
**St. Tammany Parish
Fire Protection District No. 9**

Financial Statements

December 31, 2020

St. Tammany Parish Fire Protection District No. 9

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Independent Auditor's Report

To the Board of Commissioners
St. Tammany Parish Fire Protection District No. 9
Bush, Louisiana

We have audited the accompanying financial statements of the governmental activities and each major fund of the St. Tammany Parish Fire Protection District No. 9 (the "District"), a component unit of the St. Tammany Parish Government, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of December 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule – general fund on page 27; schedule of employer's proportionate share of net pension liability at page 28; and schedule of employer's pension contributions at page 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the St. Tammany Parish Fire Protection District No. 9. The accompanying schedule of compensation, benefits, and other payments to district head at page 30, as required by the State of Louisiana, is presented for purposes of additional analysis and is not a required part of the financial statements.

To the Board of Commissioners
St. Tammany Parish Fire Protection District No. 9
Bush, Louisiana

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Covington, Louisiana
May 17, 2021

Government-Wide Financial Statements

St. Tammany Parish Fire Protection District No. 9
Statement of Net Position
December 31, 2020

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current Assets

Cash and cash equivalents	\$ 33,402
Receivables - ad valorem taxes, net	901,305
Receivables - state revenue sharing	19,886
	<u>954,593</u>

Noncurrent Assets

Capital assets, net	936,015
	<u>1,890,608</u>

Deferred Outflows of Resources

Deferred pension amounts	287,651
	<u>\$ 2,178,259</u>

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES,
AND NET POSITION**

Current Liabilities

Accounts payable	\$ 6,529
Payroll taxes payable	35,001
Retirement benefits payable	99,088
Accrued wages	5,277
Accrued interest payable	532
Certificates of indebtedness, due within one year	84,000
	<u>230,427</u>

Noncurrent liabilities

Accrued compensated absences	65,339
Certificates of indebtedness, net of balance due within one year	82,000
Net pension liability	992,757
	<u>1,140,096</u>
	<u>1,370,523</u>

Deferred Inflows of Resources

Deferred pension amounts	200,092
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Net Position

Net investment in capital assets	845,015
Restricted - debt service	537
Unrestricted	(237,908)
	<u>607,644</u>
	<u>\$ 2,178,259</u>

See accompanying notes to financial statements.

St. Tammany Parish Fire Protection District No. 9
Statement of Activities
For the Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Public safety - fire protection	\$ 1,243,267	\$ -	\$ 2,300	\$ -	\$ (1,240,967)
Interest	2,883	-	-	-	(2,883)
	<u>\$ 1,246,150</u>	<u>\$ -</u>	<u>\$ 2,300</u>	<u>\$ -</u>	<u>(1,243,850)</u>
General Revenues					
Ad valorem taxes					966,374
Intergovernmental revenues					
State revenue sharing					29,829
Fire insurance premium tax					30,356
State supplemental					57,500
Miscellaneous income					34,526
Gain on sale of assets					9,500
Interest					5,804
					<u>1,133,889</u>
Change in net position					(109,961)
Net position, beginning of year					717,605
Net position, end of year					<u>\$ 607,644</u>

See accompanying notes to financial statements.

Fund Financial Statements

St. Tammany Parish Fire Protection District No. 9
Balance Sheet
December 31, 2020

	General Fund	Debt Service Fund	Total Funds
Assets			
Cash and cash equivalents	\$ 32,865	\$ 537	\$ 33,402
Receivables - ad valorem taxes, net	901,305	-	901,305
Receivables - state revenue sharing	19,886	-	19,886
	<u>\$ 954,056</u>	<u>\$ 537</u>	<u>\$ 954,593</u>
Liabilities			
Accounts payable	\$ 6,529	\$ -	\$ 6,529
Payroll taxes payable	35,001	-	35,001
Retirement benefits payable	99,088	-	99,088
Accrued wages	5,277	-	5,277
	<u>145,895</u>	<u>-</u>	<u>145,895</u>
Deferred Inflows of Resources			
Unavailable ad valorem taxes	80,439	-	80,439
Fund Balances			
Restricted	-	537	537
Unassigned	727,722	-	727,722
	<u>727,722</u>	<u>537</u>	<u>728,259</u>
	<u>\$ 954,056</u>	<u>\$ 537</u>	<u>\$ 954,593</u>

See accompanying notes to financial statements.

St. Tammany Parish Fire Protection District No. 9
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
For the Year Ended December 31, 2020

Total fund balances as reported on the governmental funds balance sheet	\$ 728,259
Net capital assets used in the governmental activities are not financial resources and are not reported in the governmental funds balance sheet	936,015
Ad valorem taxes receivable that are not available to pay current period expenditures are reported as deferred inflows of resources in the governmental funds	80,439
Deferred inflows and outflows are not due and payable in the current period or do not represent current financial resources and are not reported in the governmental funds:	
Deferred outflows of resources related to the pension plan	287,651
Deferred inflows of resources related to the pension plan	(200,092)
Long-term liabilities are not due and payable in the current period and are not reported in the governmental funds balance sheet:	
Accrued compensated absences	(65,339)
Certificates of indebtedness	(166,000)
Pension liability	(992,757)
Accrued interest on certificates of indebtedness is not reported in the governmental funds balance sheet	<u>(532)</u>
Net position, as reported on the statement of net position	<u><u>\$ 607,644</u></u>

See accompanying notes to financial statements.

