

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

Annual Financial Statements

December 31, 2021



Contents

Independent Auditor's Report	1 - 3
-------------------------------------	-------

Required Supplementary Information (Part I)

Management's Discussion and Analysis	5 - 8
--------------------------------------	-------

Basic Financial Statements

Government-Wide Financial Statements	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements	
Governmental Funds	
Balance Sheet	13
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	14
Statement of Revenues, Expenditures, and Changes in Fund Balance	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	16
Notes to Financial Statements	17 - 30

Required Supplementary Information (Part II)

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Cash Basis) - General Fund	32 - 33
Schedule of District's Proportionate Share of the Net Pension Liability	34
Schedule of District's Contributions	35

Other Supplementary Information

Schedule of Governing Board	37
Schedule of Compensation, Benefits, and Other Payments to Agency Head	38

Contents (Continued)

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	39 - 40
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------

Schedule of Findings and Responses	41 - 42
-------------------------------------------	---------

Summary Schedule of Prior Year Findings	43
------------------------------------------------	----

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of St. Tammany Parish Fire Protection District No. 7 (the District), a component unit of St. Tammany Parish, Louisiana, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, beginning on page 5, the budgetary comparison schedule on pages 32 and 33, and the pension schedules on pages 34 and 35 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in the appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of governing board and the schedule of compensation, benefits, and other payments to agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of governing board and the schedule of compensation, benefits, and other payments to agency head are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 9, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



A Professional Accounting Corporation

Covington, LA
April 9, 2022

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

Management's Discussion and Analysis

Our discussion and analysis of St. Tammany Parish Fire Protection District No. 7's (the District) financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2021.

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

Financial Highlights

The financial statements included in this report provide insight into the financial status for the year-end. Based upon the 2021 operations, the District's net position increased by \$80,734 and resulted in an ending net position of \$1,800,143.

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

Condensed Statements of Net Position

	2021	2020	Change
Current Assets	\$ 1,377,858	\$ 1,231,253	\$ 146,605
Capital Assets, Net	774,042	833,851	(59,809)
Total Assets	2,151,900	2,065,104	86,796
Deferred Outflows of Resources			
Pension	302,161	479,311	(177,150)
Current Liabilities	37,221	29,040	8,181
Non-Current Liabilities	251,752	736,955	(485,203)
Total Liabilities	288,973	765,995	(477,022)
Deferred Inflows of Resources			
Pension	364,945	59,011	305,934
Net Position			
Net Investment in Capital Assets	774,042	833,851	(59,809)
Unrestricted	1,026,101	885,558	140,543
Total Net Position	\$ 1,800,143	\$ 1,719,409	\$ 80,734

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

Management's Discussion and Analysis

Condensed Statements of Activities

	2021	2020	Change
Revenues			
Operating Grants and Contributions	\$ 20,294	\$ 29,788	\$ (9,494)
General Revenues	1,041,528	1,003,905	37,623
Total Revenues	1,061,822	1,033,693	28,129
Expenses			
Public Safety - Fire Protection	981,088	1,196,151	(215,063)
Total Expenses	981,088	1,196,151	(215,063)
Change in Net Position	80,734	(162,458)	243,192
Net Position, Beginning of Year	1,719,409	1,881,867	(162,458)
Net Position, End of Year	\$ 1,800,143	\$ 1,719,409	\$ 80,734

Total expenses for governmental activities were \$981,088 for the year, which was \$80,734 less than the taxes, grants, contributions, and investment earnings of \$1,061,822.

The interest earned on checking accounts was \$2,280 for the year.

Using this Annual Report

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

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

Management's Discussion and Analysis

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

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

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

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

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

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

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

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

The District's Funds

As previously mentioned, the District uses funds to help control and manage money for particular purposes. At the completion of the year, the District reported total fund balance of \$1,330,384. This reflects an increase of \$138,210 from last year.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

Management's Discussion and Analysis

General Fund Budgetary Highlights

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

Capital Assets

At the end of 2021, the District had \$774,042 invested in capital assets, including building, furniture, firefighting equipment, and vehicles, net of accumulated depreciation of \$2,213,651. More detailed information about the District's capital assets is presented in Note 5 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Taking all factors into consideration, the District's General Fund balance is expected to remain unchanged by the close of 2022.

