not expected to be material to the financial statements.

Prepaid Items

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

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the government-wide statements. Capital assets are recorded at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold of \$3,000 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

Buildings and building improvements	40 Years
Vehicles	10 - 20 Years
Equipment	10 - 40 Years

Deferred Outflows and Inflows of Resources

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows and Inflows of Resources (continued)

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

Compensated Absences

Employees of the District are entitled to 18 to 30 days of annual leave each year, depending on length of service. Sick leave is granted to each regular employee for a period of not more than 52 weeks. The cost of current leave privileges, computed in accordance with GASB Codification C60, is recognized as a current-year expense when leave is actually taken. Annual and sick leave cannot be carried over; therefore, there are no accumulated leave benefits required to be reported in accordance with GASB Codification C60 for these types of leave. Employees can also earn annual leave by having perfect attendance during any three consecutive calendar months. Employees can earn no more than four such days per year and can accrue up to a maximum of six such days. If an employee is unable to use the accrued days, they are carried over to the next year. Since this earned annual leave may be carried over, it is recorded as a liability in the Statement of Net Position. At December 31, 2020, compensated absences of \$165,155 have been recognized in the Statement of Net Position.

Long-term Obligations

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

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 Louisiana Firefighters' Retirement System (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. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Classifications

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

- a. Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

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

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

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Classifications (continued)

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

Use of Estimates

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

Date of Management's Review

Subsequent events have been evaluated through June 22, 2021 which is the date the financial statements were available to be issued.

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The District published the proposed budget for the General Fund in the St. Tammany Farmer on October 23, 2019, October 30, 2019, and November 6, 2019. A public hearing was held on November 19, 2019 and the board adopted the budget on December 17, 2019. The budget is prepared using the cash basis of accounting. All appropriations lapse at year end. Formal budget integration within the accounting records is employed as a management control device during the year. The board also reviews budget versus actual reports on a monthly basis. Changes or amendments are made upon approval of the board.

The actual on budgetary basis amounts reflect the modified cash basis of accounting, and state supplemental pay (\$925,617 in 2020) to fire fighters is not treated as budgeted revenues and expenditures of the General Fund.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

(3) CASH AND CASH EQUIVALENTS

At December 31, 2020, the District has cash and cash equivalents (book balances) totaling \$13,137,934 as follows:

Major Apparatus and Facilities account	\$ 5,292,160
Operating	57,670
Disaster account	2,000,000
Clearing account	50,000
Debt service account	500
Reserve account	<u>5,737,604</u>
	<u>\$ 13,137,934</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging agent bank in a holding or custodial bank that is mutually acceptable to both parties.

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

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

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

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

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

	<u>Bank Balances Category</u>			<u>Bank</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Balance</u>
Cash	<u>\$ 250,000</u>	<u>\$ 13,385,957</u>	<u>\$ -</u>	<u>\$ 13,635,957</u>

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

(4) RECEIVABLES

The receivables of the District at December 31, 2020 are as follows:

<u>Class of Receivable</u>	<u>Amount</u>
Taxes – ad valorem, net	\$ 19,923,864
Parcel fees, net	1,273,816
Intergovernmental – grants – state	506,131
Other	<u>18,636</u>
	<u>\$ 21,722,447</u>

(5) CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 850,821	\$ -	\$ -	\$ 850,821
Construction in progress	<u>154,280</u>	<u>142,777</u>	<u>(154,280)</u>	<u>142,777</u>
Total capital assets not being depreciated	<u>1,005,101</u>	<u>142,777</u>	<u>(154,280)</u>	<u>993,598</u>
Capital assets, being depreciated:				
Buildings	8,621,999	458,536	-	9,080,535
Equipment and furniture	<u>16,029,711</u>	<u>1,086,695</u>	<u>(1,620,248)</u>	<u>15,496,158</u>
Total capital assets being depreciated	<u>24,651,710</u>	<u>1,545,231</u>	<u>(1,620,248)</u>	<u>24,576,693</u>
Less accumulated depreciation	<u>(10,586,259)</u>	<u>(1,140,316)</u>	<u>1,389,818</u>	<u>(10,336,757)</u>
Total capital assets being depreciated, net	<u>14,065,451</u>	<u>404,915</u>	<u>(230,430)</u>	<u>14,239,936</u>
Total capital assets, net	<u>\$ 15,070,552</u>	<u>\$ 547,692</u>	<u>\$ (384,710)</u>	<u>\$ 15,233,534</u>

Decreases as presented above include \$154,280 of reclassifications of construction in progress due to the current year completion of projects in progress as of December 31, 2020. Remaining decreases were disposals for which no cash was received. These disposals resulted in a loss on disposal of assets of \$230,430.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

(5) CAPITAL ASSETS (CONTINUED)

Depreciation expense of \$1,140,316 for the year ended December 31, 2020, was charged to fire protection expenditures.