St. Tammany Parish Fire Protection District No. 9
Statement of Revenues, Expenditures, and Changes in
Fund Balance – Governmental Funds
For the Year Ended December 31, 2020

	General Fund	Debt Service Fund	Total Funds
Revenues			
Ad valorem taxes	\$ 953,568	\$ -	\$ 953,568
Intergovernmental revenues			
State revenue sharing	29,829	-	29,829
Fire insurance premium tax	30,356	-	30,356
State supplemental	57,500	-	57,500
Contributions	2,300	-	2,300
Miscellaneous income	34,526	-	34,526
Interest	5,804	-	5,804
	<u>1,113,883</u>	<u>-</u>	<u>1,113,883</u>
Expenditures			
Public safety - fire protection			
Salaries and benefits	911,087	-	911,087
Liability insurance	41,589	-	41,589
Operating supplies and services	60,402	-	60,402
Dispatcher fees	13,790	-	13,790
Repairs and maintenance	20,764	-	20,764
Utilities	16,998	-	16,998
Administration	36,303	-	36,303
Bad debts - ad valorem taxes	22,619	-	22,619
Debt service			
Principal	-	9,000	9,000
Interest	-	2,883	2,883
Capital outlay	26,272	-	26,272
	<u>1,149,824</u>	<u>11,883</u>	<u>1,161,707</u>
Excess (deficiency) of revenues over expenditures	<u>(35,941)</u>	<u>(11,883)</u>	<u>(47,824)</u>
Other financing sources (uses)			
Proceeds from sale of capital assets	9,500	-	9,500
Proceeds from issuance of bonds	-	75,000	75,000
Transfers in	62,665	-	62,665
Transfers out	-	(62,665)	(62,665)
	<u>72,165</u>	<u>12,335</u>	<u>84,500</u>
Net change in fund balances	<u>36,224</u>	<u>452</u>	<u>36,676</u>
Fund balances, beginning of year	691,498	85	691,583
Fund balances, end of year	<u>\$ 727,722</u>	<u>\$ 537</u>	<u>\$ 728,259</u>

See accompanying notes to financial statements.

St. Tammany Parish Fire Protection District No. 9
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2020

Net change in fund balances as reported on the statement of revenues, expenditures, and changes in fund balance	\$ 36,676
Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of these assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount capital outlay exceeds depreciation expense	(101,286)
Some revenues in the statement of activities do not provide current financial resources; therefore, are not reported as revenues in the governmental funds:	
Change in deferred inflows of resources related to ad valorem taxes	12,806
Some expenses reported in the statement of activities do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds:	
Change in accrued compensated absences	2,369
Change in pension liability	(15,843)
Change in deferred inflows / outflows related to the pension plan	21,317
Bond proceeds provide current financial resources to governmental funds. However, issuing debt increases long-term liabilities in the statement of net position	(75,000)
Repayment of debt principal is an expenditure in the statement of revenues, expenditures, and changes in fund balance, but the repayment reduces noncurrent liabilities in the statement of net position	<u>9,000</u>
Change in net position as reported on the statement of activities	<u><u>\$ (109,961)</u></u>

See accompanying notes to financial statements.

St. Tammany Parish Fire Protection District No. 9

Notes to Financial Statements

1. History and Summary of Significant Accounting Policies

Organization

The St. Tammany Parish Fire Protection District No. 9 (the “District”) was created by the St. Tammany Parish Police Jury (now known as the St. Tammany Parish Council), as provided by Louisiana Revised Statute (“LRS”) 40:1492. The District was created to acquire, maintain, and operate buildings, machinery, equipment, water tanks, water hydrants and water lines, and any other things necessary to provide proper fire prevention and control within the District limits. The administration of the District is governed by a Board of Commissioners consisting of five members. Two members are appointed by the St. Tammany Parish Government and two by the governing body of the Village of Sun. The fifth member is selected by the other four members and serves as chairman. Vacancies are filled by the bodies making the original appointments.

The District operates four fire stations and provides fire protection and emergency medical services to an area covering approximately 82 square miles. Fire protection services are provided by volunteers and approximately eight full-time paid firefighters, and one full-time fire chief.

Financial Reporting Entity

In November 2010, the Governmental Accounting Standards Board (“GASB”) issued Statement No. 61 (“GASB 61”), The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and 34. This pronouncement revises the requirements for determining if a component unit is included in the financial reporting entity of its primary government.

Organizations are required to have a financial benefit/burden relationship with the primary government for it to be included in the reporting entity as a component unit. The financial benefit/burden relationship, which was not amended by GASB 61, is defined in GASB 14 as existing if any one of the following conditions is present:

- The primary government is legally entitled to or can otherwise access the organization’s resources
- The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization
- The primary government is obligated in some manner for the debt of the organization

Based on the foregoing criteria, the District is included as a component unit of St. Tammany Parish Consolidated Government (the “Parish”) and as such, these financial statements will be included in the Comprehensive Annual Financial Report of the Parish for the year ended December 31, 2020.

Financial Statement Presentation

The District’s financial statements include both government-wide and fund financial statements which categorize all of the District’s activities as governmental.

- Government-Wide Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District’s governmental activities, which normally are supported by taxes and intergovernmental revenues.

St. Tammany Parish Fire Protection District No. 9

Notes to Financial Statements

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (a) charges for services; (b) grants and contributions that are restricted to meeting the operations of the District; and (c) grants and contributions that are restricted for capital. Taxes, intergovernmental revenues, and other revenue sources not included among program revenues are reported as general revenues.

- **Fund Financial Statements**

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

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

Basis of Accounting and Measurement Focus

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

- **Accrual**

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

- **Modified Accrual**

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means that the amount of the transaction can be determined, and "available" means that the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

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

St. Tammany Parish Fire Protection District No. 9

Notes to Financial Statements

Net Position

The statement of net position reports net position as the difference between all other elements in a statement of net position and is displayed in three components:

- Net investment in capital assets - consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of bonds that are attributable to the acquisition, construction, and improvement of those assets.
- Restricted - consists of amounts with constraints placed on the use by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
- Unrestricted - all other amounts that do not meet the definition of "restricted" or "net investment in capital assets."