Contacting the District's Financial Management

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

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7
Statement of Net Position
December 31, 2021

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 525,131
Receivables - Ad Valorem Taxes, Net	837,997
Receivables - State Revenue Sharing	14,730
Capital Assets, Net of Accumulated Depreciation	<u>774,042</u>
Total Assets	<u>2,151,900</u>
Deferred Outflows of Resources	
Deferred Outflows on Pension Obligation	<u>302,161</u>
Liabilities	
Accounts Payable	5,361
Accrued Expenses	31,860
Noncurrent Liabilities	
Net Pension Liability	<u>251,752</u>
Total Liabilities	<u>288,973</u>
Deferred Inflows of Resources	
Deferred Inflows on Pension Obligation	<u>364,945</u>
Net Position	
Net Investment in Capital Assets	774,042
Unrestricted	<u>1,026,101</u>
Total Net Position	<u><u>\$ 1,800,143</u></u>

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7
Statement of Activities
For the Year Ended December 31, 2021

Function/Program	Expenses	<u>Program Revenue</u> Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental Activities			
Public Safety - Fire Protection	\$ 981,088	\$ 20,294	\$ (960,794)
Total	<u>\$ 981,088</u>	<u>\$ 20,294</u>	<u>(960,794)</u>
General Revenues			
Ad Valorem Taxes			930,546
Fire Insurance Premium Tax			30,934
Other Income			26,702
State Revenue Sharing			22,095
Cell Tower Lease			16,721
Intergovernmental Revenue			12,250
Interest			<u>2,280</u>
Total General Revenues			<u>1,041,528</u>
Change in Net Position			80,734
Net Position, Beginning of Year			<u>1,719,409</u>
Net Position, End of Year			<u>\$ 1,800,143</u>

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

**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS**

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7
Balance Sheet
Governmental Funds
December 31, 2021

	General Fund
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Assets	
Cash and Cash Equivalents	\$ 525,131
Receivables - Ad Valorem Taxes, Net	837,997
Receivables - State Revenue Sharing	<u>14,730</u>
Total Assets	<u><u>\$ 1,377,858</u></u>
Liabilities	
Accounts Payable	\$ 5,361
Accrued Expenses	<u>31,860</u>
Total Liabilities	<u>37,221</u>
Deferred Inflows of Resources	
Unavailable Ad Valorem Taxes	<u>10,253</u>
Fund Balance	
Assigned	50,503
Unassigned	<u>1,279,881</u>
Total Fund Balance	<u>1,330,384</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u><u>\$ 1,377,858</u></u>

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7
Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
December 31, 2021

Total Fund Balance	\$ 1,330,384
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>	774,042
<p>Deferred inflows of resources - unavailable ad valorem taxes are not reported on government-wide financial statements.</p>	10,253
<p>In accordance with GASB Statement No. 68, the net pension liability related to pension plans, deferred outflows of resources, and deferred inflows of resources are not recorded in the governmental funds:</p>	
<p>Net Pension Liability</p>	(251,752)
<p>Deferred Outflows of Resources</p>	302,161
<p>Deferred Inflows of Resources</p>	<u>(364,945)</u>
<p>Net Position of Governmental Activities</p>	<u>\$ 1,800,143</u>

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2021

	General Fund
Revenues	
Ad Valorem Taxes	\$ 930,332
Fire Insurance Premium Tax	30,934
Other Income	26,702
State Revenue Sharing	22,095
Cell Tower Lease	16,721
Intergovernmental Revenue	12,250
Interest	2,280
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Total Revenues	1,041,314
Expenditures	
Public Safety - Fire Protection	
Salaries and Benefits	641,949
Insurance	65,660
Repairs	37,146
Professional Services	21,926
Utilities	21,780
Dispatching	18,745
Fuel	17,483
Firefighting Supplies	11,587
Office	7,588
Other	4,932
Telephone	4,648
Training	1,407
Capital Outlay	48,253
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Total Expenditures	903,104
Net Change in Fund Balance	138,210
Fund Balance, Beginning of Year	1,192,174
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Fund Balance, End of Year	\$ 1,330,384
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The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balance of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2021

