

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Financial Statements with Supplementary Information

December 31, 2020

(With Independent Auditors' Report Thereon)

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 – 3
Basic Financial Statements:	
Government Wide Financial Statements:	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements:	
Balance Sheet – Governmental Funds	6
Reconciliation of the Balance Sheet Fund Balance – Governmental Funds to the Statement of Net Position	7
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds to the Statement of Activities	9
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund	10
Notes to Financial Statements	11 - 28
Required Supplementary Information:	
Schedule of Employer's Share of Net Pension Liability	29
Schedule of Employer's Contributions	30
Notes to Required Supplementary Information	31
Other Supplementary Information:	
Schedule of Compensation Paid to Board Members	32
Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer	33
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	34 - 35
Schedule of Findings and Management Corrective Action Plan	36
Status of Prior Year Findings	37



Stephen M. Griffin, CPA
Robert J. Furman, CPA

Jessica S. Benjamin, Director

—
Members

American Institute of
Certified Public Accountants
Society of LA CPA's

Independent Auditors' Report

Board of Commissioners
St. Tammany Parish Fire Protection District No. 6
Covington, Louisiana

We have audited the accompanying financial statements of the governmental activities and the major fund of St. Tammany Parish Fire Protection District No. 6 (the District), a component unit of St. Tammany Parish, Louisiana, 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.

Auditors' 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. 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 entity'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 entity'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. Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance

that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

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 the 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

Accounting principles generally accepted in the United States of America require that the supplementary schedules required by GASB Statement No. 68 on pages 29 to 31 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 (GASB), 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.

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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The accompanying information listed as other supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of compensation paid to board members and the schedule of compensation, benefits, and other payments to agency head or chief executive officer are the responsibility of management and were 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 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 information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 19, 2021 on our consideration of St. Tammany Parish Fire Protection District No. 6's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the District's internal control over financial reporting and compliance.

Griffin & Furman, LLC

April 19, 2021

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Statement of Net Position

December 31, 2020

	<u>Governmental Activities</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 249,759
Due from Governmental Units	597,241
Prepaid expenses	10,552
Capital assets, net of accumulated depreciation	<u>885,871</u>
Total assets	<u>1,743,423</u>
<u>Deferred Outflows of Resources</u>	
Changes in net pension liability not yet recognized in pension expense	<u>110,263</u>
<u>Liabilities</u>	
Accounts payable	20,656
Payroll and retirement liabilities	8,372
Sheriff's pension deduction payable	19,137
Note payable	215,507
Net pension liability	<u>244,365</u>
Total liabilities	<u>508,037</u>
<u>Deferred Inflows of Resources</u>	
Changes in net pension liability not yet recognized in pension expense	<u>93,720</u>
<u>Net Position</u>	
Net investment in capital assets	885,871
Unrestricted	<u>366,058</u>
	<u>\$ 1,251,929</u>

See accompanying notes to financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Statement of Activities

For the Year Ended December 31, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue & Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Capital Grants</u>	
Governmental Activities:				
Public safety	\$ <u>729,036</u>	<u>-</u>	<u>14,537</u>	<u>(714,499)</u>
Total	\$ <u><u>729,036</u></u>	<u>-</u>	<u>14,537</u>	<u>(714,499)</u>
General Revenues:				
Ad valorem				593,912
Fire insurance tax				23,945
State revenue sharing				19,441
Interest				1,944
Other income				<u>28,331</u>
Total general revenues				<u>667,573</u>
Change in net position				(46,926)
Net position - beginning of year				<u>1,298,855</u>
Net position - end of year				\$ <u><u>1,251,929</u></u>

See accompanying notes to the financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Governmental Funds

Balance Sheet

December 31, 2020

Assets

	<u>General</u>	<u>Total Governmental Funds</u>
Assets:		
Cash and cash equivalents	\$ 249,759	249,759
Due from Governmental Units	597,241	597,241
Prepaid expenses	<u>10,552</u>	<u>10,552</u>
	<u>857,552</u>	<u>857,552</u>

Liabilities, Deferred Inflows of Resources, & Fund Balance

Liabilities:		
Accounts payable	20,656	20,656
Payroll and retirement liabilities	8,372	8,372
Sheriff's pension deduction payable	<u>19,137</u>	<u>19,137</u>
Total liabilities	<u>48,165</u>	<u>48,165</u>
Deferred Inflows of Resources:		
Unavailable revenue - Ad Valorem	<u>28,905</u>	<u>28,905</u>
Fund Balances:		
Nonspendable	10,552	10,552
Unassigned	<u>769,930</u>	<u>769,930</u>
Total fund balances	<u>780,482</u>	<u>780,482</u>
Total liabilities, deferred inflows of resources, & fund balances	<u>\$ 857,552</u>	<u>857,552</u>