Fund Balance

In fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy primarily on the extent to which the District is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in the following five components:

- Nonspendable - This component consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted - This component consists of amounts that have constraints placed on them either externally by third-parties (creditors, grantors, contributions, or laws or regulations of other governments) or by law, through constitutional provisions or enabling legislation. Enabling legislation authorizes the District to assess, levy, change or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.
- Committed - This component consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District. Those committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed previously to commit those amounts.
- Assigned - This component consists of amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning fund balance is expressed by the District or the designee as established in the District's fund balance policy.
- Unassigned - This component consists of amounts that have not been restricted, committed or assigned to specific purposes within the general fund. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) are available for use. It is the District's policy to use committed resources first, then assigned, and then unassigned as they are needed.

St. Tammany Parish Fire Protection District No. 9

Notes to Financial Statements

Restricted Resources

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

Use of Estimates

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

Budget Policies

The Board of Commissioners (the "Board") adopted a budget for the District's General Fund. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget, and public hearing on the budget prior to adoption. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board. All budgeted amounts which are not expended or obligated through contracts lapse at year end.

The General Fund budget is adopted on the cash basis of accounting and revenues and expenses associated with asset donations and state supplemental pay are not included in the budget. A reconciliation to the basis materially consistent with accounting principles generally accepted in the United States of America has been presented within these financial statements as required by Governmental Accounting Standards.

Cash and Cash Equivalents

Cash and cash equivalents include certificates of deposits and all highly liquid debt instruments with original maturities of three months or less when purchased.

Receivables

All receivables are reported net of estimated uncollectible amounts. The allowance for uncollectible ad valorem tax amounts was \$18,712 for the year ended December 31, 2020. This estimate is based on the District's history of collections within this revenue stream.

Capital Assets

Capital assets are reported in the government-wide financial statements and are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$5,000 or more for capitalizing capital assets. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	10 - 40 years
Firefighting equipment	5 - 15 years
Furniture and fixtures	5 years

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. In the fund financial statements, capital assets used in the governmental fund operations are accounted for as capital outlay expenditures upon acquisition.

St. Tammany Parish Fire Protection District No. 9

Notes to Financial Statements

Compensated Absences

Each full-time employee shall be entitled to annual vacation of 18 days with full pay. This vacation period shall be increased one day for each year of service over 10 years, up to a maximum vacation period of 30 days, all of which shall be with full pay. All 24 hour shift personnel shall be entitled to 216 hours of annual vacation time with full pay. This vacation time shall be increased 12 hours each year of service over 10 years, up to a maximum of 450 hours of annual vacation time, all of which shall be with full pay.

The Board of Commissioners will have the authority to reduce or increase the total accumulated hours allowed on an annual basis. Any member of the department for any cause shall not forfeit the vacation privileges herein provided for unless allowed by law.

The cost of current leave privileges, computed in accordance with GASB Codification Section C60, is recognized as current-year expenditures in the general fund when the leave is actually taken. The total cost of leave privileges is recorded in the statement of net position.

Long-Term Obligations

In the government-wide financial statements, certificates of indebtedness are reported as liabilities in the statement of net position. In the fund financial statements, debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures.

Deferred Compensation Plan

The District offers its employees a deferred compensation plan (the "Plan") created in accordance with Internal Revenue Code 457. The Plan is administered by the District. The Plan, available to all full-time employees of the District, permits them to defer a portion of their salary until future years.

All amounts of compensation deferred, all property and rights purchased, and all income, property, and rights are (until paid or made available to the employee or other beneficiary) held in trust by AXA for the exclusive benefit of the participants and their beneficiaries.

Participants may contribute up to the IRS maximum calendar limit with the District matching up to 3% of covered payroll. All contributions are immediately vested. The District contributed \$34,141 to the Plan for the year ended December 31, 2020.

Deferred Outflows of Resources

In addition to assets, the statement of financial position and/or balance sheet 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 or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has the following items that qualify for reporting in this category:

Pensions – these deferred outflows result from pension contributions after the measurement date (deferred and recognized in the following fiscal year) and/or differences in projected and actual earnings on pension assets (deferred and amortized over a closed six year period).

St. Tammany Parish Fire Protection District No. 9

Notes to Financial Statements

Deferred Inflows of Resources

Deferred inflows of resources are acquisitions of net position or fund balance by the District that is applicable to a future reporting period and so will not be recognized as an inflow of resources until then. The District has the following items that qualify for reporting in this category:

Pensions – these deferred inflows result from differences in projected and actual earnings on pension assets (deferred and amortized over a closed six year period).

Ad valorem taxes – these amounts are unavailable and are deferred and recognized as an inflow of resources in the period that the amounts become available.

2. Deposits with Financial Institutions

Deposits in bank accounts are stated at cost, which approximate market. Under Louisiana law, these deposits 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 or exceed the amount on deposit with the fiscal agent.

An entity's deposits are exposed to custodial credit risk if the deposit balances are either: (a) uninsured and uncollateralized, (b) uninsured and collateralized with securities held by the pledging financial institution, or (c) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name. The District's deposits consisted of the following at December 31, 2020:

Deposits per Statement of Net position (reconciled bank balance)	<u>\$ 33,402</u>
Deposits in bank accounts per bank	<u>\$ 35,013</u>
Category 3 bank balances:	
a. Uninsured and uncollateralized	\$ -
b. Uninsured and collateralized with securities held by the pledging institution	-
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the District's name	<u>-</u>
Total category 3 bank balances	<u>\$ -</u>

Custodial Deposit Risk

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned. At December 31, 2020, the District's deposits were covered by FDIC insurance.

St. Tammany Parish Fire Protection District No. 9
Notes to Financial Statements

3. Capital Assets

The District's capital assets consist of the following at December 31, 2020:

	Balance 12/31/19	Acquisitions	Sales	Balance 12/31/20
Capital Assets Not Being Depreciated				
Land	\$ 106,896	\$ -	\$ -	\$ 106,896
Capital Assets Being Depreciated				
Buildings and improvements	659,065	-	-	659,065
Firefighting equipment	1,172,884	26,272	(21,373)	1,177,783
Furniture and fixtures	7,500	-	-	7,500
	<u>1,839,449</u>	<u>26,272</u>	<u>(21,373)</u>	<u>1,844,348</u>
Accumulated depreciation	<u>(909,044)</u>	<u>(127,558)</u>	<u>21,373</u>	<u>(1,015,229)</u>
	<u>930,405</u>	<u>(101,286)</u>	<u>-</u>	<u>829,119</u>
	<u>\$ 1,037,301</u>	<u>\$ (101,286)</u>	<u>\$ -</u>	<u>\$ 936,015</u>

Total depreciation expense for the year ended December 31, 2020, was \$127,558.