Net Change in Fund Balance - Total Governmental Funds	\$ 138,210
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(59,809)
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Governmental funds report retirement contributions as expenditures, but pension expense on the statement of activities includes the change in net pension liability as well as the change in deferred inflows and outflows of resources related to pensions.	2,119
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Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds:

Change in Unavailable Ad Valorem Taxes	214
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Change in Net Position of Governmental Activities	\$ 80,734
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The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Reporting Entity

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

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

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

Basis of Presentation

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

Government-Wide Financial Statements

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

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

Fund Financial Statements

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

The District reports the following major governmental fund:

General Fund

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

Measurement Focus / Basis of Accounting

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

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus / Basis of Accounting (Continued)

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

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

Budgets and Budgetary Accounting

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

The District's General Fund expenditures of \$895,135 (budgetary basis) were \$15,327 less than its budgeted expenditures of \$910,462.

Cash and Cash Equivalents and Investments

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

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

Receivables

All receivables are reported net of estimated uncollectible amounts. The allowance for uncollectible ad valorem taxes was \$18,964, which represents 2% of the total ad valorem tax receivable at December 31, 2021. This estimate is based on the District's history of collections within this revenue stream.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Deferred Outflows / Inflows of Resources

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

Capital Assets

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

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

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

Depreciation expense amounted to \$108,062 for the year ended December 31, 2021.

Estimates

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

Pensions

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Equity Classifications

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

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

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

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

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

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Recently Accounting Pronouncements - Adopted

In the current year, the District adopted GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of GASB 89 are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. The adoption of this standard did not have an impact on the financial statements or the notes to the financial statements.

Recent Accounting Pronouncements - Not Yet Adopted

The GASB issued Statement No. 87, *Leases*. The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponing the effective date of GASB 87 to reporting periods beginning after June 15, 2021.

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

The GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. This Statement amends Questions 4.3 and 4.5 of Implementation Guide 201-2. The requirements of this Statement related to the accounting and financial reporting for Internal Revenue Code Section 457 plans are effective for fiscal years beginning after June 15, 2021.

Note 2. Ad Valorem Taxes

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

Notes to Financial Statements

Note 2. Ad Valorem Taxes (Continued)

The following is a summary of authorized and levied ad valorem taxes for 2021:

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

Note 3. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents (carrying value) at December 31, 2021:

Unrestricted Demand Deposits	<u>\$ 525,131</u>
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These deposits are stated at cost, which approximates market.

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

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure the District's deposits may not be recovered. The District does not have a policy for custodial risk. At December 31, 2021, the District had \$543,469 in deposits (collected bank balances) of which \$-0- was exposed to custodial credit risk. This is due to the District's bank offering Insured Cash Sweep (ICS) service, in which the District's deposits are placed into accounts with various Federal Deposit Insurance Corporation (FDIC) insured institutions, ensuring there are no deposits with a single institution above the FDIC maximum of \$250,000

Note 4. Fire Insurance Premium Tax

The District is eligible and receives a pro rata share of the fire insurance premium taxes collected by the State of Louisiana, in accordance with R.S. 22:345. The amounts received by the District are based on the population of the areas that it serves. In accordance with the Revised Statutes, such money shall be used only for the purpose of "rendering more efficient and efficacious" fire protection, as the District shall direct. For the year ended December 31, 2021, the District received \$30,934 of such funds.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

Notes to Financial Statements

Note 5. Capital Assets

Capital assets activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 28,400	\$ -	\$ -	\$ 28,400
Capital Assets Being Depreciated				
Buildings and Improvements	688,174	-	-	688,174
Firefighting and Rescue Vehicles	1,499,851	-	-	1,499,851
Firefighting Equipment	549,243	45,981	-	595,224
Computer Equipment	52,554	923	-	53,477
Station Equipment	121,218	1,349	-	122,567
Total Capital Assets Being Depreciated	2,911,040	48,253	-	2,959,293
Less Accumulated Depreciation for:				
Buildings and Improvements	(360,030)	(14,082)	-	(374,112)
Firefighting and Rescue Vehicles	(1,108,978)	(62,342)	-	(1,171,320)
Firefighting Equipment	(474,685)	(29,366)	-	(504,051)
Computer Equipment	(50,920)	(461)	-	(51,381)
Station Equipment	(110,976)	(1,811)	-	(112,787)
Total Accumulated Depreciation	(2,105,589)	(108,062)	-	(2,213,651)
Total Capital Assets Being Depreciated, Net	805,451	(59,809)	-	745,642
Capital Assets, Net	\$ 833,851	\$ (59,809)	\$ -	\$ 774,042