See accompanying notes to the financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

**Reconciliation of the Balance Sheet Fund Balance - Governmental
Funds to the Statement of Net Position**

For the Year Ended December 31, 2020

Fund Balances - total governmental funds	\$ <u>780,482</u>
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 funds	885,871
Deferred outflows of contributions for retirement systems are not payable from current expendable resources and, therefore are not reported in the funds	110,263
Long-term liabilities at December 31, 2020:	
Note payable	(215,507)
Net pension liability	(244,365)
Deferred inflows of contributions for retirement systems are not payable from current expendable resources and, therefore are not reported in the funds	(93,720)
Certain property tax collections are not available to pay for current period expenditures and therefore are reported as deferred inflows of resources in the governmental funds	<u>28,905</u>
Net Position of Governmental Activities	\$ <u><u>1,251,929</u></u>

See accompanying notes to the financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balance

For the Year Ended December 31, 2020

	<u>General</u>	<u>Total Governmental Funds</u>
Revenues:		
Ad valorem	\$ 593,796	593,796
Fire insurance tax	23,945	23,945
State revenue sharing	19,441	19,441
Grants	14,537	14,537
Interest	1,944	1,944
Other income	18,454	18,454
Total revenues	<u>672,117</u>	<u>672,117</u>
Expenditures:		
Public safety		
Professional fees	13,901	13,901
Personnel	416,069	416,069
Insurance	33,259	33,259
Repairs and maintenance	47,585	47,585
Utilities	21,313	21,313
Truck	40,350	40,350
Training	6,885	6,885
Dispatch fees	16,061	16,061
Supplies	59,025	59,025
Sheriff's pension deduction	19,137	19,137
Total public safety	<u>673,585</u>	<u>673,585</u>
Debt service - interest	6,832	6,832
Debt service - principal	4,493	4,493
Capital outlay	318,780	318,780
Total expenditures	<u>1,003,690</u>	<u>1,003,690</u>
Other financing sources:		
Loan proceeds	<u>220,000</u>	<u>220,000</u>
Net change in fund balance	(111,573)	(111,573)
Fund balance, beginning of year	<u>892,055</u>	<u>892,055</u>
Fund balance, end of year	<u>\$ 780,482</u>	<u>780,482</u>

See accompanying notes to the financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balance - Governmental Funds to the Statement of Activities

For the Year Ended December 31, 2020

Net Change in Fund Balances - total governmental funds \$ (111,573)

Amounts reported for governmental activities in the statement
of net position 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:

Capital asset additions 318,780

Depreciation expense (45,513)

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 \$28,905 was less than prior year
deferred inflows of resources in the governmental funds of \$28,789. 116

Pension expense is based on employer contributions in the
Statement of Revenues, Expenditures, and Changes in Fund
Balances but is an actuarially calculated expense on the
Statement of Activities 6,771

Notes payable provide current financial resources to
governmental funds, but issuing debt increases long-
term liabilities in the statement of net assets. Repayment
of principal is an expenditure in the governmental funds,
but the repayment reduces long-term liabilities in the
statement of net assets:

Loan proceeds (220,000)

Debt service - principal 4,493

Change in Net Position of Governmental Activities \$ (46,926)

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Governmental Funds

Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual - 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	\$ 609,387	573,806	593,796	(3,352)	590,444	16,638
Fire insurance tax	25,000	23,000	23,945	-	23,945	945
State revenue sharing	19,500	19,500	19,441	-	19,441	(59)
Grants	-	4,600	14,537	-	14,537	9,937
Interest	2,000	1,300	1,944	-	1,944	644
Other	-	6,400	18,454	(12,000)	6,454	54
Total revenues	655,887	628,606	672,117	(15,352)	656,765	28,159
Expenditures:						
Public safety						
Professional fees	37,000	32,000	13,901	-	13,901	18,099
Personnel	345,000	386,000	416,069	(12,000)	404,069	(18,069)
Insurance	42,000	45,000	33,259	-	33,259	11,741
Repairs and maintenance	13,000	16,000	47,585	-	47,585	(31,585)
Utilities	14,000	22,000	21,313	-	21,313	687
Truck	30,500	46,000	40,350	-	40,350	5,650
Training	6,000	6,000	6,885	-	6,885	(885)
Dispatch fees	19,000	19,000	16,061	-	16,061	2,939
Supplies	27,000	62,000	59,025	-	59,025	2,975
Sheriff's pension deduction	-	-	19,137	(19,137)	-	-
Debt service - interest	-	-	6,832	-	6,832	(6,832)
Debt service - principal	-	-	4,493	-	4,493	(4,493)
Capital outlay	30,000	383,000	318,780	-	318,780	64,220
Total expenditures	563,500	1,017,000	1,003,690	(31,137)	972,553	44,447
Other:						
Loan proceeds	-	-	220,000	-	220,000	(220,000)
Net change in fund balance	92,387	(388,394)	(111,573)	15,785	(95,788)	(15,785)
Fund balance, beginning of year	892,055	892,055	892,055			
Fund balance, end of year	\$ 984,442	503,661	780,482			