4. Noncurrent Liabilities

The following schedule is a summary of the District's noncurrent liabilities at December 31, 2020:

	Balance at 12/31/19	Additions	Payments	Balance at 12/31/20	Due Within One Year
Certificates of indebtedness	\$ 100,000	\$ 75,000	\$ (9,000)	\$ 166,000	\$ 84,000
Compensated absences	67,708	42,700	(45,069)	65,339	-
	<u>\$ 167,708</u>	<u>\$ 117,700</u>	<u>\$ (54,069)</u>	<u>\$ 231,339</u>	<u>\$ 84,000</u>

Information relating to the District's pension liability is available within the pension note disclosure.

On January 28, 2015, the District issued certificates of indebtedness in the amount of \$160,000. The balance is due in annual principal installments, starting March 1, 2016 and maturing March 1, 2029. The certificates accumulate interest at the rate of 1.50% — 4.00% per annum until the outstanding balance is paid. The outstanding balance at December 31, 2020 is \$91,000.

The certificates are secured by and payable from an irrevocable pledge and dedication of the funds to be derived by the District from the levy and collection of an ad valorem tax of thirty-five mills (such rate being subject to adjustment from time to time due to reassessment). The ad valorem tax is authorized to be levied and collected through the year 2029 which was granted by an election held on May 1, 2010.

St. Tammany Parish Fire Protection District No. 9

Notes to Financial Statements

On October 28, 2020, the District issued certificates of indebtedness in the amount of \$75,000. The balance is due in a single installment maturing March 1, 2021. The certificates accumulate interest at a rate not to exceed 5% per annum until the outstanding balance is paid. The outstanding balance at December 31, 2020 is \$75,000.

The certificates are secured by and payable from an irrevocable pledge and dedication of the funds to be derived by the District from the levy and collection of an ad valorem tax of thirty-five mills (such rate being subject to adjustment from time to time due to reassessment). The ad valorem tax is authorized to be levied and collected through the year 2029 which was granted by an election held on May 1, 2010.

The future minimum payments for the certificates of indebtedness is as follows:

Year Ending December 31	Principal	Interest
2021	\$ 84,000	\$ 2,691
2022	9,000	2,489
2023	10,000	2,263
2024	10,000	2,000
2025	10,000	1,713
Thereafter	43,000	3,310
	\$ 166,000	\$ 14,466

5. Levied Taxes

Ad valorem taxes are levied each November 1 on the assessed value listed as of prior January 1 for all real property, merchandise and movable property located in the Parish and are due December 31. Assessed values are established by the St. Tammany Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. All land and residential improvements are assessed at 10% of its fair market value, and other property at 15% of its fair market value. The tax rate for the year ended December 31, 2020 was \$35.00 per \$1,000 of assessed valuation on property within the District for the purpose of constructing, maintaining and operating fire protection facilities within the District and paying the cost of obtaining water for fire protection purposes.

A reevaluation of all property is required to be completed no less than every four years. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amounts of the taxes.

St. Tammany Parish Fire Protection District No. 9

Notes to Financial Statements

6. Fire Insurance Premium Tax

The District is eligible and receives a pro-rata share of the fire insurance premium taxes collected by the State of Louisiana in accordance with Louisiana Revised Statute 22:345. The amounts received by the District are based on the population of the areas it serves. In accordance with this statute, such money shall be used only for the purpose of "rendering more efficient and efficacious" fire protection as the District shall direct.

7. Pension Plan

All full-time employees of the District are provided with pensions through a cost-sharing multiple-employer defined benefit plan administered by the Firefighters' Retirement System of Louisiana (the "System"). The System was established by Act 434 of 1979 to provide retirement, disability, and survivor benefits to firefighters in Louisiana and amended by R.S. 11:2251 – 11:2272.

The District's employer schedules were prepared using the accrual basis of accounting. Members' earnable compensation, for which the employer allocations are based, is recognized in the period in which the employee is compensated for services performed. The member's earnable compensation is attributed to the employer for which the member is employed as of June 30, 2020.

The System is not allocated a proportionate share of the net pension liability related to its employees. The net pension liability attributed to the System's employees is allocated to the remaining employers based on their respective employer allocation percentage.

Pension Plan Fiduciary Net Position

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's plan fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily related to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated amounts.

The System issued a stand-alone audit report on its financial statements for the year ended June 30, 2020. Detailed information about the pension plan's fiduciary net position is provided in the separately issued financial report for the System. Access to the audit report can be found on the System's website: www.lafirefightersret.com or on the Office of Louisiana Legislative Auditor's official website: www.la.state.la.us.

Membership

All full-time firefighters or any person in a position as defined in the municipal fire and police civil service system who is employed by the District on and after January 1, 1980 and earns at least \$375 per month, excluding state supplemental pay, shall become a member as a condition of employment. No person who has attained age fifty or over shall become a member of the System, unless the person becomes a member by reason of a merger or unless the System received an application for membership before the applicant attained the age of fifty. No person who has not attained the age of eighteen years shall become a member of the System.

St. Tammany Parish Fire Protection District No. 9

Notes to Financial Statements

Any person who has retired from service under any retirement system or pension fund maintained basically for public officers and employees of the state, its agencies or political subdivisions, and who is receiving retirement benefits therefrom may become a member of this System, provided the person meets all other requirements for membership. Service credit from the retirement system or pension plan from which the member is retired shall not be used for reciprocal recognition of service with this System, or for any other purpose in order to attain eligibility or increase the amount of service credit in this System.