Note 6. Louisiana Firefighters' Retirement System Pension

The District began participating in the Firefighters' Retirement System of Louisiana (the System) in September 2016.

Plan Description and Provisions

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

Notes to Financial Statements

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

Eligibility Requirements

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

Retirement Benefits

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

Deferred Retirement Option Plan

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

Notes to Financial Statements

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

Initial Benefit Option Plan

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

Employer and Non-Employer Contributions

Employer contributions are actuarially determined each year. For the plan year ended June 30, 2021, employer and employee contributions for members above the poverty line were 32.25% and 10.00%, respectively. For the plan year ending June 30, 2022, employer and employee contributions for members above the poverty line are 33.75% and 10.00%, respectively.

According to state statute, the System receives insurance premium assessments from the State of Louisiana. The assessment is considered support from a non-employer contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions were recognized as revenue during the year ended December 31, 2021 and excluded from pension expense. Non-employer contributions made to the System on behalf of the District during the year ended December 31, 2021 were \$20,294.

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

At December 31, 2021, the District reported a liability of \$251,752 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and was determined by actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all governments, actuarially determined. At June 30, 2021, the District's proportion was .071039%.

For the year ended December 31, 2021, the District recognized pension expense of \$65,332. At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources relative to its pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 3,593	\$ 22,608
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	152,778
Changes in Proportion	213,861	189,559
Changes in Assumptions	54,553	-
District Contributions Subsequent to the Measurement Date	30,154	-
Total	\$ 302,161	\$ 364,945

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

Notes to Financial Statements

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

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

In the year ending December 31, 2022, \$30,154 reported as deferred outflows of resources related to the District's contributions subsequent to the measurement date will be recognized. Other amounts reported as deferred inflows of resources and deferred outflows of resources will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2022	\$ 25,906
2023	24,634
2024	(25,315)
2025	(64,719)
2026	(27,098)
2027	<u>(26,346)</u>
Total	<u>\$ (92,938)</u>

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining net pension liability as of December 31, 2021 are as follows:

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Expected Remaining Service Lives	7 Years
Investment Return	6.90%
Inflation Rate	2.50%
Salary Increases	Vary from 14.10% in the first 2 years of service and 5.20% with 3 or more years of service
Cost-of-Living Adjustments	Only those previously granted

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

Notes to Financial Statements

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

Actuarial Assumptions (Continued)

Actuarial assumptions utilized in the Employer Pension Report for fiscal year 2021 are based on the results of an actuarial experience study for the period July 1, 2014 through June 30, 2019, unless otherwise specified.

The mortality rate assumptions were updated in fiscal year 2021 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 active members, annuitants and beneficiaries, and disabled retirees, mortality was set equal to rates set in the Pub-2010 Public Retirement Plans mortality tables. 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.

The June 30, 2021 estimated long-term expected rate of return on pension plan investments was determined by the System's actuary using the System's target allocation as of January 2021 and the G.S. Curran & Company Consultant Average Study for 2021. The Consultant Average Study included projected nominal rates of return, standard deviations of returns, and correlations of returns for a list of common asset classes collected from a number of investment consultants and investment management firms. Using the target asset allocation for the System and the average values for expected real rates of returns, standard deviation of returns, and correlation of returns, an arithmetic expected nominal rate of return and standard deviation for the portfolio was determined. Subsequent to the actuary's calculation of the long-term expected real rate of return in January 2021, the Board voted to amend the target asset allocation. These changes include an increase to target weight in public equity, a decrease in the target weight in fixed income, and the inclusion of a target weight in private real assets. The changes to the target asset allocation are reflected in the table below. The System's long-term assumed rate of inflation of 2.50% was used in this process. The discount rate used to measure the total pension liability was 6.90%.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

