

**ST. TAMMANY PARISH  
FIRE PROTECTION DISTRICT NO. 2  
MADISONVILLE, LOUISIANA**

Annual Financial Statements

December 31, 2024



---

**Contents**

---

<b>Independent Auditor's Report</b>	1 - 3
-------------------------------------	-------

---

**Required Supplementary Information (Part I)**

Management's Discussion and Analysis	5 - 6
--------------------------------------	-------

---

**Basic Financial Statements**

Government-Wide Financial Statements	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements	
Governmental Funds	
Balance Sheet	11
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	12
Statement of Revenues, Expenditures, and Changes in Fund Balance	13 - 14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Funds to the Statement of Activities	15
Notes to Basic Financial Statements	16 - 33

---

**Required Supplementary Information (Part II)**

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	35 - 36
Schedule of District's Proportionate Share of the Net Pension Liability	37
Schedule of District's Contributions	38

---

**Other Supplementary Information**

Schedule of Governing Board	40
Schedule of Compensation, Benefits, and Other Payments to Agency Head	41

---

## Contents (Continued)

---

<b>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></b>	<b>42 - 43</b>
--	----------------

---

<b>Schedule of Findings and Responses</b>	<b>44</b>
---	-----------

---

<b>Schedule of Prior Audit Findings</b>	<b>45</b>
---	-----------

## **Independent Auditor's Report**

To the Board of Commissioners  
St. Tammany Parish Fire Protection District No. 2  
Madisonville, 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. 2 (the District), a component unit of St. Tammany Parish, Louisiana, as of and for the year ended December 31, 2024, 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, 2024, 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 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 judgment 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 35 and 36, and the pension schedules on pages 37 and 38 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 29, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



A Professional Accounting Corporation

Baton Rouge, LA  
April 29, 2025

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

## ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 2

### Management's Discussion and Analysis

---

As management of St. Tammany Parish Fire Protection District No. 2 (the District), we offer this discussion and analysis of the District's financial activities for the year ended December 31, 2024.

As with other sections of this financial report, the information contained in this management's discussion and analysis (MD&A) should be considered only a part of the greater whole. The readers of this statement should take 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.

This annual report consists of a series of financial statements. The statement of net position and the statement of activities on pages 8 and 9 provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements begin on page 11. These statements tell how these services were financed in the short-term as well as what remains for future spending. The District is a component unit of St. Tammany Parish, Louisiana. Its operations are conducted through a general fund.

### Financial Highlights

Assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at December 31, 2024 by \$10,110,292 (net position). The District's net position increased by \$1,459,109, or 17%.

At the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$9,175,251, which is an decrease of \$430,467 in comparison with the prior fiscal year. This amount includes \$439 in the 2016 Capital Projects Fund which is restricted for capital outlay. The remaining fund balance of \$9,174,812 is unassigned in the General Fund.

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

#### Summary Statements of Net Position

	2024	2023	Change
<b>Assets</b>			
Current Assets	\$ 9,561,799	\$ 9,954,212	\$ (392,413)
Capital Assets, Net of Accumulated Depreciation	6,722,081	5,290,705	1,431,376
<b>Total Assets</b>	<b>16,283,880</b>	<b>15,244,917</b>	<b>1,038,963</b>
<b>Deferred Outflows of Resources</b>	<b>1,736,028</b>	<b>2,794,788</b>	<b>(1,058,760)</b>
<b>Liabilities</b>			
Current Liabilities	520,875	549,997	(29,122)
Noncurrent Liabilities	6,885,844	8,616,782	(1,730,938)
<b>Total Liabilities</b>	<b>7,406,719</b>	<b>9,166,779</b>	<b>(1,760,060)</b>
<b>Deferred Inflows of Resources</b>	<b>502,897</b>	<b>221,743</b>	<b>281,154</b>
<b>Net Position</b>			
Net Investment in Capital Assets	4,719,816	2,909,438	1,810,378
Restricted	439	430	9
Unrestricted	5,390,037	5,741,315	(351,278)
<b>Total Net Position</b>	<b>\$ 10,110,292</b>	<b>\$ 8,651,183</b>	<b>\$ 1,459,109</b>



## ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 2

### Management's Discussion and Analysis

---

#### Summary Statements of Activities

	2024	2023	Change
<b>Revenues</b>			
General Revenues			
Ad Valorem Taxes	\$ 6,374,238	\$ 5,809,126	\$ 565,112
Supplemental Pay	301,600	298,233	3,367
Other Income	156,153	165,099	(8,946)
Rentals	100,146	114,765	(14,619)
State Revenue Sharing	85,998	79,911	6,087
Interest Income	314,205	244,889	69,316
Fire Insurance Tax	145,250	140,166	5,084
Grant Income	37,077	-	37,077
Operating Contributions	314,215	335,162	(20,947)
<b>Total Revenues</b>	<b>7,828,882</b>	<b>7,187,351</b>	<b>641,531</b>
<b>Expenses</b>			
Fire Protection	6,314,049	6,318,037	(3,988)
Interest on Long-Term Debt	55,724	66,118	(10,394)
<b>Total Expenses</b>	<b>6,369,773</b>	<b>6,384,155</b>	<b>(14,382)</b>
<b>Change in Net Position</b>	<b>1,459,109</b>	<b>803,196</b>	<b>655,913</b>
<b>Net Position, Beginning of Year</b>	<b>8,651,183</b>	<b>7,847,987</b>	<b>803,196</b>
<b>Net Position, End of Year</b>	<b>\$ 10,110,292</b>	<b>\$ 8,651,183</b>	<b>\$ 1,459,109</b>