(6) LONG-TERM DEBT

	<u>Balance at</u> <u>12/31/19</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>12/31/20</u>	<u>Due Within</u> <u>One Year</u>
Limited tax certificates of indebtedness Series 2014, interest rate at 2.14%, maturing on March 1, 2023.	\$ 1,420,000	\$ -	\$ 340,000	\$ 1,080,000	\$ 350,000
Total debt	<u>\$ 1,420,000</u>	<u>\$ -</u>	<u>\$ 340,000</u>	<u>\$ 1,080,000</u>	<u>\$ 350,000</u>

Following is a summary of future principal and interest requirements:

<u>Year</u> <u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 350,000	\$ 19,367	\$ 369,367
2022	360,000	11,770	371,770
2023	370,000	3,959	373,959
	<u>\$ 1,080,000</u>	<u>\$ 35,096</u>	<u>\$ 1,115,096</u>

Interest costs incurred and charged to expense for the year ended December 31, 2020 was \$26,750.

(7) PENSION PLAN

All full-time employees of the District are members of the Louisiana Firefighters' Retirement System (the System), a cost-sharing, and multiple-employer defined benefit plan administered by a separate board of trustees.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

(7) PENSION PLAN (CONTINUED)

Membership in the System is mandatory for all full-time firefighters employed by a municipality, parish or fire district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit payable monthly for life, equal to three and one-third percent of their final average salary for each year of creditable service, not to exceed 100 percent 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 stated above and do not withdraw their employee contributions may retire at or after age 55 (or at or after 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 by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Louisiana Firefighters' Retirement System, Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling, (225) 925-4060.

Funding Policy

For the twelve months ended December 31, 2020, members of the System are required to contribute 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate. At December 31, 2020, the employer contribution rate was 32.25% above poverty and 34.25% below poverty.

The contribution requirements of plan members and the District are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

Contributions

According to state statute, for the System, contribution requirements for all employees are actuarially determined each year. State statute requires covered employees to contribute a percentage of their salaries to the System. The actual employer contribution rate and the actuarially determined employer contribution differ due to state statutes that require the contribution rate be calculated and set two years prior to the year effective.

The amount of the District's employer contributions to the System for the year ended December 31, 2020 was \$2,852,533. The District's covered payroll for the System for the year ended December 31, 2020 was \$9,499,304. The amount that the District recognized as revenue or netted in expense from non-employer contributing entities was \$1,057,038.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

(7) PENSION PLAN (CONTINUED)

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

At December 31, 2020, the District reported a liability totaling \$26,151,038 for its proportionate share of the net pension liability for the System. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The District's proportion of the Net Pension Liability was based on the District's historical contributions to the Plan relative to the historical contributions of all participating employers. At June 30, 2020, the District's proportion was 3.772755% for the System, which was a decrease of 0.087394% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the District recognized pension expense totaling \$4,653,372. Added to pension expense is the employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions totaling \$166,346 for the System.

For the year ended December 31, 2020, the District recognized revenue from ad valorem taxes and revenue sharing funds received by the System. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities totaling \$1,057,038.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,673,140
Change in assumptions	2,527,980	-
Net difference between projected and actual earnings on pension plan investments	2,879,912	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	571,863	683,223
Employer contributions subsequent to the measurement date	<u>1,551,413</u>	<u>-</u>
Total	<u>\$ 7,531,168</u>	<u>\$ 2,356,363</u>

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

(7) PENSION PLAN (CONTINUED)

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

Employer contributions subsequent to the measurement date totaling \$1,551,412 and reported as deferred outflows of resources will be recognized as a reduction of the Net Pension Liability in the next fiscal year 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:

2021	\$ 544,849
2022	1,140,036
2023	1,133,693
2024	668,776
2025	143,029
2026	<u>(6,991)</u>
Total	<u>\$ 3,623,392</u>

Actuarial Assumptions

Assumptions were based on an experience study for the period July 1, 2014 – June 30, 2019. The total pension liability in the June 30, 2020 actuarial valuation for the System was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

(7) PENSION PLAN (CONTINUED)

Mortality Rate

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

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

Long-term Expected Real Rate of Return

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

Best estimates of real rates of return for each major asset class included in FRS' target asset allocation as of June 30, 2020 are summarized in the following table:

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

(7) PENSION PLAN (CONTINUED)

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
U.S. core fixed income	26.0%	1.0%
Emerging market debt	5.0%	3.40%
U.S. equity	26.0%	5.72%
Non-U.S. equity	12.0%	6.24%
Global equity	10.0%	6.23%
Emerging market equity	6.0%	8.61%
Real estate	6.0%	4.20%
Private equity	<u>9.0%</u>	<u>10.29%</u>
Totals	<u>100.0%</u>	<u>5.41%</u>
Inflation		2.50%
Expected arithmetic nominal return		7.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the Net Pension Liability	\$ 37,774,915	\$ 26,151,038	\$ 16,448,531

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

(7) PENSION PLAN (CONTINUED)

Retirement System Audit Report

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

(8) OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The St. Tammany Parish Fire Protection District No. 1 (the Fire District) provides certain continuing health care and life insurance benefits for its retired employees. The St. Tammany Parish Fire Protection District No. 1's Other Post-Employment Benefits Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the Fire District. Substantially all employees are eligible for retirement benefits, and at age 65, are eligible for other post-employment benefits. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the Fire District. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 *Postemployment Benefits Other Than Pensions—Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit*.

Benefits Provided

Medical and life insurance benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement. The employees are covered by a retirement system whose retirement eligibility requirements are age 55 and 12 years of service, age 50 and 20 years of service or completion of 25 years of service at any age. At retirement, the employer pays the first \$250 of retiree only medical benefits, ceasing upon the employee's Medicare eligibility.

Life insurance coverage is provided to retirees and retirees pay 100% of the blended rate (active and retired) is paid by the employee. A level amount of insurance coverage is provided after retirement until reductions at age 65, 70, and 75.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

(8) OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefit payments	57
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>173</u>
	<u>230</u>

Total OPEB Liability

The Fire District's total OPEB liability of \$6,197,780 was measured as of December 31, 2020 and was determined by an actuarial valuation as of that date. The amount paid by the employer for OPEB as the benefits came due during the reporting period totaled \$200,067.

Actuarial Assumptions and other inputs

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

Inflation	2.0%
Salary increases	3.0%
Discount rate	2.74% annually (Beginning of Year to Determine ADC) 2.12%, annually (As of End of Year Measurement Date)
Healthcare cost trend rates	5.5% annually until year 2030, then 4.5%

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

Mortality rates were based on the RP-2000 Combined Table was used.

Employees who receive active benefits are assumed to also receive retiree benefits. It is also assumed that the same percentage of employees with spouse coverage would also have spouse coverage as retirees.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of ongoing evaluations of the assumptions from January 1, 2010 to December 31, 2020.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

(8) OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions and other inputs (continued)

No assets are accumulated in a trust that meets the criteria in GASB No 75 paragraph 4, to pay related benefits, and information about factors that significantly affect trends in the amount reported, for example, changes in benefit terms, changes in population, or changes in assumptions used.

Changes in the Total OPEB Liability

Balance at December 31, 2019	\$ 7,209,616
Changes for the year:	
Service cost	335,157
Interest	202,135
Differences between expected and actual experience	(747,008)
Changes in assumptions	(602,053)
Benefit payments and net transfers	(200,067)
Changes of benefit terms	<u>-</u>
Net changes	<u>(1,011,836)</u>
Balance at December 31, 2020	<u>\$ 6,197,780</u>
Covered-employee payroll	<u>\$ 6,578,232</u>

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 7,062,363	\$ 6,197,780	\$ 5,471,892

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

(8) OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the Total OPEB Liability to Healthcare Cost Trend Rates

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 5,508,180	\$ 6,197,780	\$ 7,027,505