See accompanying notes to the financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Notes to Financial Statements

December 31, 2020

(1) Summary of Significant Accounting Policies

(a) Introduction

The St. Tammany Parish Fire Protection District No. 6 (the District) was created on September 17, 1970 by St. Tammany Parish Police Jury, as provided by Louisiana Revised Statute 40:1492. The District was created to acquire, maintain, and operate buildings, machinery, equipment, water tanks, water hydrants and water lines, and other such things necessary to provide proper fire prevention and control within the District's limits. The administration of the District is governed by a board of commissioners consisting of 5 members who are resident property taxpayers of the district. These members are appointed by the St. Tammany Parish Police Jury and serve 2 years without remuneration. The District operates three fire stations and provides fire protection services in an area covering approximately 55 square miles.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

(b) Basis of Presentation

Government-Wide Financial Statements:

The government-wide financial statements include the statement of net position and statement of activities for all of the non-fiduciary activities of the District. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are financed to a significant extent by fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. There were no program revenues for the year ended December 31, 2020.

Fund Financial Statements:

The fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of GASB Statement No. 34. Emphasis is now on the major funds in either the governmental or business-type categories. Non-major funds (by category) or fund type are summarized into a single column. The District has no non-major funds.

The daily accounts and operation of the District continue to be organized on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities. The operations of each fund are accounted for with a separate set of self-

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Notes to Financial Statements

December 31, 2020

balancing accounts that comprise assets, liabilities, equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The district reports only one governmental fund and it represents the major governmental fund:

The *General Fund* is the principal fund of the District and is used to account for all activities except those required to be accounted for in other funds.

Management's Discussion and Analysis:

The Governmental Accounting Standards Board Statement requires a Management's Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of operations and financial statements prepared using full accrual accounting for all of the District's activities. The District has not presented Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined necessary to supplement, although not required to be part of, the basic financial statements.

(c) Reporting Entity

The District is 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 (CAFR) of the Parish for the year ended December 31, 2020.

The District has reviewed all of its activities and determined that there are no potential component units which should be included in its financial statements.

(d) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Government-wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied.

Fund Financial Statements:

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Notes to Financial Statements

December 31, 2020

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Ad valorem taxes and the related state revenue sharing (Intergovernmental revenue) are recognized as revenue in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of year, and become delinquent on December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt which is recognized when due. Allocations of cost such as depreciation are not recognized in governmental funds.

The District has adopted the provisions of GASB Statement No. 54 *Fund Balance Reporting and Government Fund Type Definitions*, which changed the reporting of fund balance in the balance sheets of governmental fund types. 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 five components - nonspendable, restricted, committed, assigned and unassigned.

- *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 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.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Notes to Financial Statements

December 31, 2020

- *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 the unassigned as they are needed.

(e) Operating Budgetary Data

As required by the Louisiana Revised Statute 39:1303, 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 transfers of monies from one function to another or increases in expenditures must be approved by the Board. The District amended its budget once during the year. All budgeted amounts which are not expended, or obligated through contracts, lapse at the year end.

The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America and is included in the budget presentation in the basic financial statements.

(f) Assets, Liabilities, and Net Position

Cash and Cash Equivalents

Cash included amounts in interest bearing demand deposits. Under state law, the District may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or banks having their principal offices in Louisiana.

The financial statements for the District contain no allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the fund.

Receivables

All receivables are reported net of estimated uncollectible amounts. The allowance for uncollectible property taxes is \$12,002, which represents 2% of the total ad valorem tax receivable, at December 31, 2020. The estimate is based on the District’s history of collections within this revenue stream.

Capital Assets

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Notes to Financial Statements

December 31, 2020

Government-wide Financial Statements:

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets purchased or acquired with an original cost of \$500 or more are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	40 years
Furniture and equipment	5-10 years
Vehicles	15 years

Fund Financial Statements:

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

Fund Equity

Government-wide Financial Statements:

Equity is classified as net position and displayed in three components:

1. 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 that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net position – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net position – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. As of December 31, 2020 and for the year then ended, the District did not have or receive restricted net position.