#### Capital Assets and Debt

In 2024, capital assets increased by \$1,431,376, which was the result of construction and additions exceeding depreciation. Total debt decreased by \$379,002, which was the result of making the required principal payments on certificates of indebtedness and notes payable.

#### General Fund Budgetary Highlights

In 2024, actual revenues exceeded budget by \$1,381,234 and actual expenditures were less than budget by \$968,290.

#### Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Chief Randy Hess, P.O. Box 795, Madisonville, Louisiana 70447.

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

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 2**  
**MADISONVILLE, LOUISIANA**  
**Statement of Net Position**  
**December 31, 2024**

	<b>Governmental Activities</b>
<hr/>	
<b>Assets</b>	
Cash and Cash Equivalents	\$ 937,762
Investments	2,517,364
Receivables - Ad Valorem Taxes, Net	6,049,290
Receivables - State Revenue Sharing	57,383
Capital Assets Not Being Depreciated	2,545,481
Capital Assets, Net of Accumulated Depreciation	<u>4,176,600</u>
<b>Total Assets</b>	<u>16,283,880</u>
<b>Deferred Outflows of Resources</b>	
Deferred Outflows on Pension Obligation	<u>1,736,028</u>
<b>Liabilities</b>	
Accounts Payable	69,754
Accrued Expenses	49,770
Accrued Interest	9,086
Noncurrent Liabilities	
Compensated Absences	168,029
Net Pension Liability	5,107,815
Certificate of Indebtedness	
Due Within One Year	300,000
Due in More than One Year	1,610,000
Notes Payable	
Due Within One Year	<u>92,265</u>
<b>Total Liabilities</b>	<u>7,406,719</u>
<b>Deferred Inflows of Resources</b>	
Deferred Inflows on Pension Obligation	<u>502,897</u>
<b>Net Position</b>	
Net Investment in Capital Assets	4,719,816
Restricted	439
Unrestricted	<u>5,390,037</u>
<b>Total Net Position</b>	<u><u>\$ 10,110,292</u></u>

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

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 2**  
**MADISONVILLE, LOUISIANA**  
**Statement of Activities**  
**For the Year Ended December 31, 2024**

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position
		Capital Grants and Contributions	Operating Grants and Contributions	
<b>Governmental Activities</b>				
Public Safety - Fire Protection	\$ 6,314,049	\$ 37,077	\$ 314,215	\$ (5,962,757)
Interest on Long-Term Debt	55,724	-	-	(55,724)
<b>Total Governmental Activities</b>	<u>\$ 6,369,773</u>	<u>\$ 37,077</u>	<u>\$ 314,215</u>	<u>(6,018,481)</u>
<b>General Revenues</b>				
Ad Valorem Taxes				6,374,238
Supplemental Pay				301,600
Other Income				156,153
Fire Insurance Tax				145,250
Interest Income				314,205
Rentals				100,146
State Revenue Sharing				<u>85,998</u>
<b>Total General Revenues</b>				<u>7,477,590</u>
<b>Change in Net Position</b>				1,459,109
<b>Net Position, Beginning of Year</b>				<u>8,651,183</u>
<b>Net Position, End of Year</b>				<u><u>\$ 10,110,292</u></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. 2**  
**MADISONVILLE, LOUISIANA**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2024**

	<b>General Fund</b>	<b>2016 Capital Projects Fund</b>	<b>Total Governmental Funds</b>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 937,323	\$ 439	\$ 937,762
Investments	2,517,364	-	2,517,364
Receivables - Ad Valorem Taxes, Net	6,049,290	-	6,049,290
Receivables - State Revenue Sharing	57,383	-	57,383
<b>Total Assets</b>	<b>\$ 9,561,360</b>	<b>\$ 439</b>	<b>\$ 9,561,799</b>
<b>Liabilities</b>			
Accounts Payable	\$ 69,754	\$ -	\$ 69,754
Accrued Expenses	49,770	-	49,770
<b>Total Liabilities</b>	<b>119,524</b>	<b>-</b>	<b>119,524</b>
<b>Deferred Inflows of Resources</b>			
Unavailable Ad Valorem Taxes	267,024	-	267,024
<b>Fund Equity</b>			
Fund Balance			
Restricted	-	439	439
Unassigned	9,174,812	-	9,174,812
<b>Total Fund Equity</b>	<b>9,174,812</b>	<b>439</b>	<b>9,175,251</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Equity</b>	<b>\$ 9,561,360</b>	<b>\$ 439</b>	<b>\$ 9,561,799</b>