Contributions

Contribution requirements for employers, non-employer contributing entities, and employees are established and may be amended in accordance with Title 11 and Title 22 of the Louisiana Revised Statutes. According to state statute, employer contributions are actuarially determined each year.

For the period of January 1, 2020 to June 30, 2020, employer and employee contributions for members above the poverty line were 27.75% and 10.0%, respectively. The employer and employee contribution rates for those members below the poverty line were 29.75% and 8.0%, respectively.

For the period of July 1, 2020 to December 31, 2020, employer and employee contributions for members above the poverty line were 32.25% and 10.0%, respectively. The employer and employee contribution rates for those members below the poverty line were 34.25% and 8.0%, respectively.

For the year ended December 31, 2020, the District recognized revenue from ad valorem taxes and revenue sharing funds received by the System. These taxes and funds are considered support from a non-contributing entity. Non-employer contributions allocated to the District during the period of July 1, 2019 to June 30, 2020 was \$40,128 and is recognized as revenue and expense by the District for the year ended December 31, 2020.

Differences between contributions remitted to the System and the District's proportionate share are recognized by the System as pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the District's amounts due to differences that could arise between contributions reported by the System and contributions reported by the District.

Contribution Refunds

Upon withdrawal from service, members not entitled to a retirement allowance may receive a refund of accumulated contributions. Refunds are payable ninety days after the effective date of withdrawal from service.

Retirement Benefits

Members with twelve years of creditable service may retire at age fifty-five; members with twenty years of service may retire at age fifty; members with twenty-five years of service may retire regardless of age, provided that they have been a member of this system for at least one year. The retirement allowance is equal to three and one-third percent of the member's average final compensation multiplied by his years of creditable service, not to exceed one hundred percent of his average final compensation.

St. Tammany Parish Fire Protection District No. 9

Notes to Financial Statements

Disability Benefits

Any member who has been officially certified as totally disabled solely as the result of injuries sustained in the performance of his official duties, or for any cause, provided the member has a least five years of creditable service and provided that the disability was incurred while the member was an active contributing member, is entitled to disability benefits. Any member under the age of fifty who becomes totally disabled will receive a disability benefit equal to 60% of final compensation for an injury received in the line of duty; or 75% of his accrued retirement benefit with a minimum of 25% of average salary for any injury received, even though not in the line of duty. Any member age fifty or older who becomes totally disabled from an injury sustained in the line of duty is entitled to a disability benefit equal to the greater of 60% of final compensation or his accrued retirement benefit. Any member age fifty or older who becomes totally disabled as a result of any injury, even though not in the line of duty, is entitled to a disability benefit equal to his accrued retirement benefit with a minimum of 25% of average salary.

The surviving spouse of a member who was on disability retirement at the time of death receives a benefit of \$200 per month. When the member takes disability retirement, he may in addition take an actuarially reduced benefit in which case the member's surviving spouse receives 50% of the disability benefit being paid immediately prior to the death of the disability retiree. The retirement system may reduce benefits paid to a disability retiree who is also receiving workers compensation payments.

Survivor Benefits

Benefits are payable to survivors of a deceased member who dies and is not eligible for retirement as follows. If any member is killed in the line of duty and leaves a surviving eligible spouse, the spouse is entitled to an annual benefit equal to two-thirds of the deceased member's final compensation. If any member dies from a cause not in the line of duty, the surviving spouse is entitled to an annual benefit equal to 3% of the deceased member's average final compensation multiplied by his total years of creditable service; however, in no event is the annual benefit less than 40% nor more than 60% of the deceased member's average final compensation.

Children of the deceased member who are under the age of eighteen years are entitled to the greater of \$200 per month or 10% of average final compensation (not to exceed 100% of average final compensation) until reaching the age of eighteen or until the age of twenty-two if enrolled full-time in an institution of higher learning, unless the surviving child is physically handicapped or mentally retarded in which case the benefit is payable regardless of age. If a deceased member dies leaving no surviving spouse, but at least one minor child, each child is entitled to receive 40% of the deceased's average final compensation, not to exceed an aggregate of sixty percent of average final compensation.

Cost of Living Adjustments

Under the provisions of R.S. 11: 246 and 11:2260A(7), the board of trustees is authorized to grant retired members and widows of members who have retired an annual cost of living increase of up to 3% of their current benefit, and all retired members and widows who are sixty-five years of age and older a 2% increase in their original benefit. In order for the board to grant either of these increases the system must meet certain criteria detailed in the statute related to funding status and interest earnings (R.S. 11:243). In lieu of these cost of living adjustments ("COLA"), pursuant to R.S. 11:241, the board may also grant an increase in the form of "X(A+B)" where "X" is any amount up to \$1 per month, and "A" is equal to the number of years of credited service accrued at retirement or at death of the member or retiree, and "B" is equal to the number of years since retirement or since death of the member or retiree to June 30th of the initial year of such increase.

St. Tammany Parish Fire Protection District No. 9

Notes to Financial Statements

Deferred Retirement Option Plan

In lieu of terminating employment and accepting a service retirement allowance, any member of the system who has at least twenty years of creditable service and who is eligible to receive a service retirement allowance may elect to participate in the deferred retirement option plan for up to thirty-six months and defer the receipt of benefits.

Upon commencement of participation in the deferred retirement option plan (“DROP”), membership in the system terminates and neither the employee nor employer contributions are payable. Compensation and creditable service will remain as they existed on the effective date of commencement of participation in the plan. The monthly retirement benefits that would have been payable, had the member elected to cease employment and receive a service retirement allowance, are paid into the deferred retirement option plan account. Upon termination of employment at the end of the specified period of participation, a participant in the program may receive, at his option, a lump sum payment from the account equal to the payments to the account, or a true annuity based upon his account, or he may elect any other method of payment if approved by the board of trustees. The monthly benefits that were being paid into the fund during the period of participation will begin to be paid to the retiree. If employment is not terminated at the end of the thirty-six months, payments into the account cease and the member resumes active contributing membership in the system. If the participant dies during the period of participation in the program, a lump sum payment equal to his account balance is paid to his named beneficiary or, if none, to his estate; in addition, normal survivor benefits are payable to survivors of retirees.