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

For the year ended December 31, 2020, the Fire District recognized OPEB expense of \$520,826. At December 31, 2020, the Fire District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 856,876	\$ 551,882
Differences between expected and actual experience	<u>198,633</u>	<u>684,757</u>
Total	<u>\$ 1,055,509</u>	<u>\$ 1,236,639</u>

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

Years ending June 30:

2021	\$ (16,466)
2022	(16,466)
2023	(16,466)
2024	(16,466)
2025	(16,466)
Thereafter	<u>(98,801)</u>
Total	<u>\$ (181,130)</u>

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

(9) CONSTRUCTION COMMITMENT

On June 8, 2020, the District entered into a construction contract with a contractor for its training academy. The contract totaled \$294,000, and change orders of \$13,652 have been approved. As of December 31, 2020, the District has paid \$275,058 under the terms of the contract and has \$32,594 remaining, including retainage of \$30,562.

(10) RISKS AND UNCERTAINTIES

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

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. There has been no immediate impact to the District's operations, but the future impacts remain uncertain.

REQUIRED SUPPLEMENTAL INFORMATION (PART II)

ST. TAMMANY FIRE PROTECTION DISTRICT NO. 1
SLIDELL, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	General Fund		
	Budgeted Amounts	Non-GAAP Budgetary Basis	Variance Favorable (Unfavorable)
<u>GENERAL REVENUES:</u>			
Property taxes	\$ 18,932,454	\$ 21,027,707	\$ 2,095,253
Parcel fee	1,207,308	1,230,479	23,171
Fire insurance rebate	350,000	381,213	31,213
State revenue sharing	475,000	497,158	22,158
State supplemental pay	-	-	-
Interest income	300,000	423,486	123,486
Miscellaneous	160,000	182,433	22,433
Total general revenues	21,424,762	23,742,476	2,317,714
<u>EXPENDITURES/EXPENSES:</u>			
Current for fire protection:			
Salaries and related expenses	13,597,890	13,507,553	90,337
Repairs and maintenance	1,151,500	1,342,374	(190,874)
Deduction from ad valorem taxes for pension	-	31,594	(31,594)
Fire fighting equipment, supplies and related expenses	1,306,130	909,363	396,767
Legal and professional services	476,250	413,973	62,277
Insurance	3,138,663	2,409,383	729,280
Office supplies	90,000	76,183	13,817
Telephone and utilities	218,000	169,479	48,521
Training expenses	397,719	305,517	92,202
Miscellaneous	53,500	139,653	(86,153)
Total current fire protection expenditures/expenses	20,429,652	19,305,072	1,124,580
Capital outlay	2,613,421	1,533,728	1,079,693
Debt service:			
Principal	340,000	340,000	-
Interest	26,750	26,750	-
Total debt service expenditures/expenses	366,750	366,750	-
Total expenditures/expenses	23,409,823	21,205,550	2,204,273
Net change in fund balance	(1,985,061)	2,536,926	4,521,987
Beginning of the year	30,904,904	30,904,904	
End of the year	\$ 28,919,843	\$ 33,441,830	

(See Independent Auditors' Report)

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE SEVEN YEARS ENDING DECEMBER 31, 2020*

		<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
<u>Louisiana Firefighters' Retirement System</u>								
District's Proportion of the Net Pension Liability		3.772755%	3.860149%	3.767457%	3.803541%	3.753668%	3.838968%	3.693880%
District's Proportionate Share of the Net Pension Liability	\$	26,151,038	\$ 24,171,906	\$ 21,670,706	\$ 21,801,323	\$ 24,552,382	\$ 20,719,342	\$ 16,437,446
District's Covered-Employee Payroll		9,387,722	9,323,610	\$ 8,961,973	\$ 8,875,186	\$ 8,476,204	\$ 8,162,706	\$ 7,614,345
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll		278.57%	259.25%	241.81%	245.64%	289.66%	253.83%	215.87%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		72.61%	73.96%	74.76%	73.55%	68.16%	72.45%	76.02%

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

**The amounts presented have a measurement date of June 30, 2020, 2019, 2018, 2017, 2016, 2015, and 2014, respectively.*

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
SCHEDULE OF CONTRIBUTIONS - RETIREMENT PLAN
FOR THE SEVEN YEARS ENDING DECEMBER 31, 2020