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Notes to Financial Statements

December 31, 2020

Long-Term Debt

The accounting treatment of long-term debt depends on whether they are reported in the government-wide or fund financial statements.

Government-wide Financial Statements - All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. The long-term debt consists of general obligation bonds.

Fund Financial Statements - Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principle and interest reported as expenditures.

Revenues

Property taxes, state revenue sharing, 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

Interest income on investments is recorded when the investments have matured and income is available.

All other revenues are recorded when received.

Expenditures

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

Deferred Outflows and Inflows of Resources

Government-wide Financial Statements - In addition to assets, the statement of financial 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 a future period and so will not be recognized as an expense or expenditure until then. The District has one item that meets this criterion for this category - pension related deferrals. In addition to liabilities, the statement of financial position 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 a future period and so will not be recognized as revenue until then. The District has one item that meets the criterion for this category - pension - related deferrals.

Fund Financial Statements - In addition to liabilities, the 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 a future period and so will not be recognized as revenue until then. The District has one item that meets the criterion for this category - receipt of ad valorem taxes more than 60 days after year-end.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Notes to Financial Statements

December 31, 2020

(g) 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 report amounts and disclosures. Accordingly, actual results could differ from those estimates.

(2) Deposits and Investments

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana or any other federally insured investment.

Bank Deposits:

State law requires deposits (cash and certificates of deposit) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

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 and collateralized.

The year end balances of deposits are as follows:

	Bank Balances Category			Book
	1	2	3	Balance
Cash	\$ <u>261,473</u>	<u>-</u>	<u>-</u>	<u>249,759</u>

At December 31, 2020, the district held cash (bank balance) of \$261,473 in interest bearing demand deposits. These deposits were fully secured from risk by FDIC insurance and a stand by letter of credit issued by Citizens Savings Bank.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Notes to Financial Statements

December 31, 2020

(3) Due from Governmental Units

Amounts due from governmental units as of December 31, 2020 are as follows:

Property taxes, net of allowance of \$12,002	\$ 584,280
State revenue sharing	<u>12,961</u>
	<u>\$ 597,241</u>

(4) Property Taxes

Property taxes are levied each November 1st on the assessed value listed as of prior January 1st for all real property, merchandise, and movable property located in the Parish. Assessed values are established by the St. Tammany Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. Taxes are due and payable December 31st with interest being charged on payments after January 1st. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2020 was \$18.98 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.

(5) Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2020 for the primary government is as follows:

	Balance January 1, 2020	Increases	Decreases	Balance December 31, 2020
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 52,277	121,125	-	<u>173,402</u>
Capital Assets Being Depreciated				
Buildings	366,023	146,846	-	512,869
Building improvements	65,541	-	-	65,541
Furniture and equipment	628,691	30,693	-	659,384
Vehicles	<u>695,679</u>	<u>20,115</u>	-	<u>715,794</u>
Total Capital Assets Being Depreciated	1,755,934	197,654	-	1,953,588
Less Accumulated Depreciation for:				
Buildings	(156,775)	(10,309)	-	(167,084)
Building improvements	(15,298)	(1,714)	-	(17,003)
Furniture and equipment	(477,137)	(19,491)	-	(496,628)
Vehicles	<u>(546,405)</u>	<u>(13,999)</u>	-	<u>(560,404)</u>
Total Accumulated Depreciation	<u>(1,195,606)</u>	<u>(45,513)</u>	-	<u>(1,241,119)</u>

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Notes to Financial Statements

December 31, 2020

	Balance January 1, 2020	Increases	Decreases	Balance December 31, 2020
Total Capital Assets Being Depreciated, Net	<u>560,328</u>	<u>152,141</u>	-	<u>712,469</u>
Total Governmental Activities	<u>\$ 612,605</u>	<u>273,266</u>	-	<u>885,871</u>

The District recorded \$45,513 of depreciation expense on its capital assets for the year ended December 31, 2020.

(6) Accounts Payable and Accrued Expenditures

Accounts payable and accrued expenditures at December 31, 2020 consisted of the following:

Vendors	<u>\$ 20,656</u>
---------	------------------

(7) Pension Plan

Plan Description

The Firefighters' Retirement System is the administrator of a cost-sharing multiple-employer defined benefit pension plan. The System provides retirement, disability, and death benefits for their members.