Notes to Financial Statements

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

Actuarial Assumptions (Continued)

Best estimates of arithmetic real rates of return for each major class included in the System's target asset allocation as of June 30, 2021 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Equity		
U.S. Equity	27.5%	5.86%
Non-U.S. Equity	11.5%	6.44%
Global Equity	10.0%	6.40%
Emerging Market Equity	7.0%	8.64%
Fixed Income		
U.S. Core Fixed Income	18.0%	0.97%
U.S. TIPS	3.0%	0.40%
Emerging Market Debt	5.0%	2.75%
Multi-Asset Strategies		
Global Tactical Asset Allocation	0.0%	4.17%
Risk Parity	0.0%	4.17%
Alternatives		
Private Equity	9.0%	9.53%
Real Estate	6.0%	5.31%
Real Assets	3.0%	***
	100.0%	

*** Subsequent to the actuary's calculation of the long-term expected real rate of return in January 2021, the Board voted to amend the target asset allocation (which included a target weight in private real assets).

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

Notes to Financial Statements

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

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the District using the discount rate of 6.90% as well as what the liability would be if it were calculated using a discount rate that is one percentage point lower (5.90%) or one percentage point higher (7.90%) than the current rate as of June 30, 2021:

	1% Decrease (5.90%)	Current Discount Rate	1% Increase (7.90%)
District's Proportionate Share of the Net Pension Liability	\$ 482,967	\$ 251,752	\$ 58,921

Note 7. Deferred Compensation Plan

One employee of the District participates in the Louisiana Public Employees' Deferred Compensation Plan (the Plan) adopted under the provisions of the Internal Revenue Code, Section 457. Complete disclosures relating to the Plan are included in the separately issued audit report for the Plan, available from the Louisiana Legislative Auditor, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397.

Note 8. Risk Management

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

Note 9. On-Behalf Payments by the State of Louisiana

For the year ended December 31, 2021, the State of Louisiana made on-behalf payments in the form of supplemental pay to two full-time District firemen. In accordance with GASB Statement No. 24, the District has recorded \$12,250 of on-behalf payments as revenue and salary expense.

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7
Schedule of Revenues, Expenditures, and Changes in Fund
Balance - Budget and Actual (Cash Basis) - General Fund
For the Year Ended December 31, 2021

	<u>Budgetary Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Ad Valorem Taxes	\$ 831,728	\$ 831,728	\$ 950,364	\$ 118,636
Fire Insurance Premium Tax	30,500	30,500	30,934	434
Other Income	16,000	16,000	26,702	10,702
State Revenue Sharing	14,000	14,000	22,201	8,201
Cell Tower Lease	16,234	16,234	16,721	487
Intergovernmental Revenue	-	-	12,250	12,250
Interest	2,000	2,000	2,280	280
Total Revenues	910,462	910,462	1,061,452	150,990
Expenditures				
Public Safety - Fire Protection				
Salaries and Benefits	666,469	666,469	638,824	27,645
Insurance	65,000	65,000	65,660	(660)
Repairs	60,000	60,000	35,313	24,687
Utilities	16,000	16,000	21,780	(5,780)
Professional Services	25,000	25,000	21,342	3,658
Dispatching	24,993	24,993	19,745	5,248
Fuel	16,000	16,000	17,483	(1,483)
Firefighting Supplies	10,000	10,000	11,587	(1,587)
Office	15,000	15,000	5,692	9,308
Telephone	4,500	4,500	4,648	(148)
Other	-	-	3,401	(3,401)
Training	3,500	3,500	1,407	2,093
Capital Outlay	4,000	4,000	48,253	(44,253)
Total Expenditures	910,462	910,462	895,135	15,327
Net Change in Fund Balance	\$ -	\$ -	166,317	\$ 166,317
Fund Balance, Beginning of Year			358,814	
Fund Balance, End of Year			\$ 525,131	

See independent auditor's report.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7
Schedule of Revenues, Expenditures, and Changes in Fund
Balance - Budget and Actual (Cash Basis) - General Fund (Continued)
For the Year Ended December 31, 2021