	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
<u>Louisiana Firefighters' Retirement System</u>							
Contractually Required Contribution	\$ 2,852,533	\$ 2,545,706	\$ 2,428,720	\$ 2,309,511	\$ 2,278,318	\$ 2,338,762	\$ 2,302,838
Contributions in Relation to the Contractually Required Contribution	<u>(2,852,533)</u>	<u>(2,545,706)</u>	<u>(2,428,720)</u>	<u>(2,309,511)</u>	<u>(2,277,038)</u>	<u>(2,337,342)</u>	<u>(2,302,812)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,280</u>	<u>\$ 1,420</u>	<u>\$ 26</u>
District's Covered-Employee Payroll	\$ 9,499,304	\$ 9,399,270	\$ 9,164,982	\$ 8,927,750	\$ 8,681,369	\$ 8,280,390	\$ 8,008,458
Contributions as a Percentage of Covered-Employee Payroll	30.03%	27.08%	26.50%	25.87%	26.23%	28.23%	28.75%

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
FOR THE TWO YEARS ENDED DECEMBER 31, 2020

	<u>12/31/2020</u>	<u>12/31/2019</u>
Total OPEB Liability:		
Service cost	\$ 335,157	\$ 233,695
Interest	202,135	238,776
Differences between expected and actual experience	(747,008)	234,748
Changes of assumptions	(602,053)	1,012,672
Benefit payments	<u>(200,067)</u>	<u>(217,238)</u>
Net change in total OPEB liability	(1,011,836)	1,502,653
Total OPEB liability - beginning	<u>7,209,616</u>	<u>5,706,963</u>
Total OPEB liability - ending	<u>\$ 6,197,780</u>	<u>\$ 7,209,616</u>
Covered-employee payroll	\$ 6,578,232	\$ 6,962,670
Total OPEB liability as a percentage of covered employee payroll	94.22%	103.55%

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

See Independent Auditors' Report

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
DECEMBER 31, 2020

(1) BUDGETARY COMPARISON SCHEDULE

The District published the proposed budget for the General Fund in the St. Tammany Farmer on October 23, 2019, October 30, 2019, and November 6, 2019. A public hearing was held on November 19, 2019 and the board adopted the budget on December 17, 2019. The budget is prepared using the cash basis of accounting. All appropriations lapse at year end. Formal budget integration within the accounting records is employed as a management control device during the year. The board also reviews budget versus actual reports on a monthly basis. Changes or amendments are made upon approval of the board.

The Actual on Budgetary Basis amounts reflect the modified accrual basis of accounting, except that state supplemental pay for fire fighters (\$925,617) is not treated as budgeted revenues and expenditures in the General Fund.

(2) PENSION PLAN SCHEDULES

Changes of Benefit Terms

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

Changes of Assumptions

For the year ended December 31, 2020 (measurement date of June 30, 2020), the Firefighter's Retirement System inflation rate assumption stayed at 2.50% annually, and the real investment rate of return was lowered from 7.15% to 7.00%. The salary increase assumptions range went from (14.75%-4.5%) to (14.10%-5.20%).

For the year ended December 31, 2019 (measurement date of June 30, 2019), the Firefighter's Retirement System inflation rate assumption was lowered from 2.700% to 2.500% annually, and the real investment rate of return was lowered from 7.30% to 7.15%.

For the year ended December 31, 2018, the Firefighter's Retirement System's inflation rate assumption was lowered to 2.00%, and the discount rate, or investment rate of return, assumption was lowered from 7.40% to 7.30%.

There were no changes of assumptions during 2017.

For the year ended December 31, 2016, the Firefighter's Retirement System inflation rate assumption was lowered to 2.875% annually, and the salary increase range assumption was lowered to 4.75% - 15.0%.

For the year ended December 31, 2015, the Firefighter's Retirement System inflation rate assumption was lowered from 3% to 2.875% annually, and the salary increase range assumption was lowered from 5.5% - 15.0% to 4.75% - 15.0%.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
DECEMBER 31, 2020

(3) OTHER POST-EMPLOYMENT BENEFITS SCHEDULE

Change of Benefit Terms

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

Changes of Assumptions

For the year ended December 31, 2020, the other post-employment benefits changed its assumptions related to trends, mortality and discount rates. These changes had a cumulative effect of \$(602,053).