The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

Benefit provisions are authorized within Act 434 of 1979 and amended by R.S. 11:2251-11:2272. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Eligibility Requirements

Any person who becomes an employee as defined in R.S. 11:2252 on and after January 1, 1980, shall become a member as a condition of employment. Members in the System consist of fulltime firefighters, eligible employees of the retirement system, or any person in a position as defined in the municipal fire and police civil service system that earns at least \$375 per month, excluding state supplemental pay, and is employed by a fire department of any municipality, parish, or fire district of the state of Louisiana, except for Orleans Parish and the City of Baton Rouge.

No person who has attained age 50 or over shall become a member of the System, unless the person becomes a member by reason of a merger or unless the System received an application for membership before the applicant attained the age of fifty. No person who has not attained the age of 18 years shall become a member of the System.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Notes to Financial Statements

December 31, 2020

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.

Retirement Benefits

Employees with 20 or more years of service who have attained age 50, or employees who have 12 years of service who have attained age 55, or 25 years of service at any age are entitled to annual pension benefits equal to 3.333% of their average final compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 100%. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity.

If employees terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to their employer's contributions.

Benefits are payable over the employees' lives in the form of a monthly annuity. An employee may elect an unreduced benefit or any of seven options at retirement.

See R.S. 11:2256(A) for additional details on retirement benefits.

Disability Benefits

A member who acquires a disability, and who files for disability benefits while in service, and who upon medical examination and certification as provided for in Title 11, is found to have a total disability solely as the result of injuries sustained in the performance of his official duties, or for any cause, provided the member has at least five years of creditable service and provided that the disability was incurred while the member was an active contributing member in active service, shall be entitled to disability benefits under the provisions of R.S. 11:2258(B).

Death Benefits

Benefits shall be payable to the surviving eligible spouse or designated beneficiary of a deceased member as specified in R.S. 11:2256(B) and (C).

Deferred Retirement Option Plan

After completing 20 years of creditable service and age 50 or 25 years at any age, a member may elect to participate in the deferred retirement option plan (DROP) for up to 36 months.

Upon commencement of participation in the deferred retirement option plan, employer and employee contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the deferred retirement option plan account. Upon termination of employment, a participant in the program has several options to receive their DROP benefit. A member may (1) elect to roll over all or a portion of their DROP balance into another eligible qualified plan, (2) receive a lump sum payment from the account, (3) receive single withdrawals at the discretion of the member, (4) receive monthly or

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Notes to Financial Statements

December 31, 2020

annual withdrawals, or (5) receive an annuity based on the DROP account balance. These withdrawals are in addition to his regular monthly benefit.

If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to the System. No payments may be made from the deferred retirement option plan account until the participant retires.

Initial Benefit Option Plan

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

Cost of Living Adjustments (COLA):

Under the provisions of R.S. 11:246 and 11:2260(A)(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 65 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 COLAs, pursuant to R.S. 11:241, the board may also grant an increase based on a formula equal to up to \$1 times the total number of years of credited service accrued at retirement or at death of the member or retiree plus the number of years since retirement or since death of the member or retiree to the system's fiscal year end preceding the payment of the benefit increase. If there are not sufficient funds to fund the benefit at the rate of one dollar per year for such total number of years, then the rate shall be reduced in proportion to the amount of funds that are available to fund the cost of living adjustment.

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.

Employer and Employee Contributions

According to State statute, employer contributions are actuarially determined each year. For the year ended 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.

Non-employer contributions

According to State statute, the System receives insurance premium tax funds from the State of Louisiana. The tax is considered support from a non-employer contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions were recognized as revenue during the year ended June 30, 2020, and were excluded from pension expense. Non-

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Notes to Financial Statements

December 31, 2020

employer contributions received by the System during the year ended June 30, 2020 was \$28,017,672 of which the District's allocable share was \$9,877.

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

At December 31, 2020, the District reported a liability of \$244,365 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. At June 30, 2020, the District's proportion was 0.035254%, which was an increase of 0.003708% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the District recognized pension expense of \$41,995 less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$13,217.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	(15,634)
Changes in assumptions	23,622	
Net difference between projected and actual earnings on pension plan investments	26,911	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	46,643	(78,086)
Employer contributions subsequent to measurement date	<u>13,087</u>	<u>-</u>
	<u>\$ 110,263</u>	<u>(93,720)</u>

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Notes to Financial Statements

December 31, 2020

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, 2021	\$ (27,009)
December 31, 2022	\$ (2,492)
December 31, 2023	\$ 5,429
December 31, 2024	\$ 13,808
December 31, 2025	\$ 10,083
December 31, 2026	\$ 3,637

Actuarial Methods and Assumptions

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position. The components of the net pension liability of the District as of December 31, 2020 are as follows:

Total Pension Liability	\$ 892,224
Plan Fiduciary Net Position	<u>(647,859)</u>
Total Net Pension Liability	\$ <u>244,365</u>

A summary of the actuarial methods and assumptions used in determining the total net pension liability as of June 30, 2020 are as follows:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	7.00% per annum (net of investment expenses, including inflation; decreased from 7.15% in 2019)
Expected Remaining Service Lives	7 years, closed period
Inflation Rate	2.50% per annum
Salary Increases	14.10% in the first two years of service and 5.20% with 3 or more years of service; includes inflation and merit increases (in 2019, salary increased ranged from 14.75 in the first two years of service to 4.50% with 25 or more years of service)
Cost of Living Adjustments	For purposes of determining the present value of benefits, COLA's were deemed not to be substantially automatic and only those previously granted were included.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Notes to Financial Statements

December 31, 2020

The mortality rate assumptions were updated in fiscal year 2020 to reflect changes from the recent experience study and rates set in the Pub-2010 Public Retirement Plans mortality tables, as compared to the RP-2000 Combined Healthy and Disabled Lives tables that were used for the previous valuation. For the June 30, 2020 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.

The estimated long-term expected rate of return on pension plan investments was determined by the System's actuary using the System's target asset allocation and the G.S. Curran & Company Consultant Average study for 2020. The consultants' average study included projected nominal rates of return, standard deviations of returns, and correlations of returns for a list of common asset classes collected from a number of investment consultants and investment management firms. Each consultant's response included nominal expected long term rates of return. In order to arrive at long term expected arithmetic real rates of return, the actuary normalized the data received from the consultant's responses in the following ways. Where nominal returns received were arithmetic, the actuary simply reduced the return assumption by the long-term inflation assumption. Where nominal returns were geometric, the actuary converted the return to arithmetic by adjusting for the long-term standard deviation and then reduced the assumption by the long-term inflation assumption. Using the target asset allocation for the System and the average values for expected real rates of return, standard deviation of returns, and correlation of returns, an arithmetic expected nominal rate of return and standard deviation for the portfolio was determined. The System's long-term assumed rate of inflation of 2.50% was used in this process for the fiscal year ended June 30, 2020.

The long-term expected real rate of return is an important input into the actuary's determination of the reasonable range for the discount rate which is used in determining the total pension liability. Prior year's financial reports presented the long-term expected real rate of return provided by the System's investment consultant, whereas this year's report presents this information for both fiscal years 2020 and 2019 from the System's actuary. The actuary's method incorporates information from multiple consultants and investments firms regarding future expected rates of return, variances, and correlation coefficients for each asset class. The actuary's method integrates data from multiple sources to produce average values thereby reducing reliance on a single data source.

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Notes to Financial Statements

December 31, 2020

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity – U.S.	26.00%	5.72%
Equity – Non U.S.	12.00%	6.24%
Equity – Global	10.00%	6.23%
Equity – Emerging Market Equity	6.00%	8.61%
Fixed Income – U.S. Core	26.00%	1.00%
Fixed Income – Emerging Market		
Debt	5.00%	3.40%
Alternatives – Real Estate	0.00%	4.22%
Alternatives – Private Equity	0.00%	4.22%
Multi-Asset Strategies – Global		
Tactical Asset Allocation	6.00%	4.20%
Multi-Asset Strategies – Risk		
Parity	<u>9.00%</u>	10.29%
	<u><u>100.00%</u></u>	

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates, and that contributions from participating employers and non-employer contributing entities will be made at the actuarially-determined rates approved by the Board of Trustees and by the Public Retirement Systems' Actuarial Committee taking into consideration the recommendation of the System's actuary. Based on these assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.00%, as well as what the employer's 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 as of June 30, 2020:

	1% Decrease <u>(6.00%)</u>	Current Discount Rate (7.00%)	1% Increase <u>(8.00%)</u>
Employer's proportionate share of the net pension liability	\$ <u>352,983</u>	<u>244,365</u>	<u>153,701</u>

Change in Net Pension Liability

The changes in the net pension liability for the year ended June 30, 2020 were recognized in the current reporting period except as follows:

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Notes to Financial Statements

December 31, 2020

Differences between Expected and Actual Experience

Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in 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 pensions through the pension plan. The difference between expected and actual experience resulted in a deferred inflow of resources in the amount of \$20,689 for the year ended June 30, 2020. Pension benefit and remaining deferred inflow for the year ended June 30, 2020 was \$5,055 and \$15,634, respectively.