Initial Benefit Option

This option is available only to regular retirees who have not participated in DROP. Under this option members may receive an initial benefit plus a reduced monthly retirement allowance which, when combined, equal the actuarially equivalent amount of the maximum retirement allowance. The initial benefit may not exceed an amount equal to thirty-six payments of the member’s maximum retirement allowance. The initial benefit can be paid either as a lump-sum payment or placed in an account called an “initial benefit account” with interest credited thereto and monthly payments made from the account.

A member may also elect to receive an actuarially reduced benefit which provides for an automatic 2.5% annual compound increase in monthly retirement benefits based on the reduced benefit and commencing on the later of age fifty-five or retirement anniversary; this COLA is in addition to any ad hoc COLAs which are payable.

Optional Allowances

Members may receive their benefits as a life annuity, or in lieu of such receive a reduced benefit according to the option selected, which is the actuarial equivalent of the maximum benefit.

Option 1 – If the member dies before he has received in annuity payments the present value of his member’s annuity as it was at the time of retirement, the balance is paid to his beneficiary.

Option 2 – Upon retirement, the member receives a reduced benefit. Upon the member’s death, the designated beneficiary will continue to receive the same reduced benefit.

Option 3 – Upon retirement, the member receives a reduced benefit. Upon the member’s death, the designated beneficiary will receive one-half of the member’s reduced benefit.

Option 4 – Upon retirement, the member elects to receive a board approved benefit payable to the member, the member’s spouse, or the member’s dependent child, which is actuarially equivalent to the maximum benefit.

St. Tammany Parish Fire Protection District No. 9
Notes to Financial Statements

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

As of December 31, 2020, the District reported a liability of \$992,757 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of June 30, 2020, the District's proportion was 0.143223%, which was a decrease of 0.01279% from its proportion measured as of June 30, 2019. For the measurement date of June 30, 2020, the District's proportionate share of plan pension expense was \$143,848.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ -	\$ 63,516
Net difference between projected and actual earnings on pension plan investments	109,329	-
Changes of assumptions	95,968	-
Changes in proportion	15,255	136,576
Employer contributions subsequent to the measurement date	67,099	-
	<u>\$ 287,651</u>	<u>\$ 200,092</u>

\$67,099 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the measurement date of June 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Period Ended:</u>	<u>Amount</u>
June 30, 2021	\$ (3,277)
June 30, 2022	22,402
June 30, 2023	21,209
June 30, 2024	6,381
June 30, 2025	(18,273)
June 30, 2026	(7,982)
	<u>\$ 20,460</u>

St. Tammany Parish Fire Protection District No. 9

Notes to Financial Statements

Actuarial Methods and Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability is as follows:

Valuation date:	June 30, 2020	
Actuarial cost method:	Entry age normal cost	
Estimated remaining service life ("ERSL"):	7 years, closed period	
Investment rate of return (discount rate):	7.00% per annum, net of pension plan investment expense, including inflation	
Inflation rate:	2.50% per annum	
	<u>Years of Service</u>	<u>Salary Growth Rate</u>
Salary increases, including inflation and merit increases:	1 - 2 years	14.10%
	3 - 14	5.20%
	15 - 24	5.20%
	25+ years	4.50%
Cost of living adjustments:	Only those previously granted	
Mortality rate		
Non-disabled members:	Mortality rates based on the Pub-2010 Public Retirement Plans Mortality Table for Safety Below Median Employees	
Disabled members:	Mortality rates based on the Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retires	

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

St. Tammany Parish Fire Protection District No. 9

Notes to Financial Statements

Best estimates of real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2020 and June 30, 2019 measurement dates are summarized in the following table:

Asset Class	June 30, 2020		June 30, 2019	
	Expected Portfolio Real Rate of Return	Long-term Target Asset Allocation	Expected Portfolio Real Rate of Return	Long-term Target Asset Allocation
Equity	54%	26.80%	49%	29.92%
Fixed income	31%	4.40%	31%	5.19%
Multi-asset strategies	0%	8.44%	10%	5.46%
Alternatives	15%	14.49%	10%	13.03%
	100%		100%	

From the June 30, 2019 to June 30, 2020 measurement dates, the following changes in assumptions occurred:

- The investment rate of return (discount rate) was 7.15% for the prior valuation compared to 7.00% for the June 30, 2020 valuation.
- In 2019, salary increases ranged from 14.75% in the first two years of service to 4.50% with 25 or more years of service.
- The mortality rate assumptions were updated in the June 30, 2020 valuation 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.

Discount Rate

The discount rate used to measure the total pension liability was 7.00% for the June 30, 2020 measurement date compared to 7.15% for the June 30, 2019 measurement date. 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.

St. Tammany Parish Fire Protection District No. 9
Notes to Financial Statements

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

The following presents the employer’s proportionate share of the net pension liability using the discount rate of 7.00%, as well as what the employer’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower at 6.00%, or one percentage-point higher at 8.00%, than the current rate:

	1.0% Decrease (6.00%)	Current Discount Rate (7.00%)	1.0% Increase (8.00%)
Employer's proportionate share of the net pension liability	\$ 1,434,028	\$ 992,757	\$ 624,426

Payables to the Pension Plan

At December 31, 2020, the District reported accrued retirement contributions of \$98,150 for the outstanding amount of contributions due to the pension plan. This amount is included as accrued expenses on the statement of net position and balance sheet.

8. Supplemental Pay

The State of Louisiana makes on behalf payments in the form of supplemental pay to the District’s personnel. The District has reported \$57,500 of on behalf payments as state supplemental revenue and as salary and benefits expense.