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

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 2**  
**MADISONVILLE, LOUISIANA**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**For the Year Ended December 31, 2024**

---

<b>Total Fund Equity</b>	<b>\$ 9,175,251</b>
--------------------------	---------------------

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.	6,722,081
--	-----------

Accrued interest on long-term liabilities is not reported in the governmental funds.	(9,086)
--	---------

Deferred inflows of resources - unavailable ad valorem taxes are not reported on government-wide financial statements.	267,024
--	---------

Deferred inflows of resources - pension used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	(502,897)
---	-----------

Deferred outflows of resources - pension used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	1,736,028
--	-----------

Long-term liabilities, including certificates of indebtedness, are not due and payable in the current period and, therefore, are not reported in the governmental funds:

Net Pension Liability	(5,107,815)
Certificate of Indebtedness	(1,910,000)
Notes Payable	(92,265)
Compensated Absences	(168,029)

<b>Net Position of Governmental Activities</b>	<b><u>\$ 10,110,292</u></b>
--	-----------------------------

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

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 2**  
**MADISONVILLE, LOUISIANA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended December 31, 2024**

	<b>General Fund</b>	<b>2016 Capital Projects Fund</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>			
Ad Valorem Taxes	\$ 6,295,963	\$ -	\$ 6,295,963
Supplemental Pay	301,600	-	301,600
Other Income	156,153	-	156,153
Fire Insurance Tax	145,250	-	145,250
Interest Income	314,196	9	314,205
Rentals	100,146	-	100,146
State Revenue Sharing	85,998	-	85,998
FEMA Reimbursement	31,351	-	31,351
Grant Income	37,077	-	37,077
<b>Total Revenues</b>	<b>7,467,734</b>	<b>9</b>	<b>7,467,743</b>
<b>Expenditures</b>			
Public Safety - Fire Protection			
Salaries and Benefits	4,681,570	-	4,681,570
Operating Expenses	477,223	-	477,223
Professional Services	55,682	-	55,682
Telephone and Utilities	47,185	-	47,185
Communications	70,437	-	70,437
Annual Renewals	83,540	-	83,540
Fuel	40,852	-	40,852
Employee Welfare	50,130	-	50,130
Education and Training	52,251	-	52,251
Fire Prevention Expenses	5,295	-	5,295
Capital Outlay	1,897,023	-	1,897,023
Debt Service			
Principal	379,002	-	379,002
Interest	58,020	-	58,020
<b>Total Expenditures</b>	<b>7,898,210</b>	<b>-</b>	<b>7,898,210</b>

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



**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 2**  
**MADISONVILLE, LOUISIANA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance (Continued)**  
**Governmental Funds**  
**For the Year Ended December 31, 2024**

	<b>General Fund</b>	<b>2016 Capital Projects Fund</b>	<b>Total Governmental Funds</b>
<b>Net Change in Fund Balances</b>	(430,476)	9	(430,467)
<b>Fund Balances, Beginning of Year</b>	9,605,288	430	9,605,718
<b>Fund Balances, End of Year</b>	<u>\$ 9,174,812</u>	<u>\$ 439</u>	<u>\$ 9,175,251</u>

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

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 2**  
**MADISONVILLE, LOUISIANA**  
**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, 2024**

---

<b>Net Change in Fund Balance - Total Governmental Funds</b>	<b>\$ (430,467)</b>
--	---------------------

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 capital outlay exceeded depreciation expense in the current period.	1,431,376
---	-----------

The issuance of long-term debt (e.g., certificates of indebtedness, notes payable) 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.	379,002
--	---------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Change in Unavailable Ad Valorem Taxes	78,275
--	--------

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.	24,527
--	--------

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:

Change in Compensated Absences Payable	(25,900)
Change in Accrued Interest Payable	2,296

<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 1,459,109</u></b>
--	----------------------------

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

## ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 2

### Notes to Basic Financial Statements

---

#### Note 1. Summary of Significant Accounting Policies

The accounting and reporting policies of St. Tammany Parish Fire Protection District No. 2 (the District) conform to accounting principles generally accepted in the United States of America applicable to government entities. The following is a summary of significant accounting policies:

##### **Reporting Entity**

The District was created by St. Tammany Parish (the Parish) on January 15, 1953. The District serves the area of Ward 1 of St. Tammany Parish. The District is governed by a Board of Commissioners (the Board). Two Commissioners are appointed by the Parish and two are appointed by the Town of Madisonville. The fifth member is selected by the other appointed members and serves as Board Chairman.

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.

Section 2100 of the Governmental Accounting Standards Board's *Codification of Governmental Accounting and Financial Reporting Standards* established criteria for determining which component units should be considered part of St. Tammany Parish for financial reporting purposes. The basic criterion for including a potential component unit with the reporting entity is financial accountability.

The District is a component unit of the Parish because the Parish appoints members of the District's Board and because the Parish has determined that it would be misleading to not include the District in the Parish's Annual Comprehensive Financial Report. 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 the Parish, 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 (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.

## ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 2

### Notes to Basic Financial Statements

---

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

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

##### ***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 nonfiduciary 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.

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 of 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 funds:

##### **General Fund**

The General Fund is the primary operating fund of the District. It accounts for all the financial resources except those that are required to be accounted for in other funds.

##### **2016 Capital Projects Fund**

The 2016 Capital Projects Fund accounts for the remaining proceeds of the Series 2016 Certificate of Indebtedness which was used to build a new fire station (Station 21), to purchase a ladder truck, and to purchase new equipment.

## ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 2

### Notes to Basic Financial Statements

---

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

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

The amounts reflected in the governmental fund financial statements are accounted for using the current financial resources measurement focus. 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.

The amounts reflected in the governmental fund financial statements use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined, and available means 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 are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt, which are recognized when payment is due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The government-wide financial statements are accounted for using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income and changes in net financial position.

The government-wide financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of the timing of related cash flows.

Ad valorem taxes and 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. 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.

## ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 2

### Notes to Basic Financial Statements

---

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

##### **Budget and Budgetary Accounting**

The Board of Commissioners adopted a budget for the General Fund. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget, and public hearings on the budget prior to adoption. Any amendment involving increases in expenditures must be approved by the Board. Budgeted amounts included in the accompanying financial statements include all amendments. All budgeted amounts which are not expended or obligated through contracts lapse at year-end. The General Fund budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. The state supplemental pay is excluded from the budget schedule since this amount is not part of the District's budgeted expense.

##### **Compensated Absences**

The District's policy is to allow employees vacation pay based on length of service. Sick leave is provided for by the District but is noncumulative and the employee's right to unused sick leave does not vest. Vacation pay is cumulative with any unpaid amounts paid to employees upon separation from the District's service. At December 31, 2024, the District had compensated absences of \$168,029, which is reported as a liability on the statement of net position.

##### **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 market value.

##### **Receivables**

Ad valorem taxes receivable are reported net of estimated uncollectible amounts. The allowance for uncollectible amounts was \$133,260, which represents 2% of the total ad valorem taxes receivable at December 31, 2024. This estimate is based on the District's history of collections within this revenue stream.

## ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 2

### Notes to Basic 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.

##### Capital Assets

All capital assets are recorded at historical cost in the government-wide financial statements. Depreciation of all exhaustible capital assets is charged as an expense against operations.

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. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. The District capitalizes equipment in excess of \$2,500. In the fund financial statements, capital assets are accounted for as capital outlay expenditures upon acquisition.

The following estimated useful lives and methods are used to compute depreciation:

Buildings and Improvements	15 - 40 Years	Straight-Line
Vehicles	5 - 15 Years	Straight-Line
Machinery and Equipment	5 - 10 Years	Straight-Line
Office Equipment	5 - 10 Years	Straight-Line

Depreciation expense amounted to \$465,647 for the year ended December 31, 2024.

##### Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the lives of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

## ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 2

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

##### Equity Classifications

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

- a. *Net Investment in Capital Assets* - Consists of capital assets including restricted 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.
- b. *Restricted Net Position* - Consists of net position with constraints placed on its use by either 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. *Restricted Fund Balance* - Amounts that can be spent only for specific purposes because of the District's bond resolution, state or federal laws, or externally imposed conditions by grantors, creditors, or citizens.
2. *Unassigned Fund Balance* - All amounts not included in other spendable classifications.

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

##### 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. 2

### Notes to Basic Financial Statements

---

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

##### **New Accounting Pronouncements - Adopted**

The GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. This Statement enhances the accounting and financial reporting requirements for accounting changes and error corrections. The adoption of this Statement did not result in a material effect to the District's financial statements.

The GASB issued Statement No. 101, *Compensated Absences*. This Statement updates the recognition and measurement guidance for compensated absences through aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The adoption of these statement did not result in a material effect to the District's financial statements.

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

The GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires new disclosure requirements about concentrations and constraints to state and local governmental entities that could affect their programs and services or a government's ability to meet its obligations. This Statement is effective for periods beginning after June 5, 2024.

The GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of the Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The Statement is effective for fiscal years beginning after June 15, 2025.

The GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of the Statement is to provide users of government financial statements with essential information about certain types of capital assets. The Statement is effective for fiscal years beginning after June 15, 2025.

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

## ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 2

### Notes to Basic Financial Statements

---

#### Note 2. Cash and Cash Equivalents

Cash and cash equivalents consisted of \$937,762 (book balances) of demand deposits at December 31, 2024. These deposits are stated at cost, which approximates market.

*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, 2024, the District had \$1,158,421 in deposits (collected bank balances) of which \$908,421 was exposed to custodial credit risk. 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. As of December 31, 2024, the District's balances were fully collateralized.

#### Note 3. Ad Valorem Taxes

Ad valorem taxes for the operations of the District are levied each November 1<sup>st</sup> on the assessed value listed as of the prior January 1<sup>st</sup> for all real property, merchandise, and movable property located in the Parish. Assessed values are established by the St. Tammany Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed in 2024.

## ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 2

### Notes to Basic Financial Statements

---

#### Note 4. Investments

At December 31, 2024, the District had investments which include \$2,517,364 invested in U.S. Treasury bills. The following table provides information on the credit ratings, maturity dates, fair value level and fair value associated with the District's investments at December 31, 2024:

Investment	Rating	Level	Maturity	Net Asset Value
Treasury Bills	AAA/Aaa/AAAm	1	2024	<u>\$ 2,517,364</u>

*Interest Rate Risk* - Interest rate risk is the risk that changes in the financial market rate of interest will adversely affect the value of an investment. The District does not have a formal investment policy but its investments are limited to short-term U.S. Treasury investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Quality Risk* - Credit quality risk is the risk that the issuer or other counterparty to a debt security will not fulfill its obligation to the District.

*Custodial Credit Risk* - Custodial credit risk for investments is the risk that, in the event of a failure, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the District's name, and are held by either the counterparty to the investment purchase or the counterparty's trust department or agent but not held in the District's name.

GASB Statement No. 72, *Fair Value Measurement and Application*, requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels:

- Level 1 The valuation is based on quoted market prices for identical assets or liabilities traded in active markets.
- Level 2 The valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active, and inputs other than quoted prices that are observable for the asset or liability.
- Level 3 The valuation is determined by using the best information available under the circumstances and might include the government's own data.

## ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 2

### Notes to Basic Financial Statements

---

#### Note 5. 2% Fire Insurance Tax

The District is eligible for and receives a pro rata share of the fire insurance tax collected by the State of Louisiana (the State). The amounts received by the District are based on the population of the areas it serves. In accordance with Louisiana Revised Statutes, such money shall be used only for the purpose of "rendering more efficient and efficacious" fire protection, as the District shall direct.

#### Note 6. Capital Assets

Capital assets activity for the year ended December 31, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 1,150,485	\$ -	\$ -	\$ 1,150,485
Construction in Progress	279,339	1,115,657	-	1,394,996
<b>Total Capital Assets Not Being Depreciated</b>	<b>1,429,824</b>	<b>1,115,657</b>	<b>-</b>	<b>2,545,481</b>
<b>Capital Assets Being Depreciated</b>				
Buildings and Improvements	3,927,117	-	-	3,927,117
Vehicles	3,351,492	767,344	-	4,118,836
Machinery and Equipment	555,746	14,022	-	569,768
Office Equipment	54,632	-	-	54,632
<b>Total Capital Assets Being Depreciated</b>	<b>7,888,987</b>	<b>781,366</b>	<b>-</b>	<b>8,670,353</b>
<b>Less Accumulated Depreciation for:</b>				
Buildings and Improvements	(1,127,766)	(103,702)	-	(1,231,468)
Vehicles	(2,425,561)	(327,591)	-	(2,753,152)
Machinery and Equipment	(424,822)	(33,678)	-	(458,500)
Office Equipment	(49,957)	(676)	-	(50,633)
<b>Total Accumulated Depreciation</b>	<b>(4,028,106)</b>	<b>(465,647)</b>	<b>-</b>	<b>(4,493,753)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>3,860,881</b>	<b>315,719</b>	<b>-</b>	<b>4,176,600</b>
<b>Capital Assets, Net</b>	<b>\$ 5,290,705</b>	<b>\$ 1,431,376</b>	<b>\$ -</b>	<b>\$ 6,722,081</b>

## ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 2

### Notes to Basic Financial Statements

---

#### Note 7. Long-Term Debt

The following is a summary of debt transactions of the District for the year ended December 31, 2024:

	<b>Certificate of Indebtedness</b>
January 1, 2024	\$ 2,200,000
Issued	-
Retired	<u>(290,000)</u>
Total	1,910,000
Less: Current Maturities	<u>(300,000)</u>
<b>Total Long-Term Portion</b>	<b><u>\$ 1,610,000</u></b>

Long-term debt consisted of the following at December 31, 2024:

\$4,050,000 Certificate of Indebtedness dated April 25, 2016, payable in annual principal installments of \$245,000 - \$340,000, plus semi-annual interest at 2.50%, through March 1, 2030, secured by ad valorem tax revenues.	<b><u>\$ 1,910,000</u></b>
--	----------------------------

The following is a schedule of future principal debt service requirements:

<b>Year Ending December 31,</b>	<b>Certificate of Indebtedness</b>	
	<b>Principal</b>	<b>Interest</b>
2025	\$ 300,000	\$ 44,000
2026	305,000	36,438
2027	315,000	28,688
2028	320,000	20,750
2029	330,000	12,625
2030	<u>340,000</u>	<u>4,250</u>
<b>Total</b>	<b><u>\$ 1,910,000</u></b>	<b><u>\$ 146,751</u></b>

## ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 2

### Notes to Basic Financial Statements

---

#### Note 8. Notes Payable

In prior years, the District entered into two lease agreements for the acquisition of fire protection equipment. These lease agreements qualify as financed purchases for accounting purposes and, therefore, have been recorded at the present value of their future minimum note payments as of the inception date.