Note A. Reconciliation of Cash Basis to GAAP Basis

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

	Actual Amounts (Budgetary Basis)	Budget to GAAP Adjustments	Actual Amounts GAAP Basis
Revenues			
Ad Valorem Taxes	\$ 950,364	\$ (20,032)	\$ 930,332
Fire Insurance Premium Tax	30,934	-	30,934
Other Income	26,702	-	26,702
State Revenue Sharing	22,201	(106)	22,095
Cell Tower Lease	16,721	-	16,721
Intergovernmental Revenue	12,250	-	12,250
Interest	2,280	-	2,280
Total Revenues	1,061,452	(20,138)	1,041,314
Expenditures			
Public Safety - Fire Protection			
Salaries	638,824	3,125	641,949
Insurance	65,660	-	65,660
Repairs	35,313	1,833	37,146
Utilities	21,780	-	21,780
Professional Services	21,342	584	21,926
Dispatching	19,745	(1,000)	18,745
Fuel	17,483	-	17,483
Firefighting Supplies	11,587	-	11,587
Office	5,692	1,896	7,588
Telephone	4,648	-	4,648
Other	3,401	1,531	4,932
Training	1,407	-	1,407
Capital Outlay	48,253	-	48,253
Total Expenditures	895,135	7,969	903,104
Net Change in Fund Balance	166,317	(28,107)	138,210
Fund Balance, Beginning of Year	358,814	833,360	1,192,174
Fund Balance, End of Year	\$ 525,131	\$ 805,253	\$ 1,330,384

See independent auditor's report.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7
Schedule of District's Proportionate Share of the
Net Pension Liability
For the Year Ended December 31, 2021

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

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

See independent auditor's report.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7
Schedule of District's Contributions
For the Year Ended December 31, 2021

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

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

See independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7
Schedule of Governing Board
For the Year Ended December 31, 2021

Board of Commissioners	Compensation
Albert Hollie, Chairman 75309 Hollie Road Pearl River, LA 70452 (985) 863-9319	\$ 1,300
David Howell, Vice Chairman 73320 Bud Howell Road Pearl River, LA 70458 (985) 863-5587	\$ 1,200
Wilton Jerry Smith, Jr. 33150 Mike Slaughter Road Pearl River, LA 70452 (985) 768-1739	\$ 1,200
Gary Ranatza 31320 Vernon Tally Road Bush, LA 70431 (985) 774-0268	\$ 1,100
Chris Hnatyshyn 800 Camphill Drive Abita Springs, LA 70420 (504) 427-5130	\$ 900

See independent auditor's report.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7
Schedule of Compensation, Benefits and Other Payments
to Agency Head
For the Year Ended December 31, 2021

Agency Head
 Chief Gary Whitehead

Purpose	Amount
Salary	\$88,555 *
Benefits - Insurance	\$9,700 **
Benefits - Retirement	\$29,021 ***
Benefits - Other	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$1,200
Travel	\$0
Registration Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

* This amount represents gross salary, including State supplemental pay of \$6,000.

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

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

See independent auditor's report.

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

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of St. Tammany Parish Fire Protection District No. 7 (the District), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated April 9, 2022.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2021-001, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

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

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

Purpose of this Report

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



A Professional Accounting Corporation

Covington, LA
April 9, 2022

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7
Schedule of Findings and Responses
For the Year Ended December 31, 2021

Part I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

Not applicable.

Part II - Findings Related to the Financial Statements

2021-001 Inconsistency in Performance of Controls over Disbursements

Criteria: Consistent performance of controls over disbursements is critical to maintaining an effective system of internal control.

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

Cause: The cause of this condition appears to be inconsistent operation and application of controls over disbursements.

Effect: Failure to maintain consistent performance of controls over disbursements creates an environment in which there is potential for failure of management to prevent or detect misstatements on a timely basis.

Recommendation: The District should be consistent in following written policy, which currently states that the Fire Chief is to document his review and approval of all invoices before payment is made.

Management's Response: Management will review the disbursement process to identify the cause of inconsistencies and revise the process as necessary to ensure all controls are implemented and operating consistently.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7
Schedule of Findings and Responses (Continued)
For the Year Ended December 31, 2021

Part III - Compliance and Other Matters

Compliance

None.

