

**ANNUAL FINANCIAL REPORT**  
**ST. TAMMANY FIRE PROTECTION DISTRICT NO. 1**  
**AS OF AND FOR THE YEAR ENDED**  
**DECEMBER 31, 2022**



**ERICKSEN KRENTEL**<sup>LLP</sup>  
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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## **INDEPENDENT AUDITORS' REPORT**

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

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

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and the major fund of the St. Tammany Parish Fire Protection District No. 1 (District) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise of the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District, as of December 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit 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. 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.



To the Board of Commissioners  
St. Tammany Parish Fire Protection District No. 1  
May 31, 2023

***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 generally accepted auditing standards 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 generally accepted auditing standards 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.



To the Board of Commissioners  
St. Tammany Parish Fire Protection District No. 1  
May 31, 2023

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, budgetary comparison schedule, schedule of changes in net OPEB liability and related ratios, schedule of proportionate share of the net pension liability, schedule of contributions—retirement plan, and the related noted to the required supplementary information on pages 5 through 9 and 37 through 42 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 an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise of the District’s basic financial statements. The accompanying schedules of compensation paid to board members and compensation, benefits and other payments to agency head are presented to comply with the requirements issued by the State of Louisiana, and are not 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 schedules of compensation paid to board members and compensation, benefits and other payments to agency head are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



**ERICKSEN KRENTEL**<sup>LLP</sup>

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Board of Commissioners  
St. Tammany Parish Fire Protection District No. 1  
May 31, 2023

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2023 on our consideration of the St. Tammany Parish Fire Protection District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering St. Tammany Parish Fire Protection District No. 1's internal control over financial reporting and compliance.

May 31, 2023  
Mandeville, Louisiana

*Erickson Krentel, LLP*  
Certified Public Accountants

**REQUIRED SUPPLEMENTAL INFORMATION (PART I)**

**ST. TAMMANY FIRE PROTECTION DISTRICT NO. 1**  
SLIDELL, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2022

This section of the St. Tammany Fire Protection District No.1's (the District) annual financial report presents management's analysis of the District's financial performance for the year ended December 31, 2022. This analysis should be read in conjunction with the audited financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

1. The District's net position increased by \$2,831,446
2. The general revenues of the District were \$28,864,171
3. The total expenses of the District were \$26,032,725

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**BASIC FINANCIAL STATEMENTS**

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

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

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

The following pages present condensed financial information of the District.



**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1**  
**SLIDELL, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2022**

**SUMMARY OF NET POSITION**  
**AS OF DECEMBER 31, 2022 AND 2021**

**ASSETS**

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Current assets	\$ 37,612,365	\$ 36,918,064
Capital assets, net of accumulated depreciation	<u>18,886,692</u>	<u>16,803,600</u>
Total assets	<u>56,499,057</u>	<u>53,721,664</u>
Deferred outflows of resources	<u>14,570,926</u>	<u>7,682,945</u>

**LIABILITIES**

Current liabilities	1,352,939	1,328,022
Long-term liabilities	<u>36,324,242</u>	<u>21,216,877</u>
Total liabilities	<u>37,677,181</u>	<u>22,544,899</u>
Deferred inflows of resources	<u>3,302,925</u>	<u>11,601,279</u>

**NET POSITION**

Net investment in capital assets	18,331,285	15,946,569
Unrestricted	<u>11,758,592</u>	<u>11,311,862</u>
Total net position	<u>\$ 30,089,877</u>	<u>\$ 27,258,431</u>

Total assets increased by \$2,777,393 (5%) primarily due to an increase in fixed assets and ad valorem tax receivable. Total liabilities increased by \$15,132,282 (67%) primarily due to a increase in net pension liability. Net position increased \$2,831,446 (10%).

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1**  
**SLIDELL, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2022**

**SUMMARY OF STATEMENT OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
General revenues	\$ 28,864,171	\$ 29,563,138
Expenditures/ expenses	<u>(26,032,725)</u>	<u>(23,122,349)</u>
Change in net position	<u>\$ 2,831,446</u>	<u>\$ 6,440,789</u>
Ending net position	<u>\$ 30,089,877</u>	<u>\$ 27,258,431</u>

The change in net position increased by \$2,831,446 due to operations.

**CAPITAL ASSETS**

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

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Land	\$ 855,428	\$ 821,434
Buildings and improvements	9,069,720	8,695,891
Equipment	4,555,376	4,202,964
Computers	576,396	515,896
Vehicles	11,840,667	11,761,700
Construction in progress	<u>4,185,590</u>	<u>1,927,559</u>
	31,083,177	27,925,444
Less: accumulated depreciation	<u>(12,196,485)</u>	<u>(11,121,844)</u>
Total capital assets, net of accumulated depreciation	<u>\$ 18,886,692</u>	<u>\$ 16,803,600</u>

Buildings and improvements increased due to improvements and building construction.  
Equipment increased due to the purchase of a new firetruck. The District is currently constructing new fire stations – Station 11 and Station 19..

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1**  
**SLIDELL, LOUISIANA**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)**  
**AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2022**

**LONG-TERM DEBT**

At December 31, 2022, the District had \$370,000 of long-term debt which consisted of bonds payable. Of that amount, \$370,000 will be repaid in 2023. Long-term debt decreased by \$360,000 due to scheduled principal payments.

**NET PENSION LIABILITY**

At December 31, 2022, the District reported \$28,875,098 for its proportionate share of net pension liability, \$12,439,862 for deferred outflow of resources and \$1,729,870 for deferred inflows of resources related to pension benefits. See Note 7 to the basic financial statements for further discussion of the pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions.