The lease agreements are described as follows:

Lease dated August 21, 2015 for the acquisition of a Saber FR Pumper, maturing on August 21, 2025, with ten annual payments of \$88,870 including interest, secured by equipment.	\$ 85,816
Lease dated May 13, 2016 for the acquisition of an upgrade to the Saber FR Pumper, maturing on August 21, 2025, with ten annual payments of \$6,776 including interest, secured by equipment.	<u>6,449</u> 92,265
Less: Due in One Year	<u>(92,265)</u>
<b>Notes Payable - Long-Term Portion</b>	<u><u>\$ -</u></u>

The future minimum note payable obligations and the net present value of these minimum payments as of December 31, 2024 are as follows:

<b>Year Ending December 31,</b>	<b>Amount</b>
2025	<u>\$ 95,647</u>
Total Minimum Debt Service	95,647
Less: Amount Representing Interest	<u>(3,382)</u>
<b>Present Value of Minimum Note Payments</b>	<u><u>\$ 92,265</u></u>

At December 31, 2024, the book value of the financed purchases was \$105,633.

## **ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 2**

### **Notes to Basic Financial Statements**

---

#### **Note 9. 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 Louisiana Revised Statutes (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. The System issues a standalone report on its financial statements. Access to the audit report can be found on the System's website: [www.lafirefightersret.com](http://www.lafirefightersret.com).

##### **Eligibility Requirements**

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

##### **Retirement Benefits**

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

## ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 2

### Notes to Basic Financial Statements

---

#### Note 9. Louisiana Firefighters' Retirement System Pension (Continued)

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

After completing 20 years of creditable service and attaining the age of 50 years, or 25 years of service 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 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, 2024, employer and employee contributions for members above the poverty line are 33.25% and 10.0%, respectively. For the plan year ending June 30, 2024, employer and employee contributions for members below the poverty line are 35.25% and 8.0%, 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, 2024 and excluded from pension expense. Non-employer contributions made to the System on behalf of the District during the year ended December 31, 2024 were \$282,864.



## ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 2

### Notes to Basic Financial Statements

#### Note 9. Louisiana Firefighters' Retirement System Pension (Continued)

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

At December 31, 2024, the District reported a liability of \$5,107,815 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024 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, 2024, the District's proportion was .907157%, which was an decrease of 0.0845% from its proportionate share measured as of June 30, 2023.

For the year ended December 31, 2024, the District recognized pension expense of \$1,166,360. At December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to its pension from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ 383,481	\$ 121,476
Net Difference between Projected and Actual		
Earnings on Pension Plan Investments	51,667	-
Changes in Proportion	611,291	381,421
Changes in Assumptions	218,513	-
District Contributions Subsequent to the Measurement Date	471,076	-
<b>Total</b>	<b>\$ 1,736,028</b>	<b>\$ 502,897</b>

In the year ending December 31, 2025, \$471,076 reported as deferred outflows of resources related to the District's contributions subsequent to the measurement date will be recognized. Other amounts reported as deferred inflows of resources and deferred outflows of resources will be recognized in pension expense as follows:

<b>Year Ending December 31,</b>	<b>Amount</b>
2025	\$ 185,700
2026	743,441
2027	(63,027)
2028	(119,900)
2029	40,748
2030	(24,907)
<b>Total</b>	<b>\$ 762,055</b>

## ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 2

### Notes to Basic Financial Statements

---

#### Note 9. Louisiana Firefighters' Retirement System Pension (Continued)

##### Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining net pension liability as of December 31, 2024 are as follows:

Valuation Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal
Expected Remaining Service Lives	7 years, closed period
Investment Return	6.90% per annum, net of investment expenses, including inflation
Inflation Rate	2.50% per annum
Salary Increases	14.10% in the first two years of service and 5.20% with 3 or more years of service
Cost-of-Living Adjustments	Only those previously granted

Actuarial assumptions utilized in the Employer Pension Report for fiscal year 2024 are based on the results of an actuarial experience study for the period July 1, 2014 through June 30, 2019, unless otherwise specified.

For the June 30, 2024 valuation, assumptions for mortality rates were based on the following:

- For active members, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees.
- For annuitants and beneficiaries, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees.
- For disabled retirees, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees.
- In all cases the base table was multiplied by 105% for males and 115% for females, each with full generational projection using the appropriate MP-2019 scale.