9. Litigation and Claims / Risk Management

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

10. Compensation Paid to Board Members

The schedule of compensation paid is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation paid to the Board of Commissioners of the District for the year ended December 31, 2020, was as follows:

Board Member	Amount
Matthew Dennis	\$ -
Lois Rothwell	-
Leo Capponi	-
Wayne Hall	-
John Lejeune	-
Ross Jordan	-

St. Tammany Parish Fire Protection District No. 9
Notes to Financial Statements

11. Subsequent Events

The District has evaluated subsequent events through May 17, 2021, the date which the financial statements were available to be issued.

Required Supplementary Information

St. Tammany Parish Fire Protection District No. 9
Budgetary Comparison Schedule – General Fund
For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Adjustments to Budgetary Basis	Non-GAAP Budgetary Basis	Variance Favorable (Unfavorable)
Revenues						
Ad valorem taxes	\$ 907,762	\$ 858,949	\$ 953,568	\$ (136,619)	\$ 816,949	\$ (42,000)
Intergovernmental revenues						
State revenue sharing	28,330	28,330	29,829	(999)	28,830	500
Fire insurance premium tax	21,112	21,112	30,356	(9,362)	20,994	(118)
State supplemental	-	-	57,500	(54,500)	3,000	3,000
Contributions	2,755	2,300	2,300	-	2,300	-
Miscellaneous income	66,210	21,000	34,526	54,500	89,026	68,026
Interest	4,500	5,275	5,804	-	5,804	529
	<u>1,030,669</u>	<u>936,966</u>	<u>1,113,883</u>	<u>(146,980)</u>	<u>966,903</u>	<u>29,937</u>
Expenditures						
Public safety - fire protection						
Salaries and benefits	781,380	857,100	911,087	(21,760)	889,327	(32,227)
Liability insurance	41,356	41,500	41,589	-	41,589	(89)
Operating supplies and services	32,700	60,200	60,402	(6,529)	53,873	6,327
Dispatcher fees	13,500	10,600	13,790	-	13,790	(3,190)
Repairs and maintenance	11,350	20,475	20,764	-	20,764	(289)
Utilities	16,000	16,500	16,998	-	16,998	(498)
Administration	32,359	29,498	36,303	-	36,303	(6,805)
Bad debts - ad valorem taxes	-	-	22,619	(22,619)	-	-
Capital outlay	26,272	26,272	26,272	-	26,272	-
	<u>954,917</u>	<u>1,062,145</u>	<u>1,149,824</u>	<u>(50,908)</u>	<u>1,098,916</u>	<u>(36,771)</u>
Excess (deficiency) of revenues over expenditures	<u>75,752</u>	<u>(125,179)</u>	<u>(35,941)</u>	<u>(96,072)</u>	<u>(132,013)</u>	<u>(6,834)</u>
Other financing sources (uses)						
Proceeds from sale of capital assets	12,000	9,750	9,500	-	9,500	(250)
Transfers in	-	-	62,665	(62,665)	-	-
	<u>12,000</u>	<u>9,750</u>	<u>72,165</u>	<u>(62,665)</u>	<u>9,500</u>	<u>(250)</u>
Net change in fund balances	<u>\$ 87,752</u>	<u>\$ (115,429)</u>	<u>36,224</u>	<u>\$ (158,737)</u>	<u>\$ (122,513)</u>	<u>\$ (7,084)</u>
Fund balances, beginning of year			691,498		321,087	
Fund balances, end of year			<u>\$ 727,722</u>		<u>\$ 198,574</u>	

See independent auditor's report.

St. Tammany Parish Fire Protection District No. 9
Schedule of Employer's Proportionate Share of Net Pension Liability
For the Year Ended December 31, 2020

<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Employee Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
June 30, 2020	0.143223%	\$ 992,757	\$ 357,517	277.68%	72.61%
June 30, 2019	0.156009%	976,914	386,945	252.47%	73.96%
June 30, 2018	0.173261%	996,611	382,617	260.47%	74.76%
June 30, 2017	0.168506%	965,851	382,617	252.43%	73.55%
June 30, 2016	0.170484%	1,115,119	384,401	290.09%	68.16%
June 30, 2015	0.172400%	930,462	418,202	222.49%	72.00%

**The information above is presented as of the pension plan measurement date of June 30, 2020.*

***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. 9
Schedule of Employer's Pension Contributions
For the Year Ended December 31, 2020

<u>Year Ended</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Contributions as a Percentage of Covered Employee Payroll</u>
December 31, 2020	\$ 119,373	\$ 119,373		\$ 396,429	30.11%
December 31, 2019	104,040	104,040	-	388,512	26.78%
December 31, 2018	110,756	110,756	-	403,358	27.46%
December 31, 2017	103,065	103,065	-	369,740	27.87%
December 31, 2016	102,078	102,078	-	388,899	26.25%
December 31, 2015	106,717	106,717	-	378,707	28.18%

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

Other Supplementary Information

St. Tammany Parish Fire Protection District No. 9
Schedule of Compensation, Benefits, and Other Payments to District Head
For the Year Ended December 31, 2020

District Head: Scott Brewer
Position: Fire Chief

Purpose	Amount
Salary	\$ 132,388
Salary - state supplemental	6,500
Benefits - insurance	14,301
Benefits - retirement	21,854
	<hr/>
	\$ 175,043

*Reports Required by
Government Auditing Standards*

**Independent Auditor’s 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. 9
Bush, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the St. Tammany Parish Fire Protection District No. 9 (the “District”) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated May 17, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings as items 2020-1 and 2020-2 that we consider to be material weaknesses.