**OPEB LIABILITY**

At December 31, 2022, the District reported \$7,270,609 for its other post-employment benefits liability and \$2,131,064 for deferred outflows of resources and \$1,573,055 for deferred inflows of resources related to other post-employment benefits. See Note 8 to the basic financial statements for further discussion of the other post-employment benefits

**BUDGET**

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

	<u>Final Budget</u>	<u>Non-GAAP Actual</u>	<u>Variance</u>
Revenues:			
Ad valorem taxes	\$ 21,434,676	\$ 23,386,216	\$ 1,951,540
Parcel fees	1,243,779	1,273,079	29,300
Fire insurance rebate	375,000	746,183	371,183
State revenue sharing	485,000	528,206	43,206
Other	<u>1,404,600</u>	<u>1,784,552</u>	<u>379,952</u>
Total	<u>\$ 24,943,055</u>	<u>\$ 27,718,236</u>	<u>\$ 2,775,181</u>
Expenditures:			
Fire protection and prevention	\$ 23,521,035	\$ 21,751,926	\$ 1,769,109
Capital outlay	347,299	3,157,732	(2,810,433)
Debt service	<u>371,770</u>	<u>371,770</u>	<u>-</u>
Total	<u>\$ 24,240,104</u>	<u>\$ 25,281,428</u>	<u>\$ (1,041,324)</u>

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1**  
**SLIDELL, LOUISIANA**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)**  
**AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2022**

**ECONOMIC FACTORS AND A LOOK AT NEXT YEAR**

The District expects revenues from taxes to rise in 2023. The District also expects personnel costs and insurance to continue to rise for fiscal year 2023. Overall the District is expecting revenues to exceed expenses for fiscal year 2023 as the District will be looking to reduce the repairs and maintenance costs as well as purchasing new equipment during the year. The District looks to continue reducing the repairs and maintenance costs by implementing an aggressive equipment replacement program.

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

**CONTACTING THE DISTRICT’S MANAGEMENT**

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

## **BASIC FINANCIAL STATEMENTS**

**ST. TAMMANY FIRE PROTECTION DISTRICT NO. 1**  
**STATEMENT OF NET POSITION**  
DECEMBER 31, 2022

	<u>Governmental Activities</u>
<b><u>ASSETS:</u></b>	
Cash	\$ 12,927,853
Taxes receivable, net of allowance for uncollectible taxes of \$1,662,341	22,085,382
Parcel fee receivable, net of allowance for uncollectible fees of \$69,791	1,326,020
Other receivables	662,754
Prepayments	610,356
Capital assets, net of accumulated depreciation	<u>18,886,692</u>
Total assets	<u>56,499,057</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES:</u></b>	
Other post-employment benefits	2,131,064
Pensions	<u>12,439,862</u>
Total deferred outflows of resources	<u>14,570,926</u>
<b><u>LIABILITIES:</u></b>	
Accounts payable	40,693
Retainage payable	185,407
Pension deduction payable	749,135
Accrued interest	7,704
Compensated absences	178,535
Other post-employment benefits	7,270,609
Net pension liability	28,875,098
Long-term debt:	
Due within one year	<u>370,000</u>
Total liabilities	<u>37,677,181</u>
<b><u>DEFERRED INFLOWS OF RESOURCES:</u></b>	
Other post-employment benefits	1,573,055
Pensions	<u>1,729,870</u>
Total deferred inflows of resources	<u>3,302,925</u>
<b><u>NET POSITION:</u></b>	
Net investment in capital assets	18,331,285
Unrestricted	<u>11,758,592</u>
Total net position	<u>\$ 30,089,877</u>

**The accompanying notes are an integral part of this statement**

**ST. TAMMANY FIRE PROTECTION DISTRICT NO. 1**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**FUNCTIONS/PROGRAMS****GOVERNMENTAL ACTIVITIES:**

Public safety - fire protection	<u>\$ 26,032,725</u>
Total (expense) from governmental activities	<u>(26,032,725)</u>

**GENERAL REVENUES & EXPENSES:**

Property taxes	22,418,959
Parcel fee	1,192,864
Fire insurance rebate	746,183
State revenue sharing	528,206
State supplemental pay	1,027,737
Grant income	1,165,670
Interest income	387,782
Miscellaneous	<u>1,396,770</u>
Total general revenues	<u>28,864,171</u>

Change in net position	2,831,446
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**NET POSITION:**

Beginning of the year	<u>27,258,431</u>
End of the year	<u><u>\$ 30,089,877</u></u>

**The accompanying notes are an integral part of this statement**

**ST. TAMMANY FIRE PROTECTION DISTRICT NO. 1**  
**BALANCE SHEET**  
**DECEMBER 31, 2022**

	<u>General Fund</u>
<b><u>ASSETS:</u></b>	
Cash	\$ 12,927,853
Taxes receivable, net of allowance for uncollectible taxes of \$1,662,341	22,085,382
Parcel fee receivable, net of allowance for uncollectible fees of \$69,791	1,326,020
Other receivables	662,754
Prepayments	<u>610,356</u>
 Total assets	 <u>\$ 37,612,365</u>
 <b><u>LIABILITIES:</u></b>	
Accounts payable	\$ 40,693
Retainage payable	185,407
Pension deduction payable	749,135
Compensated absences	<u>8,637</u>
 Total liabilities	 <u>983,872</u>
 <b><u>DEFERRED INFLOWS OF RESOURCES:</u></b>	
Unavailable revenue - property taxes and parcel fees	<u>1,591,682</u>
 Total deferred inflows of resources	 <u>1,591,682</u>
 <b><u>FUND BALANCE:</u></b>	
Unrestricted	22,106,874
Nonspendable:	
Prepaid expenses	110,356
Committed to:	
Rolling stock, facilities and equipment	4,389,986
Disaster	2,000,000
Emergencies	<u>6,429,595</u>
 Total fund balance	 <u>35,036,811</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 37,612,365</u>

**The accompanying notes are an integral part of this statement**



**ST. TAMMANY FIRE PROTECTION DISTRICT NO. 1**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

Fund balance - total governmental funds	\$ 35,036,811
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.	18,886,692
Deferred outflows of resources related to pensions and OPEB are not reported in governmental funds	14,570,926
Deferred inflows of resources related to pensions and OPEB are not reported in governmental funds	(3,302,925)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. All liabilities (both current and long-term), including the related accrued interest are reported in the Statement of Net Position:	
Accrued interest	(7,704)
Compensated absences	(169,898)
Long-term debt	(370,000)
OPEB liability	(7,270,609)
Net pension liability	(28,875,098)
Certain property tax and parcel fee collections are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the governmental funds.	<u>1,591,682</u>
Net position of governmental activities	<u>\$ 30,089,877</u>