Differences between Projected and Actual Investment Earnings

Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a net deferred outflow of resources in the amount of \$40,316, for the year ended June 30, 2020. Pension expense and remaining deferred outflow for the year ended June 30, 2020 was \$13,405 and \$26,911, respectively.

Changes in Assumptions or Other Inputs

Changes in assumptions about future economic or demographic factors were recognized in 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 pensions through the pension plan. The changes in assumptions or other inputs resulted in a net deferred outflow of resources of \$29,090 for the year ended June 30, 2020. Pension expense and remaining net deferred outflow for the year ended June 30, 2020 was \$5,468 and \$23,622, respectively.

Change in Proportion

Changes in the employer's proportionate share of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) 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 pensions through the pension plan.

Contributions - Proportionate Share

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense (benefit) 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 schedule of employer amounts due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Notes to Financial Statements

December 31, 2020

Retirement System Audit Report

The System issued a standalone audit report on its financial statements for the year ended June 30, 2020. Access to the audit report can be found on the Louisiana Legislative Auditor's official website (www.la.gov) and the System's website (www.ffret.com).

(8) Supplemental Salaries

During the year ended December 31, 2020, the full-time employees received additional pay in the amount of \$12,000 from the State of Louisiana. These intergovernmental funds are reflected in the statement of revenues, expenditures, and changes in fund balance - governmental fund in personnel expense for the year ended December 31, 2020.

(9) Long-Term Liabilities

On April 16, 2020, the District purchased land and buildings in the amount of \$220,000. The purchase was financed with a note payable to Citizens Savings Bank. The note bears interest at 4.7%, is payable in monthly installments of \$1,416, and matures April 16, 2040.

The future debt service requirements of the note are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 7,009	9,979
2022	7,346	9,642
2023	7,699	9,290
2024	8,068	8,920
2025	8,456	8,532
2026-2030	48,775	36,167
2031-2035	61,667	23,274
2036-2040	<u>66,487</u>	<u>7,129</u>
Total	\$ <u>215,507</u>	<u>112,933</u>

Long-term liability activity for the year ended December 31, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Net pension liability	\$ 197,538	46,827	-	244,365	-
Note payable	<u>-</u>	<u>220,000</u>	<u>(4,493)</u>	<u>215,507</u>	<u>7,009</u>
Total	\$ <u>197,538</u>	<u>266,827</u>	<u>(4,493)</u>	<u>459,872</u>	<u>7,009</u>

(10) Risk Management

The District is exposed to various risks of loss related to workers' compensation; torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters; for which the District carries

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Notes to Financial Statements

December 31, 2020

commercial insurance. The premiums for group insurance are based on a fixed rate per employee. There have been no significant reductions in insurance coverage from the prior year and settled claims have not reached the level of commercial coverage in any of the past three fiscal years.

(11) Compensation of Board Member

The Board of Commissioners serves the District without compensation.

(12) Subsequent Events

The District evaluated subsequent events through April 19, 2021, the date which the financial statements were available to be issued.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Schedule of Employer's Share of Net Pension Liability

Last 10 Years*

Schedule for Firefighters' Retirement System:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Employer's proportion of net pension liability	0.054842%	0.042864%	0.026101%	0.024190%	0.031546%	0.035254%
Employer's proportionate share of net pension liability	295,988	280,370	149,607	139,143	197,538	244,365
Employer's covered-employee payroll	103,439	96,651	60,940	57,591	76,243	87,770
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	286%	290%	245%	242%	259%	278%
Plan fiduciary net position as a percentage of the total pension liability	72.45%	68.16%	73.55%	74.80%	74.00%	72.62%
Measurement date	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020

* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available. Amounts presented for each year are as of the applicable measurement date.

See accompanying notes to required supplementary information.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Schedule of Employer's Contributions

Last 10 Years*

Firefighters' Retirement System:

<u>Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a % of Covered Employee Payroll January to June</u>	<u>Contributions as a % of Covered Employee Payroll July to December</u>
2015	27,334	27,334	-	96,798	29.25%	27.25%
2016	22,573	22,573	-	85,621	27.25%	25.25%
2017	10,497	10,497	-	40,555	25.25%	26.50%
2018	19,899	19,899	-	75,092	26.50%	26.50%
2019	21,926	21,926	-	80,731	26.50%	27.75%
2020	25,636	25,636	-	85,801	27.75%	32.25%

* 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. 6

Notes to Required Supplementary Information

December 31, 2020

Firefighters' Retirement System:

Changes in Benefit Terms:

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

Changes in Assumptions:

For the year ended December 31, 2020 (measurement date of June 30, 2020), the Firefighter's Retirement System real investment rate of return was lowered from 7.15% to 7.00%, the tables utilized for mortality were updated to the Pub-2010 Public Retirement Plans mortality table, and salary growth rates changed to 14.10% for 1-2 years and 5.20% for service of 3 years and over. Previously these were 14.75% for 1-2 years of service, 5.50% for 3-14 years of service, 5.00% for 15-24 years of service, and 4.50% for service of 25 years and over.

