

**ST. TAMMANY PARISH
FIRE PROTECTION DISTRICT NO. 5**

Audit of Financial Statements

December 31, 2021



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Independent Auditor's Report

To the Board of Commissioners
St. Tammany Parish Fire Protection District No. 5
Folsom, 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. 5 (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 thereof 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 it 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 budgetary comparison schedule on page 28, and the pension schedules on pages 30 and 31 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.

Management has omitted the management's discussion and analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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 compensation, benefits, and other payments to agency head is 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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 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
May 4, 2022

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5
Statement of Net Position
December 31, 2021

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 428,254
Receivables - Ad Valorem Taxes, Net	931,237
Receivables - State Revenue Sharing	21,362
Capital Assets, Net of Accumulated Depreciation	967,801
	<hr/>
Total Assets	2,348,654
Deferred Outflows of Resources	
Pensions	355,303
	<hr/>
Liabilities	
Accounts Payable	22,122
Accrued Expenses	41,964
Accrued Interest	4,999
Capital Leases	
Due in One Year	51,487
Due in More than One Year	231,336
Compensated Absences	22,876
Net Pension Liability	390,090
	<hr/>
Total Liabilities	764,874
Deferred Inflows of Resources	
Pensions	281,752
	<hr/>
Net Position	
Net Investment in Capital Assets	684,978
Unrestricted	972,353
	<hr/>
Total Net Position	\$ 1,657,331
	<hr/> <hr/>

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5
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 Change in Net Position
Governmental Activities			
Public Safety - Fire Protection	\$ 1,153,718	\$ 31,446	\$ (1,122,272)
Interest on Long-Term Debt	6,102	-	(6,102)
Total	\$ 1,159,820	\$ 31,446	(1,128,374)
General Revenues			
Ad Valorem Taxes			1,088,287
Intergovernmental Revenues			
State Revenue Sharing			32,021
Fire Insurance Premium Tax			28,923
Supplemental Pay			24,000
Other Income			69,808
Interest Income			791
Total General Revenues			1,243,830
Change in Net Position			115,456
Net Position, Beginning of Year			1,541,875
Net Position, End of Year			\$ 1,657,331

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

**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS
GOVERNMENTAL FUNDS**

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5
Balance Sheet
Governmental Funds
December 31, 2021

	<u>General Fund</u>
Assets	
Cash and Cash Equivalents	\$ 428,254
Receivables - Ad Valorem Taxes, Net	931,237
Receivables - State Revenue Sharing	<u>21,362</u>
Total Assets	<u><u>\$ 1,380,853</u></u>
Liabilities	
Accounts Payable	\$ 22,122
Accrued Expenses	<u>41,964</u>
Total Liabilities	<u>64,086</u>
Deferred Inflows of Resources	
Unavailable Ad Valorem Taxes	<u>36,992</u>
Total Deferred Inflows of Resources	<u>36,992</u>
Fund Balance	
Unassigned	<u>1,279,775</u>
Total Fund Balance	<u>1,279,775</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u><u>\$ 1,380,853</u></u>

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2021

Total Fund Balance	\$ 1,279,775
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.	967,801
Deferred inflows of resources - unavailable ad valorem taxes are not reported on government-wide financial statements.	36,992
Deferred inflows of resources - pension used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	(281,752)
Deferred outflows of resources - pension used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	355,303
Long-term liabilities, including certificates of indebtedness, capital leases, and compensated absences, are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Accrued Interest	(4,999)
Accrued Compensated Absences Payable	(22,876)
Capital Leases	(282,823)
Net Pension Liability	<u>(390,090)</u>
Net Position of Governmental Activities	<u>\$ 1,657,331</u>