The June 30, 2024 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 2024 and the Curran Actuarial Consulting Average Study for 2024 (the Study). The Study included projected nominal rates of return, standard deviations of returns, and correlations of returns for a list of common asset classes collected from a number of investment consultants and investment management firms.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 2  
MADISONVILLE, LOUISIANA**

**Notes to Financial Statements**

---

**Note 9. Louisiana Firefighters' Retirement System Pension (Continued)**

**Actuarial Assumptions (Continued)**

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

Best estimates of real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2024 are summarized in the following table:

<b>Asset Class</b>	<b>Target Asset Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
<b>Equity</b>		
U.S. Equity	28.50%	6.24%
Non-U.S. Equity	11.00%	6.36%
Global Equity	10.00%	6.42%
Emerging Market Equity	4.50%	8.26%
<b>Fixed Income</b>		
U.S. Core Fixed Income	22.00%	2.09%
U.S. TIPS	2.00%	2.00%
Emerging Market Debt	2.00%	4.05%
Multisector Fixed Income	4.00%	2.34%
<b>Alternatives</b>		
Private Equity	9.00%	9.77%
Real Estate	4.00%	4.85%
Real Assets	3.00%	5.93%
	<u>100.00%</u>	

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 2  
MADISONVILLE, LOUISIANA**

**Notes to Financial Statements**

---

**Note 9. Louisiana Firefighters' Retirement System Pension (Continued)**

**Actuarial Assumptions (Continued)**

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

**Sensitivity to Changes in Discount Rate**

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

	<b>1% Decrease (5.90%)</b>	<b>Current Discount Rate (6.90%)</b>	<b>1% Increase (7.90%)</b>
District's Proportionate Share of the Net Pension Liability	<u>\$ 8,480,043</u>	<u>\$ 5,107,815</u>	<u>\$ 2,295,051</u>

**Note 10. 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. During the year ended December 31, 2024, the District carried insurance through various commercial carriers to cover all risks of loss. The District has no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

**Note 11. On-Behalf Payments by the State of Louisiana**

For the year ended December 31, 2024, the State of Louisiana made on-behalf payments in the form of supplemental pay to 44 district firemen. In accordance with GASB Statement No. 24, the District has recorded \$301,600 of on-behalf payments as revenue and as salary expense.

## **REQUIRED SUPPLEMENTARY INFORMATION (PART II)**

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 2**  
**MADISONVILLE, LOUISIANA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual - General Fund**  
**For the Year Ended December 31, 2024**

	<b>Budget</b>			<b>Variance with Final Budget Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
Ad Valorem Taxes	\$ 5,593,950	\$ 5,593,950	\$ 6,295,963	\$ 702,013
Supplemental Pay	-	-	301,600	301,600
Other Income	130,000	130,000	156,153	26,153
Fire Insurance Tax	140,000	140,000	145,250	5,250
Interest Income	50,000	50,000	314,196	264,196
Rentals	94,550	94,550	100,146	5,596
State Revenue Sharing	78,000	78,000	85,998	7,998
Grant Income	-	-	37,077	37,077
FEMA Reimbursement	-	-	31,351	31,351
<b>Total Revenues</b>	<b>6,086,500</b>	<b>6,086,500</b>	<b>7,467,734</b>	<b>1,381,234</b>
<b>Expenditures</b>				
Public Safety - Fire Protection				
Salaries and Benefits	4,375,884	4,375,884	4,681,570	(305,686)
Operating Expenses	385,600	385,600	477,223	(91,623)
Professional Services	59,700	59,700	55,682	4,018
Telephone and Utilities	70,000	70,000	47,185	22,815
Communications	70,149	70,149	70,437	(288)
Annual Renewals	86,799	86,799	83,540	3,259
Equipment	148,773	148,773	-	148,773
Employee Welfare	94,623	94,623	50,130	44,493
Education and Training	72,000	72,000	52,251	19,749
Fuel	273,950	273,950	40,852	233,098
Fire Prevention Expenses	12,000	12,000	5,295	6,705
Capital Outlay	2,780,000	2,780,000	1,897,023	882,977
Debt Service				
Principal	379,002	379,002	379,002	-
Interest	58,020	58,020	58,020	-
<b>Total Expenditures</b>	<b>8,866,500</b>	<b>8,866,500</b>	<b>7,898,210</b>	<b>968,290</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(2,780,000)</b>	<b>(2,780,000)</b>	<b>(430,476)</b>	<b>2,349,524</b>

See independent auditor's report.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 2**  
**MADISONVILLE, LOUISIANA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual - General Fund (Continued)**  
**For the Year Ended December 31, 2024**

	<b>Budget</b>			<b>Variance with Final Budget Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Net Change in Fund Balance</b>	<u><u>\$ (2,780,000)</u></u>	<u><u>\$ (2,780,000)</u></u>	(430,476)	<u><u>\$ 2,349,524</u></u>
<b>Fund Balance, Beginning of Year</b>			<u>9,605,288</u>	
<b>Fund Balance, End of Year</b>			<u><u>\$ 9,174,812</u></u>	

See independent auditor's report.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 2**  
**MADISONVILLE, LOUISIANA**  
**Schedule of District's Proportionate Share of the Net Pension Liability**  
**For the Ten Years Ended December 31, 2024**