**The accompanying notes are an integral part of this statement**

**ST. TAMMANY FIRE PROTECTION DISTRICT NO. 1**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>General Fund</u>
<b><u>GENERAL REVENUES:</u></b>	
Property taxes	\$ 23,386,216
Parcel fee	1,273,079
Fire insurance rebate	746,183
State revenue sharing	528,206
State supplemental pay	1,027,737
Investment earnings	387,782
Miscellaneous	1,396,770
Total general revenues	28,745,973
<b><u>EXPENDITURES/EXPENSES:</u></b>	
Current for fire protection:	
Salaries and related expenses	16,504,035
Repairs and maintenance	1,363,037
Deduction from ad valorem taxes for pension	749,135
Fire fighting equipment, supplies and related expenses	977,190
Legal and professional services	452,875
Insurance	2,645,670
Office supplies	105,578
Telephone and utilities	228,128
Training expenses	378,285
Miscellaneous	94,318
Total current fire protection expenditures/expenses	23,498,251
Capital outlay	3,157,732
Debt service:	
Principal	360,000
Interest	11,770
Total debt service expenditures/expenses	371,770
Total expenditures/expenses	27,027,753
Net change in fund balance	1,718,220
<b><u>FUND BALANCE:</u></b>	
Beginning of the year	33,318,591
End of the year	\$ 35,036,811

**The accompanying notes are an integral part of this statement**

**ST. TAMMANY FIRE PROTECTION DISTRICT NO. 1**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

Net change in fund balance - governmental fund \$ 1,718,220

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount that depreciation expense of \$1,074,641 was exceeded by capital outlays of \$3,157,732 in the current period. 2,083,091

Repayments of note principal are reported as financing used in governmental funds and thus contribute to the reduction in fund balance. In the Statement of Net Position, however, repayment of debt decreases the long-term liabilities and does not affect the Statement of Activities. 360,000

Property tax revenues in the government-wide Statement of Activities include economic resources that are not reported as revenues in the governmental fund operating statement. This is the amount by which current year deferred inflows of resources in the governmental funds of \$1,591,682 decreased by prior year deferred inflows of resources in the governmental funds of \$2,639,154 (1,047,472)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds:

OPEB	(140,172)
Pensions	(1,307,891)
Non-employer contributions for pensions	<u>1,165,670</u>

Change in net position \$ 2,831,446

**The accompanying notes are an integral part of this statement**

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

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

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

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

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

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2022

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Reporting Entity (Continued)**

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

**Basis of Presentation**

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

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

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

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

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

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2022

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED**

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

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

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

**Basic Financial Statements – Fund Financial Statements (FFS)**

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

Governmental Fund:

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

General Fund

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

**Basis of Accounting**

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

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2022

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting (continued)**

Accrual

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

Modified Accrual

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

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

Revenues

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

Expenditures

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

**Deposits and Investments**

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

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2022

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deposits and Investments (continued)**

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

All Investments are reported at fair value.

**Receivables and Payables**

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

Property taxes are levied on a calendar year basis, become due on December 31 and are considered delinquent on January 1. The District authorized and levied a 33.65 mill ad valorem tax for operations and maintenance for the year ended December 31, 2022.

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

	<u>Assessed Valuation</u>	<u>% of Total Assessed Value</u>
Central LA Electric Co.	\$ 17,935,840	2.06%
Atmos Energy Corporation	7,581,238	0.87%
Fremaux Town Center SPE LLC	6,000,705	0.69%
Capital One N.A.	3,537,438	0.41%
JP Morgan Chase Bank	3,523,019	0.41%
Bayou Metal Supply, LLC	3,142,487	0.36%
Magnolia Water UOC	3,129,180	0.36%
SC3 Fremaux LLC	3,076,500	0.35%
Bell South Communications	2,961,068	0.34%
Pelican Pointe Slidell, LLC	<u>2,920,797</u>	<u>0.34%</u>
	<u>\$ 53,808,272</u>	<u>6.19%</u>



**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2022

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Receivables and Payables (continued)**

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

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

**Prepaid Items**

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

**Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the government-wide statements. Capital assets are recorded at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold of \$5,000 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

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

**Deferred Outflows and Inflows of Resources**

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

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2022

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred Outflows and Inflows of Resources (continued)**

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

**Compensated Absences**

Employees of the District are entitled to 18 to 30 days of annual leave each year, depending on length of service. Sick leave is granted to each regular employee for a period of not more than 52 weeks. The cost of current leave privileges, computed in accordance with GASB Codification C60, is recognized as a current-year expense when leave is actually taken. Annual and sick leave cannot be carried over; therefore, there are no accumulated leave benefits required to be reported in accordance with GASB Codification C60 for these types of leave. Employees can also earn annual leave by having perfect attendance during any three consecutive calendar months. Employees can earn no more than four such days per year and can accrue up to a maximum of six such days. If an employee is unable to use the accrued days, they are carried over to the next year. Since this earned annual leave may be carried over, it is recorded as a liability in the Statement of Net Position. At December 31, 2022, compensated absences of \$178,535 have been recognized in the Statement of Net Position.

**Long-term Obligations**

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

**Pensions**

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

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2022

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Equity Classifications**

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

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

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

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

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

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2022

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Equity Classifications (continued)**

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

**Use of Estimates**

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

**Adoption of New Accounting Pronouncement**

For fiscal year ended December 31, 2022, the District adopted GASB No.87, Leases. The objectives of GASB 87 are to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The adoption of this Statement had no material impact on the District's financial statements.

**Date of Management's Review**

Subsequent events have been evaluated through May 31, 2023 which is the date the financial statements were available to be issued.

**(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

The District published the proposed budget for the General Fund in the St. Tammany Farmer on October 27, 2021, November 3, 2021, and November 10, 2021. A public hearing was held on November 16, 2021 and the board adopted the budget on December 14, 2021. The budget is prepared using the modified cash basis of accounting. All appropriations lapse at year end. Formal budget integration within the accounting records is employed as a management control device during the year. The board also reviews budget versus actual reports on a monthly basis. Changes or amendments are made upon approval of the board.

The actual on budgetary basis amounts reflect the modified cash basis of accounting, and state supplemental pay (\$1,027,737 in 2022) to fire fighters is not treated as budgeted revenues and expenditures of the General Fund.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2022

**(3) CASH AND CASH EQUIVALENTS**

At December 31, 2022, the District has cash and cash equivalents (book balances) totaling \$12,927,853 as follows:

Major Apparatus and Facilities account	\$ 4,389,986
Operating	66,437
Disaster account	2,000,000
Clearing account	41,235
Debt service account	500
Petty cash	100
Reserve account	<u>6,429,595</u>
	<u>\$ 12,927,853</u>

These deposits are stated at cost, which approximates market. The District does not have a policy for custodial credit risk; however, under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging agent bank in a holding or custodial bank that is mutually acceptable to both parties.