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2021

	<u>General Fund</u>
Revenues	
Ad Valorem Taxes	\$ 1,062,454
Intergovernmental Revenues	
State Revenue Sharing	32,021
Fire Insurance Premium Tax	28,923
Supplemental Pay	24,000
Other Revenue	69,808
Interest Income	<u>791</u>
Total Revenues	<u>1,217,997</u>
Expenditures	
Public Safety - Fire Protection	
Salaries and Benefits	758,196
Operations and Repairs	77,416
Insurance	51,607
Other	40,978
Professional Fees	24,842
Utilities	19,625
Dispatcher Fees	13,481
Training	8,798
Equipment and Supplies	2,891
Office Supplies	2,783
Lease Payment - Principal	49,130
Lease Payment - Interest	<u>7,991</u>
Total Expenditures	<u>1,057,738</u>
Net Change in Fund Balance	160,259
Fund Balance, Beginning of Year	<u>1,119,516</u>
Fund Balance, End of Year	<u>\$ 1,279,775</u>

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balance of the Governmental Funds to
the Statement of Activities
For the Year Ended December 31, 2021

Net Change in Fund Balance	\$ 160,259
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>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 outlay in the current period.</p>	(162,780)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds:</p>	
<p style="padding-left: 40px;">Change in Unavailable Ad Valorem Taxes</p>	25,833
<p>The issuance of long-term debt (e.g., certificates of indebtedness, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>	49,130
<p>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.</p>	46,379
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:</p>	
<p style="padding-left: 40px;">Change in Accrued Interest</p>	1,889
<p style="padding-left: 40px;">Change in Compensated Absences Payable</p>	(5,254)
<p style="padding-left: 80px;">Change in Net Position of Governmental Activities</p>	<u><u>\$ 115,456</u></u>

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Reporting Entity

St. Tammany Parish Fire Protection District No. 5 (the District) was created by St. Tammany Parish (the Parish), as provided by Louisiana Revised Statute (R.S.) 40:1492. The District was created to acquire, maintain, and operate buildings, machinery, equipment, water tanks, water hydrants, and water lines, and any other things necessary to provide proper fire prevention and control within the district limits. The administration of the District is governed by a Board of Commissioners (the Board) consisting of five members. Two members are appointed by St. Tammany Parish and two by the governing body of the Town of Folsom. The fifth member is selected by the other four members and serves as chairman. Vacancies are filled by the bodies making the original appointments.

The District operates four fire stations; however, only two are manned with district personnel. The District provides fire protection and emergency medical services to an area covering approximately 90 square miles. Fire protection services are provided by volunteers and approximately three full-time paid firefighters, and one full-time fire chief.

Governmental Accounting Standards Board Statement No. 14, *The Reporting Entity*, as amended, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the District is considered a component unit of St. Tammany Parish, which appoints two of the district board members and has the ability to impose its will on the Board. As a component unit, the accompanying financial statements are included within the reporting of the primary government, either blended into those financial statements or separately reported as a discrete component unit.

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 (GASB) 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. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District's funds are classified as governmental-type activities.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5

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.

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. Property 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. 5

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. The District considers all revenues available if they are collected within 60 days after the fiscal year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, state revenue sharing, and interest 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. The District considers ad valorem taxes to be available when collected by the St. Tammany Parish Sheriff. All other revenue items are considered to be measurable and available only when cash is received by the District.

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

Cash and Cash Equivalents and Investments

Cash includes amounts in demand deposits and money market accounts. Amounts in time deposits and those investments with original maturities of 90 days or less are considered to be cash equivalents. 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 market.

Receivables

All receivables are reported net of estimated uncollectible amounts. The allowance for uncollectible amounts was \$22,216, 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.

Capital Assets

Capital assets are reported in the governmental activity column in the government-wide financial statements. Capital assets are capitalized 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 level of \$5,000 or more for capitalizing capital assets.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

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

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

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

Buildings	40 Years
Fire Trucks	15 Years
Firefighting Equipment	5 - 10 Years
Vehicles	5 Years
Furniture and Fixtures	5 Years

Total depreciation expense for the year ended December 31, 2021 was \$162,780.

Compensated Absences

The District's full-time employees shall be entitled to and given, with full pay, sick leave aggregating no less than fifty-two (52) weeks during a calendar year for any sickness or injury or incapacity not brought about by their own negligence or culpable indiscretion. Also, after having served one (1) year, full-time employees shall be entitled to an annual vacation of eighteen (18) calendar days with full pay. This vacation period shall be increased one day for each year of service over ten (10) years, up to a maximum vacation period of thirty (30) days, all of which shall be with full pay. Unused accumulated sick and vacation leave are paid only upon approval by the Board of Commissioners. At December 31, 2021, the District had compensated absences of \$22,876 which is reported as a liability on the statement of net position.

Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position.

In the fund financial statements, the face amount of any debt issued is reported as other financing sources. Expenditures for principal and interest payments for long-term obligations are recognized in the General Fund when paid.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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 Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Equity Classifications

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

- a. *Net Investment in Capital Assets* - Consists of capital assets including restricted 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 improvements of those assets.
- b. *Restricted Net Position* - Consists of net position with constraints placed on its use either by external groups or law.
- c. *Unrestricted Net Position* - Consists of all other net position that does not meet the definition of "restricted" or "net investment in capital assets."

In the governmental fund financial statements, fund balances are classified as follows:

1. *Unassigned Fund Balance* - All amounts not included in spendable classifications.

Budget Policies

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. All budgeted amounts which are not expended or obligated through contracts lapse at year-end.

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.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

New 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.

New Accounting Pronouncements - Not Yet Adopted

The GASB issued Statement No. 87, *Leases*, in June 2017. 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. Management is still evaluating the potential impact of adoption on the District's financial statements. 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.

Note 2. Cash and Cash Equivalents

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

Non-Interest-Bearing Demand Deposits	<u>\$ 428,254</u>
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Custodial Credit Risk - Deposits. 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 deposit policy for custodial credit risk. As of December 31, 2021, \$202,578 of the District's bank balance was exposed to custodial credit risk and was collateralized by securities pledged by the District's bank.

Note 3. Levied Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1st of each year. Taxes are levied by the District during the year, billed to taxpayers, and become due in November. Billed taxes become delinquent on December 31st of each year. Revenues from ad valorem taxes are budgeted in the year billed and recognized as revenue when levied, to the extent that they are determined to be currently collectible. The St. Tammany Parish Sheriff bills and collects property taxes using the assessed value determined by the Tax Assessor of St. Tammany Parish.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5

Notes to Financial Statements

Note 4. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated				
Land	\$ 40,577	\$ -	\$ -	\$ 40,577
Capital Assets, Being Depreciated				
Buildings	655,533	-	-	655,533
Fire Trucks	1,090,453	-	(80,296)	1,010,157
Firefighting Equipment	696,984	-	-	696,984
Vehicles	629,714	-	(37,767)	591,947
Furniture and Fixtures	18,370	-	-	18,370
Total Capital Assets, Being Depreciated	3,091,054	-	(118,063)	2,972,991
Less Accumulated Depreciation for:				
Buildings	(371,639)	(15,904)	-	(387,543)
Fire Trucks	(701,746)	(70,170)	80,296	(691,620)
Firefighting Equipment	(560,269)	(36,152)	-	(596,421)
Vehicles	(352,936)	(39,634)	37,767	(354,803)
Furniture and Fixtures	(14,460)	(920)	-	(15,380)
Total Accumulated Depreciation	(2,001,050)	(162,780)	118,063	(2,045,767)
Total Capital Assets, Being Depreciated, Net	1,090,004	(162,780)	-	927,224
Total Capital Assets, Net	\$ 1,130,581	\$ (162,780)	\$ -	\$ 967,801

Note 5. Capital Leases

During the year ended December 31, 2016, the District entered into two lease agreements for the acquisition of fire protection equipment. During the year ended December 31, 2019, the District entered into a third lease agreement for the acquisition of fire protection equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5

Notes to Financial Statements

Note 5. Capital Leases (Continued)

During the year ended December 31, 2021, the District paid one of its outstanding lease liabilities in full. The two remaining outstanding lease agreements are as follows:

Lease dated May 24, 2016 for the acquisition of two 2016 Class A pumper fire trucks maturing on May 20, 2028, with twelve annual payments of \$35,274 with interest.	\$ 215,036
Lease dated October 15, 2019 for the acquisition of a 2010 International Chassis fire truck maturing on October 15, 2026, with seven annual payments of \$16,212 with interest.	<u>67,787</u>
	282,823
Less: Due in One Year	<u>(51,487)</u>
Capital Leases - Long-Term Portion	<u>\$ 231,336</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2021 are as follows:

Year Ending December 31,	Amount
2022	\$ 51,487
2023	51,487
2024	51,487
2025	51,487
2026	47,583
2027 - 2028	<u>70,548</u>
Total Minimum Lease Payments	324,079
Less: Amount Representing Interest	<u>(41,256)</u>
Present Value of Minimum Lease Payments	<u>\$ 282,823</u>

At December 31, 2021, the book value of the leased fire trucks was \$240,500.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5

Notes to Financial Statements

Note 6. Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the District for the year ended December 31, 2021:

	Capital Lease	Net Pension Liability	Compensated Absences	Total
Payable at January 1, 2021	\$ 331,953	\$ 626,688	\$ 17,622	\$ 976,263
Additions	-	-	15,230	15,230
Retired	(49,130)	(236,598)	(9,976)	(295,704)
Payable at December 31, 2021	\$ 282,823	\$ 390,090	\$ 22,876	\$ 695,789

Note 7. Louisiana Firefighters' Retirement System Pension

Plan Description and Provisions

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

Eligibility Requirements

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5

Notes to Financial Statements

Note 7. Louisiana Firefighters' Retirement System Pension (Continued)

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.

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 Contributions 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.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5

Notes to Financial Statements

Note 7. Louisiana Firefighters' Retirement System Pension (Continued)

Employer Contributions and Non-Employer Contributions (Continued)

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 \$31,446.

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 \$390,090 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 .110075%.

For the year ended December 31, 2021, the District recognized pension expense of \$46,090. At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to its pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 5,567	\$ 35,031
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	236,729
Changes in Proportion	217,429	9,992
Changes in Assumptions	84,530	-
District Contributions Subsequent to the Measurement Date	47,777	-
Total	\$ 355,303	\$ 281,752

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5

Notes to Financial Statements

Note 7. 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, \$47,777 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 December 31,	Amount
2022	\$ 1,688
2023	(849)
2024	(9,232)
2025	(31,785)
2025	43,684
2026	22,268
Total	<u>\$ 25,774</u>

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining net pension liability as of June 30, 2021 is as follows:

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal Cost
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. 5

Notes to Financial Statements

Note 7. 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 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 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 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. 5

Notes to Financial Statements

Note 7. Louisiana Firefighters' Retirement System Pension (Continued)

Actuarial Assumptions (Continued)

Best estimates of arithmetic real rates of return for each major asset 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. 5

Notes to Financial Statements

Note 7. Louisiana Firefighters' Retirement System Pension (Continued)

Sensitivity to Changes in Discount Rate

The following represents 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:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
District's Proportionate Share of the Net Pension Liability	\$ 748,358	\$ 390,090	\$ 91,297

Note 8. Compensation Paid to Commission Members

The schedule of compensation paid is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

Compensation paid to the Board of Commissioners of the District for the year ended December 31, 2021 was as follows:

Mike Sanders	\$ 1,200
Shawn Williams	1,100
William Mehaffey	1,100
Ken Wilt	1,200
Alvin J. Roussel, Jr.	1,200
Total	\$ 5,800

Note 9. Litigation and Claims / Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District attempts to minimize risk from significant losses through the purchase of commercial insurance.

Note 10. 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 four of the District's firemen. In accordance with GASB Statement No. 24, the District has recorded \$24,000 of on-behalf payments as revenue and as expense.

REQUIRED SUPPLEMENTARY INFORMATION

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5
Budgetary Comparison Schedule (Budgetary Basis)
General Fund
For the Year Ended December 31, 2021