OTHER SUPPLEMENTAL INFORMATION

ST. TAMMANY FIRE PROTECTION DISTRICT NO. 1
SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS
FOR THE YEAR ENDED DECEMBER 31, 2020

Board members serve without compensation

(See Independent Auditors' Report)

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO.1
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Chief Chris Kaufmann</u>	
Salary	\$	137,395
Benefits - insurance (health, life and dental)		7,294
Benefits - retirement FFRS		26,558
Cell phone allowance		936
Membership dues		<u>125</u>
Total compensation, benefits, and other payments	\$	<u><u>172,308</u></u>

**OTHER REPORTING REQUIRED BY
GOVERNMENT AUDITING STANDARDS**



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

To the Board of Commissioners
St. Tammany Parish Fire Protection District No. 1
Slidell, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of St. Tammany Parish Fire Protection District No. 1 (the District), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the St. Tammany Parish Fire Protection District No. 1's basic financial statements, and have issued our report thereon dated June 22, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered St. Tammany Parish Fire Protection District No. 1's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of St. Tammany Parish Fire Protection District No. 1's internal control. Accordingly, we do not express an opinion on the effectiveness of the St. Tammany Parish Fire Protection District No. 1's internal control.

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

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

To the Board of Commissioners
St. Tammany Parish Fire Protection District No. 1
June 22, 2021

Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. Tammany Parish Fire Protection District No. 1's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

June 22, 2021
Mandeville, Louisiana

Erickson Krentel, LLP
Certified Public Accountants

ST. TAMMANY FIRE PROTECTION DISTRICT NO. 1
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2020

SECTION I SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of the St. Tammany Parish Fire Protection District No. 1.
2. No significant deficiencies in internal control relating to the audit of the financial statements were reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the St. Tammany Parish Fire Protection District No. 1 were reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
4. No management letter was issued for the year ended December 31, 2020.

SECTION II FINANCIAL STATEMENT FINDINGS

There were no findings related to the financial statements for the year ended December 31, 2020.

ST. TAMMANY FIRE PROTECTION DISTRICT NO. 1
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2020

SECTION II FINANCIAL STATEMENT FINDINGS

There were no findings related to the financial statements for the year ended December 31, 2019.



June 22, 2021

To the Board of Commissioners of
St. Tammany Parish Fire Protection District No. 1
Slidell, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discreetly presented component units, each major fund and the aggregate remaining fund information of St. Tammany Parish Fire Protection District No. 1 for the year ended December 31, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standard* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 12, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by St. Tammany Parish Fire Protection District No. 1 are described in Note 1 to the financial statements. The application of existing policies was not changed during 2020. We noted no transactions entered into by the St. Tammany Parish Fire Protection District No. 1 during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting St. Tammany Parish Fire Protection District No. 1's financial statements were:

Management's estimate of the depreciation expense is based on historical information regarding asset life and usefulness. We evaluated the key factors and assumptions used to develop this expense in determining that it is reasonable in relation to the financial statements taken as a whole.



St. Tammany Parish Fire Protection District No. 1

Mandeville, Louisiana

June 22, 2021

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Management's estimate of the unavailable revenue - ad valorem and parcel fee revenue is based on the measurability and availability of ad valorem tax receivable within 60 days subsequent to year end. We evaluated the key factors and assumptions used to calculate this receivable in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of pension liability is based on estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Assumptions include investment rate of return, projected salary increases, mortality rates, expected remaining service lives and cost of living adjustments. We evaluated the key factors and assumptions used to calculate this expense in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 22, 2021.



St. Tammany Parish Fire Protection District No. 1

Mandeville, Louisiana

June 22, 2021

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Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the St. Tammany Parish Fire Protection District No. 1’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the St. Tammany Parish Fire Protection District No. 1’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management’s discussion and analysis, budgetary comparison information, schedules of compensation paid to board members and agency head, schedule of the proportionate share of the net pension liability, schedule of contributions – retirement plan, and schedule of OPEB funding progress which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Schedule of Compensation, Benefits, and Other Payments to Agency Head, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.



ERICKSEN KRENTEL LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

St. Tammany Parish Fire Protection District No. 1

Mandeville, Louisiana

June 22, 2021

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This information is intended solely for the information and use of the Board of Commissioners and management of St. Tammany Parish Fire Protection District No. 1 and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Ericksen Krentel, LLP

Certified Public Accountants