	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's Portion of the Net Pension Liability	0.907157%	0.991642%	0.937486%	0.934566%	0.830433%	0.783273%	0.704902%	0.637457%	0.615279%
District's Proportionate Share of the Net Pension Liability	\$ 5,107,815	\$ 6,472,256	\$ 6,610,488	\$ 3,311,964	\$ 5,756,187	\$ 4,904,785	\$ 4,054,651	\$ 3,653,807	\$ 4,024,481
District's Covered Payroll	\$ 2,624,955	\$ 2,670,755	\$ 2,408,795	\$ 2,330,577	\$ 2,082,340	\$ 1,739,515	\$ 1,770,991	\$ 1,440,171	\$ 1,385,586
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	194.59%	242.34%	274.43%	142.11%	276.43%	281.96%	228.95%	253.71%	290.45%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.00%	74.68%	74.68%	86.78%	72.61%	73.96%	74.76%	73.55%	68.16%

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. 2**  
**MADISONVILLE, LOUISIANA**  
**Schedule of District's Contributions**  
**For the Ten Years Ended December 31, 2024**

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	\$ 912,161	\$ 859,201	\$ 841,165	\$ 780,662	\$ 692,375	\$ 538,436	\$ 490,640	\$ 404,163	\$ 363,953
Contributions in Relation to the Contractually Required Contribution	(912,161)	(859,201)	(841,165)	(780,662)	(692,375)	(538,436)	(490,640)	(404,163)	(363,953)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 2,743,631	\$ 2,584,064	\$ 2,521,399	\$ 2,361,486	\$ 2,293,755	\$ 1,983,049	\$ 1,851,472	\$ 1,581,412	\$ 1,385,586
Contributions as a Percentage of Covered Payroll	33.25%	33.25%	33.36%	33.06%	30.19%	27.15%	26.50%	25.56%	26.27%

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

## **OTHER SUPPLEMENTARY INFORMATION**

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 2**  
**MADISONVILLE, LOUISIANA**  
**Schedule of Governing Board**  
**December 31, 2024**

<b>Governing Board</b>	<b>Compensation</b>
Myron Bourg P. O. Box 607 Madisonville, LA 70447	\$ -
Dale Shows 602 Pine Street Madisonville, LA 70447	\$ 950
Mike Murphy 176 Coquille Drive Madisonville, LA 70447	\$ -
Kennie Glass P. O. Box 693 Madisonville, LA 70447	\$ -
John Beyl 24 Dahlia Drive Covington, LA 70433	\$ -

See independent auditor's report.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 2**  
**MADISONVILLE, LOUISIANA**  
**Schedule of Compensation, Benefits, and Other Payments**  
**to Agency Head**  
**For the Year Ended December 31, 2024**

---

**Agency Head**  
Chief Randy Hess

<b>Purpose</b>	<b>Amount</b>
Salary*	\$125,157
Benefits - Insurance**	\$6,672
Benefits - Retirement***	\$45,079
Benefits - Other	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration Fees	\$50
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 \$7,200.

\*\* 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. 2  
Madisonville, 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. 2 (the District), a component unit of St. Tammany Parish, Louisiana, as of and for the year ended December 31, 2024, 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 29, 2025.

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

**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 instance 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 handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Baton Rouge, LA  
April 29, 2025

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 2**  
**MADISONVILLE, LOUISIANA**  
**Schedule of Findings and Responses**  
**For the Year Ended December 31, 2024**

---

**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         |
| 3. Management letter comment provided?   | No         |

Federal Awards

Not applicable.

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

None.

**Part III - Compliance and Other Matters**

None.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 2**  
**MADISONVILLE, LOUISIANA**  
**Schedule of Prior Audit Findings**  
**For the Year Ended December 31, 2024**

---

None.



## **AGREED-UPON PROCEDURES REPORT**

St. Tammany Parish Fire Protection District No. 2

Independent Accountant's Report  
On Applying Agreed-Upon Procedures

**For the Period January 1, 2024 - December 31, 2024**

To the Board of Commissioners of  
St. Tammany Parish Fire Protection District No. 2  
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on St. Tammany Parish Fire Protection District No. 2's (the District) control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year January 1, 2024 through December 31, 2024. The District's management is responsible for those C/C areas identified in the SAUPs.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal year January 1, 2024 through December 31, 2024. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and results are as follows:

### **3) *Bank Reconciliations***

---

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

- iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

**Results:** We performed the above procedures and noted one exception: One of the bank statements tested lacked documentation reflecting that management had researched reconciling items that had been outstanding for more than 12 months. No other exceptions noted.

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

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

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



A Professional Accounting Corporation

Baton Rouge, LA  
April 29, 2025

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

RE: Statewide Agreed-Upon Procedures

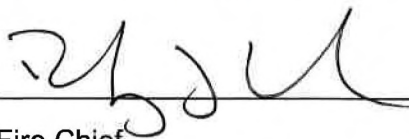
The management of St. Tammany Parish Fire Protection District No. 2 wishes to provide the following responses relative to the results of the 2024 Statewide agreed-upon procedures engagement:

- 1) In response to the results of the Bank Reconciliations section, we will implement procedures to ensure that outstanding items greater than 12 months old are investigated.

Sincerely,

A handwritten signature in blue ink, appearing to be "R. B. B.", written over a horizontal line.

Board Representative

A handwritten signature in black ink, appearing to be "J. L. L.", written over a horizontal line.

Fire Chief