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

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

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

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

At December 31, 2022, the carrying amount and the bank balances of deposits of the primary government are summarized as follows:

	Bank Balances Category			Bank Balance
	1	2	3	
Cash	\$ 250,000	\$ 13,062,883	\$ -	\$ 13,312,883

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2022

**(4) RECEIVABLES**

The District's receivables, net of allowance, at December 31, 2022 are as follows:

Class of Receivable	Amount
Taxes – ad valorem, net	\$ 22,085,382
Parcel fees, net	1,326,020
Intergovernmental – grants – state	518,227
Other	144,527
	\$ 24,074,156

**(5) CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended December 31, 2022 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 821,435	\$ 33,993	\$ -	\$ 855,428
Construction in progress	1,927,559	2,258,031	-	4,185,590
Total capital assets not being depreciated	2,748,994	2,292,024	-	5,041,018
Capital assets, being depreciated:				
Buildings	8,695,891	373,829	-	9,069,720
Equipment and furniture	16,480,560	491,879	-	16,972,439
Total capital assets being depreciated	25,176,451	865,708	-	26,042,159
Less accumulated depreciation	(11,121,844)	(1,074,641)	-	(12,196,485)
Total capital assets being depreciated, net	14,054,607	(208,933)	-	13,845,674
Total capital assets, net	\$ 16,803,601	\$ 2,083,091	\$ -	\$ 18,886,692

Increases as presented above include \$2,258,031 of a new construction in progress project for Station No. 11 and Station 19 as of December 31, 2022.

Depreciation expense of \$1,074,641 for the year ended December 31, 2022, was charged to fire protection expenditures.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2022

**(6) LONG-TERM DEBT**

	<u>Balance at</u> <u>12/31/2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>12/31/2022</u>	<u>Due Within</u> <u>One Year</u>
Limited tax certificates of indebtedness Series 2014, interest rate at 2.14%, maturing on March 1, 2023.	\$ 730,000	\$ -	\$ 360,000	\$ 370,000	\$ 370,000
Total debt	\$ 730,000	\$ -	\$ 360,000	\$ 370,000	\$ 370,000

Following is a summary of future principal and interest requirements:

<u>Year</u> <u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 370,000	\$ 3,959	\$ 373,959
	<u>\$ 370,000</u>	<u>\$ 3,959</u>	<u>\$ 373,959</u>

Interest costs incurred and charged to expense for the year ended December 31, 2022 was \$11,770.

**(7) PENSION PLAN**

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

Membership in the System is mandatory for all full-time firefighters employed by a municipality, parish or fire district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit payable monthly for life, equal to three and one-third percent of their final average salary for each year of creditable service, not to exceed 100 percent of their final average salary. Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service stated above and do not withdraw their employee contributions may retire at or after age 55 (or at or after 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2022

**(7) PENSION PLAN (CONTINUED)**

The System also provides death and disability benefits. Benefits are established by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Louisiana Firefighters' Retirement System, Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling, (225) 925-4060.

Funding Policy

For the twelve months ended December 31, 2022, members of the System are required to contribute 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate. At December 31, 2022, the employer contribution rate was 33.75% above poverty and 35.75% below poverty. The contribution requirements of plan members and the District are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

Contributions

According to state statute, for the System, contribution requirements for all employees are actuarially determined each year. State statute requires covered employees to contribute a percentage of their salaries to the System. For the year ending December 31, 2022, the actual employer contribution rate and the actuarially determined employer contribution rate is listed below. The actual rate differs from the actuarially required rate due to state statutes that require the contribution rate be calculated and set two years prior to the year effective.

The amount of the District's employer contributions to the System for the year ended December 31, 2022 was \$3,504,755. The District's covered payroll for the System for the year ended December 31, 2022 was \$10,470,924. The amount that the District recognized as revenue or netted in expense from non-employer contributing entities was \$1,165,670.

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

At December 31, 2022, the District reported a liability totaling \$28,875,098 for its proportionate share of the net pension liability for the System. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The District's proportion of the Net Pension Liability was based on the District's historical contributions to the Plan relative to the historical contributions of all participating employers. At June 30, 2022, the District's proportion was 4.0950008%, which was an increase of 0.073861% from its proportion measured as of June 30, 2021.



**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2022

**(7) PENSION PLAN (CONTINUED)**

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

For the year ended December 31, 2022, the District recognized pension expense totaling \$4,820,469. Added to pension expense is the employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions totaling \$214,412 for the System.

For the year ended December 31, 2022, the District recognized revenue from ad valorem taxes and revenue sharing funds received by the System. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities totaling \$1,307,891.

At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the System:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 172,582	\$ 1,361,016
Change in assumptions	2,380,962	-
Net difference between projected and actual earnings on pension plan investments	6,540,966	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,635,009	368,854
Employer contributions subsequent to the measurement date	<u>1,710,343</u>	<u>-</u>
Total	<u>\$ 12,439,862</u>	<u>\$ 1,729,870</u>

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2022

**(7) PENSION PLAN (CONTINUED)**

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

Employer contributions subsequent to the measurement date totaling \$1,710,343 and reported as deferred outflows of resources will be recognized as a reduction of the Net Pension Liability in the next fiscal year 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:

2023	\$	2,140,090
2024		1,638,529
2025		1,065,437
2026		3,786,222
2027		393,586
2028		<u>(24,215)</u>
 Total	 \$	 <u>8,999,649</u>

Actuarial Assumptions

Assumptions were based on an experience study for the period July 1, 2014 – June 30, 2020. The total pension liability in the June 30, 2022 actuarial valuation for the System was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal Cost
Estimated Remaining Service Life	7 years, closed period
Investment Rate of Return	6.90% per annum (net of fees)
Inflation Rate	2.50% per annum
Salary increases	Vary from 14.10% in the first years of service to 5.20% with three or more years of service
Cost of Living Adjustments	Only those previously granted included