	<u>Budgetary Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Ad Valorem Taxes	\$ 998,702	\$ 1,154,363	\$ 1,154,363	\$ -
Intergovernmental Revenues				
State Revenue Sharing	30,000	32,419	32,419	-
Fire Insurance Premium Tax	28,002	28,923	28,923	-
Supplemental Pay	-	24,000	24,000	-
Interest Income	600	791	791	-
Other Income	-	45,808	69,808	24,000
Total Revenues	1,057,304	1,286,304	1,310,304	24,000
Expenditures				
Public Safety - Fire Protection				
Salaries and Benefits	663,875	734,424	747,226	(12,802)
Operations and Repairs	59,233	62,657	68,136	(5,479)
Insurance	51,625	51,607	51,607	-
Other	11,700	9,926	40,461	(30,535)
Professional Fees	26,670	26,754	25,777	977
Utilities	26,000	19,624	19,625	(1)
Dispatcher Fees	24,042	13,322	13,481	(159)
Training	8,000	8,798	8,954	(156)
Equipment and Supplies	45,500	19,207	2,891	16,316
Office Supplies	1,250	1,026	2,783	(1,757)
Capital Outlay	-	19,248	-	19,248
Lease Payment - Principal	50,953	52,565	49,130	3,435
Lease Payment - Interest	7,991	7,991	7,991	-
Total Expenditures	976,839	1,027,149	1,038,062	(10,913)
Net Change in Fund Balance	\$ 80,465	\$ 259,155	272,242	\$ 13,087
Fund Balance, Beginning of Year			<u>156,012</u>	
Fund Balance, End of Year			<u>\$ 428,254</u>	

See independent auditor's report.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5
Note to Budgetary Comparison Schedule
For the Year Ended December 31, 2021

Note A. Reconciliation of Budgetary 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. Reconciliation to the GAAP basis has been provided below:

	Actual Amounts (Budgetary Basis)	Budget to GAAP Differences Over (Under)	Actual Amounts (GAAP Basis)
Revenues			
Ad Valorem Taxes	\$ 1,154,363	\$ (91,909)	\$ 1,062,454
Intergovernmental Revenues			
State Revenue Sharing	32,419	(398)	32,021
Fire Insurance Premium Tax	28,923	-	28,923
Supplemental Pay	24,000	-	24,000
Interest Income	791	-	791
Other Income	69,808	-	69,808
Total Revenues	1,310,304	(92,307)	1,217,997
Expenditures			
Public Safety - Fire Protection			
Salaries and Benefits	747,226	10,970	758,196
Operations and Repairs	68,136	9,280	77,416
Insurance	51,607	-	51,607
Other	40,461	517	40,978
Professional Fees	25,777	(935)	24,842
Utilities	19,625	-	19,625
Dispatcher Fees	13,481	-	13,481
Training	8,954	(156)	8,798
Equipment and Supplies	2,891	-	2,891
Office Supplies	2,783	-	2,783
Lease Payment - Principal	49,130	-	49,130
Lease Payment - Interest	7,991	-	7,991
Total Expenditures	1,038,062	19,676	1,057,738
Net Change in Fund Balance	272,242	(111,983)	160,259
Fund Balance, Beginning of Year	156,012	979,407	1,119,516
Fund Balance, End of Year	\$ 428,254	\$ 867,424	\$ 1,279,775

See independent auditor's report.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5
Schedule of District's Proportionate Share of the
Net Pension Liability
For the Year Ended December 31, 2021

	2021	2020	2019	2018	2017	2016	2015
District's Portion of the Net Pension Liability	0.110075%	0.090411%	0.066540%	0.067100%	0.058710%	0.064296%	0.063507%
District's Proportionate Share of the Net Pension Liability	\$ 390,090	\$ 626,688	\$ 416,667	\$ 385,964	\$ 337,517	\$ 421,554	\$ 342,754
District's Covered-Employee Payroll	\$ 276,099	\$ 225,087	\$ 162,436	\$ 149,630	\$ 134,983	\$ 137,447	\$ 134,965
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	141.29%	278.42%	256.51%	241.60%	240.05%	312.30%	249.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.78%	72.61%	73.96%	74.76%	73.55%	68.15%	72.45%

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

See independent auditor's report.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5
Schedule of District's Contributions
For the Year Ended December 31, 2021

	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 92,469	\$ 82,688	\$ 44,234	\$ 44,337	\$ 38,769	\$ 37,039	\$ 38,703
Contributions in Relation to the Contractually Required Contribution	(92,469)	(82,688)	(44,234)	(44,337)	(38,769)	(37,039)	(38,703)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered-Employee Payroll	\$ 280,140	\$ 275,675	\$ 162,820	\$ 167,310	\$ 149,630	\$ 134,983	\$ 137,447
Contributions as a Percentage of Covered-Employee Payroll							
January 1, 2021 to June 30, 2021	32.25%	27.75%	26.50%	26.50%	25.25%	27.25%	29.25%
July 1, 2021 to December 31, 2021	33.75%	32.25%	27.75%	26.50%	26.50%	25.25%	27.25%