For the year ended December 31, 2019 (measurement date of June 30, 2019), the Firefighter's Retirement System inflation rate assumption was lowered from 2.70% to 2.50% annually, and the real investment rate of return was lowered from 7.3% to 7.15%.

For the year ended December 31, 2018 (measurement date of June 30, 2018), the Firefighter's Retirement System inflation rate assumption was lowered from 2.775% to 2.70% annually, and the real investment rate of return was lowered from 7.4% to 7.3%.

For the year ended December 31, 2017 (measurement date of June 30, 2017), the Firefighter's Retirement System inflation rate assumption was lowered from 2.875% to 2.775% annually, and the real investment rate of return was lowered from 7.5% to 7.4%.

For the year ended December 31, 2016 (measurement date of June 30, 2016), 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% to 4.75% - 15%.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Schedule of Compensation Paid to Board Members

For the Year Ended December 31, 2020

Gregory Beyers	\$	-
Austin Dawsey		-
Clayton Foreman		-
Kenneth Fussell		-
Robert Jenkins		-
		<hr/>
Total	\$	-
		<hr/> <hr/>

The schedule of compensation paid to board members was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. In accordance with Louisiana Revised Statute 40:1498, members, including police jurors serving ex-officio, may be paid per diem of \$30 for attending board meetings - not to exceed two meetings in one calendar month.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

**Schedule of Compensation, Benefits, and Other
Payments to Agency Head or Chief Executive Officer**

For the Year Ended December 31, 2020

Agency Head Name: John Taylor, Fire Chief

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 40,000
Benefits - Insurance	
Benefits - Retirement	1,255
Benefits - Other	-
Car Allowance	-
Vehicle Provided by Government	-
Per Diem	-
Reimbursements	3,590
Travel	1,151
Registration Fees	-
Conference Travel	-
Continuing Professional Education Fees	25
Housing	-
Unvouchered Expenses	-
Special Meals	-
	<hr/>
	\$ <u>46,021</u>



Stephen M. Griffin, CPA
Robert J. Furman, CPA

Jessica S. Benjamin, Director

—
Members

American Institute of
Certified Public Accountants
Society of LA CPA's

**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. 6
Covington, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund of the St. Tammany Parish Fire Protection District No. 6 (the District), as of and for the year then 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 April 19, 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 their 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 misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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.

Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and management corrective action plan. 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Griffin & Furman, LLC

April 19, 2021

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 6

Schedule of Findings and Management Corrective Action Plan

December 31, 2020

Summary of Audit Results:

1. Type of Report Issued – Unqualified
2. Internal Control Over Financial Reporting
 - a. Significant Deficiencies – Yes (2020-1)
 - b. Material Weaknesses – No
3. Compliance and Other Matters – No
4. Management Letter - No

Finding 2020-1:

Criteria:

Management is responsible for developing internal controls related to the preparation of financial statements as well as preparing financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition & Cause:

As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting entries and to prepare the District's annual financial statements. This condition is intentional by management based upon the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls. Statement on Auditing Standards (SAS) 115 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

Recommendation:

As mentioned above, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 115's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies an auditor reports under SAS 115. In this case we do not believe that curing the significant deficiency described above would be cost effective or practical and accordingly do not believe any corrective action is necessary.

Management Corrective Action Plan:

In response to the finding, management feels that it is a prudent use of funds to engage the auditor to prepare the District's annual financial reports. We therefore agree with the auditors' recommendation that no correction action is necessary.

Status of Prior Findings

December 31, 2020

Finding 2019-1:

Criteria:

Management is responsible for developing internal controls related to the preparation of financial statements as well as preparing financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition & Cause:

As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting entries and to prepare the District's annual financial statements. This condition is intentional by management based upon the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls. Statement on Auditing Standards (SAS) 115 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

Recommendation:

As mentioned above, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 115's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies an auditor reports under SAS 115. In this case we do not believe that curing the significant deficiency described above would be cost effective or practical and accordingly do not believe any corrective action is necessary.

Management Corrective Action Plan:

In response to the finding, management feels that it is a prudent use of funds to engage the auditor to prepare the District's annual financial reports. We therefore agree with the auditors' recommendation that no correction action is necessary.

Status:

There is no change in the status of this finding.