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2022

**(7) PENSION PLAN (CONTINUED)**

Mortality Rate

The mortality rate assumptions were updated in fiscal year 2021 to reflect changes from the recent experience study and rates set in the Pub-2010 Public Retirement Plans mortality tables, as compared to the RP-2000 Combined Healthy and Disabled Lives tables that were used for the previous valuation. For the June 30, 2021 valuation, assumptions for mortality rates were based on the following:

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

Long-term Expected Real Rate of Return

The estimated long term expected rate of return on pension plan investments was determined using a building block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The long term expected nominal rate of return was 6.90% as of June 30, 2022. Best estimates of real rates of return for each major asset class included in FRS' target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
U.S. Equity	27.5%	5.64%
Non-U.S. Equity	11.5%	5.89%
Global Equity	10.0%	5.99%
Emerging Market Equity	7.00%	7.75%
U.S. Core Fixed Income	18.0%	0.84%
U.S. TIPS	3.00%	0.51%
Emerging Market Debt	5.00%	2.99%
Private Equity	9.00%	8.99%
Real Estate	6.00%	4.57%
Real Assets	<u>3.00%</u>	4.89%
Totals	<u>100.0%</u>	
Inflation		2.50%
Expected arithmetic nominal return		7.00%

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2022

**(7) PENSION PLAN (CONTINUED)**

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System’s actuary. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District’s proportionate share of the Net Pension Liability using the discount rate of 6.90%, as well as what the District’s proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District’s proportionate share of the Net Pension Liability	\$ 42,717,502	\$ 28,875,098	\$ 17,329,554

Retirement System Audit Report

Firefighters’ Retirement System issued a stand-alone audit report on its financial statements for the year ended June 30, 2022. Access to the audit report can be found on the System’s website: [www.lafirefightersret.com](http://www.lafirefightersret.com) or on the Office of Louisiana Legislative Auditor’s official website: [www.lla.state.la.us](http://www.lla.state.la.us).

**(8) OTHER POST-EMPLOYMENT BENEFITS**

Plan Description

The St. Tammany Parish Fire Protection District No. 1 (the Fire District) provides certain continuing health care and life insurance benefits for its retired employees. The St. Tammany Parish Fire Protection District No. 1’s OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the Fire District. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the Fire District. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB).

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2022

**(8) OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Benefits Provided**

Medical and life benefits are provided through comprehensive plans and are made available to employees upon actual retirement. Employees are covered by a retirement system whose retirement eligibility (D.R.O.P. entry) provisions are as follows: Attainment of age 55 and 12 years of service; or, 50 and 20 years of service; or, any age and 25 years of service.

Life insurance coverage is provided to retirees and 0% of the blended rate (active and retired) is paid by the employer. The amount of insurance coverage while active is continued after retirement, but insurance coverage amounts are reduced to 65% of the pre-65 active amount at age 65, and further to 50% of the amount at age 70, and further to 35% of the amount at age 75.

**Employees Covered by Benefit Terms**

At December 31, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	60
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	182
	242

**Total OPEB Liability**

The Fire District's total OPEB liability of \$7,270,609 was measured as of December 31, 2022 and was determined by an actuarial valuation as of that date. The amount paid by the employer for OPEB as the benefits came due during the reporting period totaled \$374,566.

**Actuarial Assumptions and other inputs**

The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.0%
Salary increases	Less than 3 years – 14.10%
Discount rate	2.06% annually (Beginning of Year to Determine ADC)
	3.72%, annually (As of End of Year Measurement Date)
Healthcare cost trend rates	Getzen model

The discount rate was based on the Bond Buyers' 20 Year General Obligation municipal bond index as of December 31, 2022, the end of the applicable measurement period.

Mortality rates were based on the PubS.H-2010 Below was used.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2022

**(8) OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Actuarial Assumptions and other inputs (continued)**

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

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of ongoing evaluations of the assumptions from January 1, 2009 to December 31, 2022.

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

**Changes in the Total OPEB Liability**

Balance at December 31, 2021	\$ 6,426,629
Changes for the year:	
Service cost	317,643
Interest	135,094
Differences between expected and actual experience	(599,154)
Changes in assumptions	1,364,963
Benefit payments and net transfers	<u>(374,566)</u>
Net changes	<u>843,980</u>
 Balance at December 31, 2022	 <u>\$ 7,270,609</u>
 Covered-employee payroll	 <u>\$ 7,558,103</u>

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 7,913,433	\$ 7,270,609	\$ 6,687,005

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2022

**(8) OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Sensitivity of the Total OPEB Liability to Healthcare Cost Trend Rates**

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 6,617,716	\$ 7,270,609	\$ 8,050,736

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

For the year ended December 31, 2022, the Fire District recognized OPEB expense of \$514,738. At December 31, 2022, the Fire District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 1,968,548	\$ 451,540
Differences between expected and actual experience	<u>162,516</u>	<u>1,121,515</u>
Total	<u>\$ 2,131,064</u>	<u>\$ 1,573,055</u>

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

Years ending June 30:

2023	\$ 62,001
2024	62,001
2025	62,001
2026	62,001
2027	62,001
Thereafter	<u>248,004</u>
Total	<u>\$ 558,009</u>

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2022

**(9) CONSTRUCTION COMMITMENT**

On March 21, 2021, the District entered into a construction contract with a contractor for its Station No. 11. The contract totaled \$4,115,000, and change orders of \$10,052 have been approved. As of December 31, 2022, the District has paid \$3,708,130 under the terms of the contract and has \$582,223 remaining, including retainage of \$185,407.

**(10) RISKS AND UNCERTAINTIES**

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

**(11) SUBSEQUENT EVENTS**

On March 9, 2023 the District purchased a United States Treasury Bill with a principal balance of \$5,999,328 and a maturity date of November 30, 2023. The discount rate of the Treasury Bill is 4.57%.

One January 4, 2023 the District paid a down payment in the amount of \$568,700 to purchase a new firetruck.

As of January 16, 2023, the District completed their last bond payment for Bond series 2014.

**(12) NEW ACCOUNTING PRONOUNCEMENT**

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

The GASB has released Statement No. 101, [Compensated Absences](#) (Statement 101), which replaces GASB Statement No. 16, Accounting for Compensated Absences. The Statement 101 requires liabilities for compensated absences to be recognized for: Leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. Under the new Statement a liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered; (b) the leave has accumulated; and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits is not included in the compensated absences liability. The Statement also addresses the timing of the recognition of a liability for certain types of compensated absences, such as sabbatical leave, parental leave, military leave, jury duty leave and other specific types of compensated balances. The Statement is effective for fiscal years beginning after December 15, 2023.