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. 5
Schedule of Compensation, Benefits, and Other Payments
to Agency Head
For the Year Ended December 31, 2021

Agency Head
 Chief Jamie Truett

Purpose	Amount
Salary *	\$95,716
Benefits - Insurance	\$17,934
Benefits - Retirement	\$31,589
Benefits - Other	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$162
Travel	\$0
Registration Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

* This amount includes the State Supplemental Pay of \$6,000 YTD.

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. 5
Folsom, 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 accompanying financial statements of the governmental activities and each major fund of St. Tammany Parish Fire Protection District No. 5 (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, and have issued our report thereon dated May 4, 2022.

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. However, material weaknesses may exist that have not been identified.

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*.

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 Legislative Auditor as a public document.



A Professional Accounting Corporation

Covington, LA
May 4, 2022

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5
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? | No |
| c. Noncompliance material to the financial statements? | No |
| d. Other matters identified? | No |

Federal Awards

Not applicable.

Part II - Findings Related to the Financial Statements

None.

Part III - Compliance and Other Matters

None.

AGREED-UPON PROCEDURES REPORT

St. Tammany Parish Fire Protection District No. 5

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. 5
Folsom, 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. 5's (the District) management is responsible for those C/C areas identified in the AUPs.

Management of St. Tammany Parish Fire Protection District No. 5, 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:

Ethics (follow-up)

1. Obtain a listing of employees/elected officials/board members employed during the fiscal period and management's representation that the listing is complete. Randomly select five employees/elected officials/board members, obtain ethics documentation from management, and:
 - a) Observe that the documentation demonstrates each employee/elected official/board member completed one hour of ethics training during the fiscal period; and

- b) Observe that the documentation demonstrates each employee/elected official/board member attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Results: No exceptions noted for a above. For b above, four of the five selected employees/board members lacked documentation of signature verification that he or she had read the ethics policy during the fiscal period.

Information Technology Disaster Recovery/Business Continuity (follow-up)

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

Results: No exceptions noted.

Sexual Harassment (follow-up)

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

Results: No exceptions noted.

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

Results: No exceptions noted.

Capital Assets

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

Results: The District did not have written policies and procedures over capital assets.

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

Results: The District does not perform capital asset inventory counts.

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

Results: For six of the 25 assets selected, the asset was held at a different location from that listed. For three of the 25 assets selected, the asset was not tagged. One of the 25 assets selected had been sold and was not removed from the listing. One of the 25 assets selected did not have the manufacturer, model, or serial number listed. No other exceptions noted.

8. Select 10 capital assets in two physical locations (if entity has at least two physical locations) that meet the asset capitalization threshold (e.g., vehicles, office furniture, lawn mowers). Observe that each asset is tagged and trace to the listing from #7 above. Observe that each asset is included on the listing and agree the information on the listing to the location, description, manufacturer, model, and serial number of the asset.

Results: Three of the selected assets were tagged but not included on the capital asset inventory listing. No other exceptions noted.

We were engaged by St. Tammany Parish Fire Protection District No. 5 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. 5 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 Professional Accounting Corporation

Covington, LA
June 27, 2022



St. Tammany Parish Fire Protection District No. 5

13206 Broadway Street

Folsom, Louisiana 70437

985-796-5266

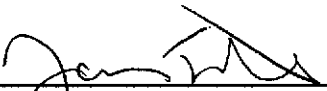
Mr. Michael J. Waguespack
Louisiana Legislative Auditor
1600 N 3rd Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

RE: Act 774 Agreed-Upon Procedures

The management of St. Tammany Parish Fire Protection District No. 5 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, the District will require all employees/officials to signature verify that they have read the ethics policy.
- 2) In response to the results of the Capital Assets section, the District will adopt written policies and procedures over Capital Assets, will update inventory for correct location and will ensure that listing is updated and all capital assets are tagged.

Sincerely,



Name

St. Tammany Fire District 5
Entity