Other Matter

None.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7
Summary Schedule of Prior Year Findings
For the Year Ended December 31, 2021

Part II - Findings Related to the Financial Statements

2020-01 Inconsistency in Performance of Controls over Disbursements

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

Status: Unresolved. See current year finding 2021-001.

2020-02 Dual Signature Authorization

Condition: While performing control testing procedures over disbursements, we noted several instances in which checks were only signed by one authorized board member. The District's written policy over purchasing and disbursements states that all checks must be signed by two authorized board members.

Status: Resolved.

AGREED-UPON PROCEDURES REPORT

St. Tammany Parish Fire Protection District No. 7

Independent Accountant's Report
on Applying Agreed-Upon Procedures

For the Period of January 1, 2021 - July 31, 2021

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

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified by the Louisiana Legislative Auditor's (LLA) Agreed-Upon Procedures (AUPs) in accordance with the authority of Act 774 of the 2014 Regular Legislative Session for the period from January 1, 2021 through July 31, 2021. St. Tammany Parish Fire Protection District No. 7's (the District) management is responsible for those C/C areas identified in the AUPs.

Management of St. Tammany Parish Fire Protection District No. 7, a component unit of St. Tammany Parish, Louisiana, has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified by the LLA's AUPs in accordance with the authority of Act 774 of the 2014 Regular Legislative Session for the period January 1, 2021 to July 31, 2021. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures (follow-up)

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to the entity's operations):
 - a) **Payroll/Personnel**, including (1) payroll processing and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Results: We obtained the District's written policies and procedures over payroll/personnel and observed that they addressed all of the above.

Bank Reconciliations (follow-up)

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

Results: We obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. We selected the District's main operating account and in addition 2 other bank accounts which comprise all accounts for the District. We performed procedures a, b, and c above for each account for a randomly selected month and noted no exceptions.

Ethics (follow-up)

1. Obtain a listing of employees (and elected officials) and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain ethics documentation from management, and:
 - a) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Results: We obtained a list of employees (and elected officials) from management and management's representation that the listing is complete. There was no documentation demonstrating the employee's verification of having read the ethics policy during the fiscal period for each of the selected employees/officials.

Sexual Harassment (follow-up)

1. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1st, and observe that it includes the applicable requirements of R.S. 42:344:
 - a) Number and percentage of public servants in the agency who have completed the training requirements;

- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

Results: We obtained the District's annual sexual harassment report for the current fiscal period and noted that it included all of the applicable requirements above.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

1. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
2. For each location selected under #1 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments. [Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]
3. For each location selected under #1 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
 - a) Observe that the disbursement matched the related original itemized invoice, and that documentation is present indicating deliverables included on the invoice were received by the entity.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #2, as applicable.

Results: Policies and procedures over non-payroll purchasing and disbursements functions do not include procedures to ensure employee processing payments does not mail checks. Two of the five disbursements selected for testing lacked evidence of segregation of duties as tested under #2. No other exceptions noted.

We were engaged by St. Tammany Parish Fire Protection District No. 7 to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified by the LLA AUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of St. Tammany Parish Fire Protection District No. 7 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon engagement.

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

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

A Professional Accounting Corporation

Covington, LA
August 2, 2022



St. Tammany Parish Fire Protection District 7

Fire Chief Gary C. Whitehead

73469 Highway 41 Pearl River La. 70452

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

August 10, 2022

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

RE: Act 774 Agreed-Upon Procedures

The management of St. Tammany Parish Fire Protection District No. 7 wishes to provide the following responses relative to the results of the 2021 Act 774 agreed-upon procedures engagement:

- 1) In response to the results of the Ethics section, we will review procedures and implement requirements to remain in compliance going forward.
- 2) In response to the results of the Non-Payroll Disbursements section, we will include procedures to ensure that the employee processing payments does not mail the checks and that all disbursements include evidence of segregation of duties.

Sincerely,


Board Chair


Fire Chief

St. Tammany Parish Fire Protection District No. 7

Gary L. Ranatza
Chairman

Chris Hnatyshyn
Vice-Chairman

Albert Hollie
Treasurer

David Howell
Commissioner

Shannon Thornhill
Commissioner