Compliance and Other Matters

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

The District's Response to the Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Covington, Louisiana
May 17, 2021

St. Tammany Parish Fire Protection District No. 9
Summary of Auditor's Results and Schedule of Findings
For the Year Ended December 31, 2020

A. Summary of Auditor's Results

a. Financial Statements

Type of auditors' report issued: Unmodified

b. Internal control over financial reporting:

Material weaknesses identified	<u> ✓ </u> yes	<u> </u> no
Significant deficiencies identified not considered to be material weaknesses	<u> </u> yes	<u> ✓ </u> none noted

c. Noncompliance material to financial statements noted

 yes ✓ no

B. Findings in Accordance with *Government Auditing Standards*

2020-1 Material Weakness in Internal Controls: Timely Submission of Payroll Related Items – Retirement Contributions and Payroll Taxes

Criteria

The District failed to submit retirement contributions and withholdings to the Firefighters Retirement System of Louisiana in a timely manner. One payment totaling \$98,150 was made January 11, 2021 to cover the employee retirement withholdings and employer retirement contributions for the period of June 2020 through December 2020.

The District failed to submit payroll taxes and withholdings to taxing authorities in a timely manner. The February 2020 through May 2020 state payroll tax withholdings totaling \$5,977 were submitted July 30, 2020, and the July 2020 through November 2020 state payroll tax withholdings totaling \$6,152 were submitted February 21, 2021 – all past the respective due dates. Monthly payments are due on the last day of the month following the close of the monthly period. The January 2020 through June 2020 federal payroll taxes totaling \$24,029 were submitted July 30, 2020, and the August 2020 through December 2020 federal payroll taxes totaling \$23,205 were submitted February 17, 2021 – all past the respective due dates. The District's federal payroll tax deposits should be made semi-weekly.

Condition

Retirement withholdings and contributions should be submitted timely to ensure employees' retirement accounts are being properly invested. Payroll taxes should be submitted timely to avoid the risks of penalties and interest being assessed against the District.

Cause

Due to budget constraints, the District eliminated the assistance from an outsourced bookkeeper who assisted with payroll and bookkeeping functions. In addition, the District incurred cash constraints throughout the 2020 fiscal year from the Coronavirus pandemic.

St. Tammany Parish Fire Protection District No. 9
Summary of Auditor's Results and Schedule of Findings
For the Year Ended December 31, 2020

Effect

Employees' retirement accounts may have accumulated more earnings if retirement withholdings and contributions were submitted timely, and the District risked incurring penalties for not submitting payroll taxes timely.

Recommendation

We recommend the Board of Commissioners to assign an individual who has the necessary skills with the responsibility of preparing and submitting the monthly payroll tax returns, submitting the payroll tax deposits, and submitting the retirement contributions. In addition, the budget should be amended as needed to ensure the necessary funds are available to submit employees' retirement withholdings and benefits and payroll taxes and payroll tax withholdings in a timely manner.

Management's Response and Corrective Action Plan

See management's response and corrective action plan in the attached letter.

2020-2 Material Weakness in Internal Controls: Bank Reconciliations

Criteria

Our audit testing indicated the bank accounts for the months of February 2020 through December 2020 were not reconciled. After bringing this to management's attention, a board member volunteered to reconcile the bank accounts while the audit was in progress.

Condition

An important element of internal control over cash is the reconciliation process which enables the District's Board of Commissioners to identify differences between the bank and general ledger balances and resolve such differences in a timely manner.

Cause

Due to budget constraints, the District eliminated the assistance from an outsourced bookkeeper who completed the bank reconciliation function.

Effect

Without an accurate reconciliation of cash, there is an increased risk of material errors and misappropriation of assets.

Recommendation

We recommend that an individual with the necessary skills and who does not have check signing authority, be assigned the responsibility of reconciling the bank accounts on a monthly basis. Management and the Board of Commissioners should then review the monthly bank reconciliations to ensure it is complete and accurate. Any differences between the monthly bank reconciliation and general ledger should be resolved and corrected.

Management's Response and Corrective Action Plan.

See Management's Response and Corrective Action Plan in the attached letter.

St. Tammany Parish Fire Protection District No. 9
Summary Schedule of Prior Year Findings
For the Year Ended December 31, 2020

A. Findings in Accordance with *Government Auditing Standards*

None



ST. TAMMANY

FIRE DISTRICT

80581 HWY 21

BUSH, LA 70431

985-886-5608

• 985-886-1177

OFFICE:

FAX:

May 17, 2021

St. Tammany Parish Fire Protection District No. 9 respectfully submits the following corrective action plan to the independent public accounting firm Pinell & Martinez, LLC, 308 S. Tyler Street, Suite 2, Covington, Louisiana, relating to the findings disclosed in the schedule of findings of the audit of the December 31, 2020 financial statements. The findings are discussed below and are numbered consistently with the number assigned in the auditor's schedule.

2020-1 Material Weakness in Internal Controls: Timely Submission of Payroll Related Items – Retirement Contributions and Payroll Taxes

Recommendation: We recommend the Board of Commissions to assign an individual who has the necessary skills with the responsibility of: preparing and submitting the monthly payroll tax returns, submitting the payroll tax deposits, and submitting the retirement contributions. In addition, the budget should be amended as needed to ensure the necessary funds are available to submit employees' retirement withholdings and benefits and payroll taxes and payroll tax withholdings in a timely manner.

Management's Response and Corrective Action Plan: The Board of Commissioners will implement a policy to amend the budget as necessary to ensure retirement contributions and payroll taxes are submitted timely. An experienced individual will oversee the payroll process and the Board of Commissioners will review payments to ensure timely submission.

2020-2 Material Weakness in Internal Controls: Bank Reconciliations

Recommendation: We recommend that an individual with the necessary skills be assigned the responsibility of reconciling the bank accounts on a monthly basis. Management and the Board of Commissioners should then review the monthly bank reconciliations to ensure it is complete and accurate. Any differences between the monthly bank reconciliation and general ledger should be resolved and corrected.

Management's Response and Corrective Action Plan: The monthly bank reconciliation for each bank account will be completed by the 20th of the following month. The completed bank reconciliation will be reviewed by the Board of Commissioners and initialed to indicate approval. Any differences identified between the bank reconciliation and the general ledger will be resolved and corrected in a timely manner.

If there are any questions regarding this plan, please contact Scott Brewer, Fire Chief, at (985) 886-5608.

Sincerely,

Scott Brewer
Fire Chief