**REQUIRED SUPPLEMENTAL INFORMATION (PART II)**

**ST. TAMMANY FIRE PROTECTION DISTRICT NO. 1**  
**SLIDELL, LOUISIANA**  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - GOVERNMENTAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts	Non-GAAP Budgetary Basis	Variance Favorable (Unfavorable)
<b><u>GENERAL REVENUES:</u></b>			
Property taxes	\$ 21,434,676	\$ 23,386,216	\$ 1,951,540
Parcel fee	1,243,779	1,273,079	29,300
Fire insurance rebate	375,000	746,183	371,183
State revenue sharing	485,000	528,206	43,206
State supplemental pay	-	-	-
Interest income	335,000	387,782	52,782
Miscellaneous	1,069,600	1,396,770	327,170
	<u>24,943,055</u>	<u>27,718,236</u>	<u>2,775,181</u>
<b><u>EXPENDITURES/EXPENSES:</u></b>			
Current for fire protection:			
Salaries and related expenses	15,938,422	15,476,298	462,124
Repairs and maintenance	1,361,500	1,363,037	(1,537)
Deduction from ad valorem taxes for pension	-	30,547	(30,547)
Fire fighting equipment, supplies and related expenses	1,484,750	977,190	507,560
Legal and professional services	534,750	452,875	81,875
Insurance	3,458,938	2,645,670	813,268
Office supplies	109,000	105,578	3,422
Telephone and utilities	226,000	228,128	(2,128)
Training expenses	354,175	378,285	(24,110)
Miscellaneous	53,500	94,318	(40,818)
	<u>23,521,035</u>	<u>21,751,926</u>	<u>1,769,109</u>
Capital outlay	4,356,217	3,157,732	1,198,485
Debt service:			
Principal	360,000	360,000	-
Interest	11,770	11,770	-
	<u>371,770</u>	<u>371,770</u>	<u>-</u>
	<u>28,249,022</u>	<u>25,281,428</u>	<u>2,967,594</u>
Excess/(deficiency) of revenues over expenditures	(3,305,967)	2,436,808	(5,742,775)
Net change in fund balance	(3,305,967)	2,436,808	5,742,775
Beginning of the year	<u>28,919,843</u>	<u>33,318,591</u>	
End of the year	<u>\$ 25,613,876</u>	<u>\$ 35,755,399</u>	

(See Independent Auditors' Report)

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**FOR THE NINE YEARS ENDING DECEMBER 31, 2022**

	<u>12/31/2022</u>	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
<b><u>Louisiana Firefighters' Retirement System</u></b>									
District's Proportion of the Net Pension Liability	4.095008%	4.021147%	3.772755%	3.860149%	3.767457%	3.803541%	3.753668%	3.838968%	3.693880%
District's Proportionate Share of the Net Pension Liability	\$ 28,875,098	\$ 14,250,350	\$ 26,151,038	\$ 24,171,906	\$ 21,670,706	\$ 21,801,323	\$ 24,552,382	\$ 20,719,342	\$ 16,437,446
District's Covered-Employee Payroll	\$ 10,541,000	\$ 10,093,150	\$ 9,387,722	\$ 9,323,610	\$ 8,961,973	\$ 8,875,186	\$ 8,476,204	\$ 8,162,706	\$ 7,614,345
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	273.93%	141.19%	278.57%	259.25%	241.81%	245.64%	289.66%	253.83%	215.87%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.68%	86.78%	72.61%	73.96%	74.76%	73.55%	68.16%	72.45%	76.02%

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

*\*The amounts presented have a measurement date of June 30, 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014, respectively.*

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1**  
**SCHEDULE OF CONTRIBUTIONS - RETIREMENT PLAN**  
FOR THE NINE YEARS ENDING DECEMBER 31, 2022

	<u>12/31/2022</u>	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
<b><u>Louisiana Firefighters' Retirement System</u></b>									
Contractually Required Contribution	\$ 3,557,587	\$ 3,464,558	\$ 2,852,533	\$ 2,545,706	\$ 2,428,720	\$ 2,309,511	\$ 2,278,318	\$ 2,338,762	\$ 2,302,838
Contributions in Relation to the Contractually Required Contribution	<u>(3,557,587)</u>	<u>(3,464,558)</u>	<u>(2,852,533)</u>	<u>(2,545,706)</u>	<u>(2,428,720)</u>	<u>(2,309,511)</u>	<u>(2,277,038)</u>	<u>(2,337,342)</u>	<u>(2,302,812)</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,280</u>	\$ <u>1,420</u>	\$ <u>26</u>
District's Covered-Employee Payroll	\$ 10,541,000	\$ 10,506,793	\$ 9,499,304	\$ 9,399,270	\$ 9,164,982	\$ 8,927,750	\$ 8,681,369	\$ 8,280,390	\$ 8,008,458
Contributions as a Percentage of Covered-Employee Payroll	33.75%	32.97%	30.03%	27.08%	26.50%	25.87%	26.23%	28.23%	28.75%

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

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1**  
**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**  
**FOR THE FOUR YEARS ENDING DECEMBER 31, 2022**

	<u>12/31/2022</u>	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>12/31/2019</u>
Total OPEB Liability:				
Service cost	\$ 317,643	\$ 284,757	\$ 335,157	\$ 233,695
Interest	135,094	134,411	202,135	238,776
Differences between expected and actual experience	(599,154)	(26,915)	(747,008)	234,748
Changes of assumptions	1,364,963	47,667	(602,053)	1,012,672
Benefit payments	<u>(374,566)</u>	<u>(211,071)</u>	<u>(200,067)</u>	<u>(217,238)</u>
Net change in total OPEB liability	843,980	228,849	(1,011,836)	1,502,653
Total OPEB liability - beginning	<u>6,426,629</u>	<u>6,197,780</u>	<u>7,209,616</u>	<u>5,706,963</u>
Total OPEB liability - ending	<u>\$ 7,270,609</u>	<u>\$ 6,426,629</u>	<u>\$ 6,197,780</u>	<u>\$ 7,209,616</u>
Covered-employee payroll	\$ 7,558,103	\$ 6,775,579	\$ 6,578,232	\$ 6,962,670
	96.20%	94.85%	94.22%	103.55%

\*The amounts presented have a measurement date of December 31, 2022, 2021, 2020, and 2019 respectively.

Total OPEB liability as a percentage of covered employee payroll

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

**See Independent Auditors' Report**

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1**  
**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**  
**DECEMBER 31, 2022**

**(1) BUDGETARY COMPARISON SCHEDULE**

The District published the proposed budget for the General Fund in the St. Tammany Farmer on October 27, 2021, November 3, 2021, and November 10, 2021. A public hearing was held on November 16, 2021 and the board adopted the budget on December 14, 2021. The budget is prepared using the modified cash basis of accounting. All appropriations lapse at year end. Formal budget integration within the accounting records is employed as a management control device during the year. The board also reviews budget versus actual reports on a monthly basis. Changes or amendments are made upon approval of the board.

The Actual on Budgetary Basis amounts reflect the modified accrual basis of accounting, except that state supplemental pay for fire fighters (\$1,027,737) is not treated as budgeted revenues and expenditures in the General Fund.

**(2) PENSION PLAN SCHEDULES**

**Changes of Benefit Terms**

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

**Changes of Assumptions**

For the year ended December 31, 2022 (measurement date of June 30, 2021), the Firefighter's Retirement System inflation rate assumption stayed at 2.50% annually, and the real investment rate of return stayed at 6.90%. The salary increase assumptions range stayed at (14.10%-5.2%) annually.

For the year ended December 31, 2021 (measurement date of June 30, 2021), the Firefighter's Retirement System inflation rate assumption stayed at 2.50% annually, and the real investment rate of return was lowered from 7.00% to 6.90%. The salary increase assumptions range stayed at (14.10%-5.2%) annually.

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

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

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1**  
**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**  
**DECEMBER 31, 2022**

**(2) PENSION PLAN SCHEDULES (CONTINUED)**

**Changes of Assumptions (Continued)**

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

There were no changes of assumptions during 2017.

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

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

**(3) OTHER POST-EMPLOYMENT BENEFITS SCHEDULE**

**Change of Benefit Terms**

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

**Changes of Assumptions**

For the year ended December 31, 2022, the other post-employment benefits changed its assumptions related to trends, mortality and discount rates. These changes had a cumulative effect of \$1,364,963.

For the year ended December 31, 2021, the other post-employment benefits changed its assumptions related to trends, mortality and discount rates. These changes had a cumulative effect of \$47,667.

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

## **OTHER SUPPLEMENTAL INFORMATION**



**ST. TAMMANY FIRE PROTECTION DISTRICT NO. 1**  
**SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

Board members serve without compensation

**(See Independent Auditors' Report)**

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO.1**  
**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Chief Chris Kaufmann</u>
Salary	\$ 143,327
Benefits - insurance (health, life and dental)	7,209
Benefits - retirement FFRS	49,377
Cell phone allowance	936
Membership dues	<u>168</u>
 Total compensation, benefits, and other payments	 \$ <u><u>201,017</u></u>

**OTHER REPORTING REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of St. Tammany Parish Fire Protection District No. 1, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the St. Tammany Parish Fire Protection District No. 1's basic financial statements, and have issued our report thereon dated May 31, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered St. Tammany Parish Fire Protection District No. 1's internal control over financial reporting (internal control) 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 St. Tammany Parish Fire Protection District No. 1's internal control. Accordingly, we do not express an opinion on the effectiveness of St. Tammany Parish Fire Protection District No. 1's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of St. Tammany Parish Fire Protection District No. 1's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



To the Board of Commissioners  
St. Tammany Parish Fire Protection District No. 1  
May 31, 2023

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

As part of obtaining reasonable assurance about whether St. Tammany Parish Fire Protection District No. 1's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

May 31, 2023  
Mandeville, Louisiana

*Erickson Krentel, LLP*  
Certified Public Accountants

**ST. TAMMANY FIRE PROTECTION DISTRICT NO. 1**  
**SCHEDULE OF FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**SECTION I SUMMARY OF AUDIT RESULTS**

1. The auditors' report expresses an unmodified opinion on the financial statements of the St. Tammany Parish Fire Protection District No. 1.
2. No significant deficiencies in internal control relating to the audit of the financial statements were reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the St. Tammany Parish Fire Protection District No. 1 were reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
4. No management letter was issued for the year ended December 31, 2022.

**SECTION II FINANCIAL STATEMENT FINDINGS**

There were no findings related to the financial statements for the year ended December 31, 2022.

**ST. TAMMANY FIRE PROTECTION DISTRICT NO. 1**  
**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**SECTION II FINANCIAL STATEMENT FINDINGS**

There were no findings related to the financial statements for the year ended December 31, 2021.

**LOUISIANA LEGISLATIVE AUDITOR**  
**STATEWIDE AGREED-UPON PROCEDURES**  
**ST. TAMMANY PARISH FIRE**  
**PROTECTION DISTRICT NO. 1**  
**SLIDELL, LOUISIANA**  
**FOR THE PERIOD**  
**JANUARY 1, 2022 THROUGH DECEMBER 31, 2022**



**ERICKSEN KRENTEL**<sup>LLP</sup>  
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS





**INDEPENDENT ACCOUNTANTS' REPORT**  
**ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Commissioners and Management of St. Tammany Parish Fire Protection District No. 1 and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2022 through December 31, 2022. St. Tammany Parish Fire Protection District No. 1's (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 LLA's SAUPs for the fiscal period January 1, 2022 through December 31, 2022. Additionally, 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 associated findings are attached in Schedule "1."

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 performed on those C/C areas identified in the SAUPs, 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 LLA as a public document.

June 30, 2023  
Mandeville, Louisiana

*Ericksen Krentel, LLP*  
Certified Public Accountants

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1  
AGREED-UPON PROCEDURES  
FOR THE YEAR ENDED DECEMBER 31, 2022

**WRITTEN POLICIES AND PROCEDURES**

1. **Procedures:** Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) ***Disbursements***, including processing, reviewing, and approving.
  - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
  - e) ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
  - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
  - g) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
  - h) ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
  - i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1  
AGREED-UPON PROCEDURES (CONTINUED)  
JANUARY 1, 2022 – DECEMBER 31, 2022

**WRITTEN POLICIES AND PROCEDURES (CONTINUED)**

- j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

**Results:** No exceptions were found as a result of applying the procedures.

**BOARD OR FINANCE COMMITTEE**

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1  
AGREED-UPON PROCEDURES (CONTINUED)  
JANUARY 1, 2022 – DECEMBER 31, 2022

**BOARD OR FINANCE COMMITTEE (CONTINUED)**

**Results:** No exceptions were found as a result of applying the procedures.

**BANK RECONCILIATIONS**

3. **Procedures:** 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 five additional accounts (or all accounts if less than five). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
- a) Bank reconciliations include evidence that they were prepared within two months of the related statement closing date (e.g., initialed and dated or electronically logged);
  - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

**Results:** No exceptions were found as a result of applying the procedures.

**COLLECTIONS (EXCLUDING ELECTRONIC FUNDS TRANSFERS)**

4. **Procedure:** Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select five deposit sites (or all deposit sites if less than five).
5. **Procedures:** For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. five collection locations for five deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
- a) Employees that are responsible for cash collections do not share cash drawers/registers;
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit;

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1  
AGREED-UPON PROCEDURES (CONTINUED)  
JANUARY 1, 2022 – DECEMBER 31, 2022

**COLLECTIONS (EXCLUDING ELECTRONIC FUNDS TRANSFERS) (CONTINUED)**

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
6. **Procedure:** Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.
7. **Procedures:** Randomly select two deposit dates for each of the five bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the ten deposits and:
- a) Observe that receipts are sequentially pre-numbered.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.
  - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than ten miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
  - e) Trace the actual deposit per the bank statement to the general ledger.

**Results:** No exceptions were found as a result of applying the procedures.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1  
AGREED-UPON PROCEDURES (CONTINUED)  
JANUARY 1, 2022 – DECEMBER 31, 2022

**NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES/PAYMENTS,  
TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES)**

8. **Procedure:** Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select five locations (or all locations if less than five).
  
9. **Procedures:** For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase;
  - b) At least two employees are involved in processing and approving payments to vendors;
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
  - e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
  
10. **Procedures:** For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select five disbursements for each location, obtain supporting documentation for each transaction, and:
  - a) Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
  - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #9 above, as applicable.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1  
AGREED-UPON PROCEDURES (CONTINUED)  
JANUARY 1, 2022 – DECEMBER 31, 2022

**NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES/PAYMENTS,  
TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES) (CONTINUED)**

11. **Procedures:** Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3, randomly select five non-payroll-related electronic disbursements (or all electronic disbursements if less than five) and observe that each electronic disbursement was
- a) Approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and
  - b) Approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

**Results:** No exceptions were found as a result of applying the procedures.

**CREDIT CARDS/DEBIT CARDS/FUEL CARDS/PURCHASE CARDS (CARDS)**

12. **Procedure:** Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
13. **Procedures:** Using the listing prepared by management, randomly select five cards (or all cards if less than five) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and:
- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder.
  - b) Observe that finance charges and late fees were not assessed on the selected statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1  
AGREED-UPON PROCEDURES (CONTINUED)  
JANUARY 1, 2022 – DECEMBER 31, 2022

**CREDIT CARDS/DEBIT CARDS/FUEL CARDS/PURCHASE CARDS (CARDS)**  
**(CONTINUED)**

14. **Procedures:** Using the monthly statements or combined statements selected under #13 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

**Results:** No exceptions were found as a result of applying the procedures.

**TRAVEL AND TRAVEL-RELATED EXPENSE REIMBURSEMENTS (EXCLUDING CARD TRANSACTIONS)**

15. **Procedures:** Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select five reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected:
- a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov));
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
  - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1g; and
  - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Results:** No exceptions were found as a result of applying the procedures.



ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1  
AGREED-UPON PROCEDURES (CONTINUED)  
JANUARY 1, 2022 – DECEMBER 31, 2022

**CONTRACTS**

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

**Results:** No exceptions were found as a result of applying the procedures.

**PAYROLL AND PERSONNEL**

17. **Procedure:** Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select five employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
18. **Procedures:** Randomly select one pay period during the fiscal period. For the five employees or officials selected under #17 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
  - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials;
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
  - d) Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1  
AGREED-UPON PROCEDURES (CONTINUED)  
JANUARY 1, 2022 – DECEMBER 31, 2022

**PAYROLL AND PERSONNEL (CONTINUED)**

19. **Procedures:** Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's accumulated leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
20. **Procedure:** Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g. payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

**Results:** No exceptions were found as a result of applying the procedures.

**ETHICS**

21. **Procedures:** Using the five randomly selected employees/officials from procedure #17 under "Payroll and Personnel" above: obtain ethics documentation from management, and:
- a) Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
  - b) Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
22. **Procedure:** Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

**Results:** No exceptions were found as a result of applying the procedures.

**DEBT SERVICE**

23. **Procedure:** Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1  
AGREED-UPON PROCEDURES (CONTINUED)  
JANUARY 1, 2022 – DECEMBER 31, 2022

**DEBT SERVICE (CONTINUED)**

24. **Procedure:** Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

**Results:** No exceptions were found as a result of applying the procedures.

**FRAUD NOTICE**

25. **Procedure:** Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

26. **Procedure:** Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

**Results:** No exceptions were found as a result of applying the procedures.

**INFORMATION TECHNOLOGY DISASTER RECOVERY/BUSINESS CONTINUITY**

27. **Procedures:** Perform the following procedures:

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past three months.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1  
AGREED-UPON PROCEDURES (CONTINUED)  
JANUARY 1, 2022 – DECEMBER 31, 2022

**INFORMATION TECHNOLOGY DISASTER RECOVERY/BUSINESS CONTINUITY  
(CONTINUED)**

c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select five computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

28. **Procedure:** Randomly select five terminated employees (or all terminated employees if less than five) using the list of terminated employees obtained in procedure #19. Observe evidence that the selected terminated employees have been removed or disabled from the network.

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

**PREVENTION OF SEXUAL HARASSMENT**

29. **Procedure:** Using the five randomly selected employees/officials from procedure #17 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

30. **Procedure:** Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

31. **Procedures:** Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

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

**Results:** No exceptions were found as a result of applying the procedures.