

**ST. TAMMANY PARISH
FIRE PROTECTION DISTRICT NO. 7**

Annual Financial Statements

December 31, 2020



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Independent Auditor's Report

To the Board of Commissioners
St. Tammany Parish Fire Protection District No. 7
Pearl River, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of St. Tammany Parish Fire Protection District No. 7 (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.

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 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.

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

Opinion

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, beginning on page 5, the budgetary comparison schedule on page 31, and the supplementary schedules required by Governmental Accounting Standards Board Statement No. 68 on pages 33 and 34 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of governing board and the schedule of compensation, benefits, and other payments to agency head as required by Louisiana Revised Statute 24:513 A, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of governing board and the schedule of compensation, benefits, and other payments to agency head 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 schedule of governing board and the schedule of compensation, benefits, and other payments to agency head are fairly presented 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 21, 2021 on our consideration of St. Tammany Parish Fire Protection District No. 7'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of St. Tammany Parish Fire Protection District No. 7's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering St. Tammany Parish Fire Protection District No. 7's internal control over financial reporting and compliance.



A Professional Accounting Corporation

Covington, LA
April 21, 2021

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

Management's Discussion and Analysis

Our discussion and analysis of St. Tammany Parish Fire Protection District No. 7's (the District) financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2020.

The management's discussion and analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in its Statement No. 34, issued in June 1999.

Financial Highlights

The financial statements included in this report provide insight into the financial status for the year-end. Based upon the 2020 operations, the District's net position decreased by \$162,458 and resulted in an ending net position of \$1,719,409.

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

Condensed Statements of Net Position

	2020	2019	Change
Current Assets	\$ 1,231,253	\$ 1,195,347	\$ 35,906
Capital Assets, Net	833,851	935,710	(101,859)
Total Assets	2,065,104	2,131,057	(65,953)
Deferred Outflows of Resources			
Pension	479,311	525,616	(46,305)
Current Liabilities	29,040	44,739	(15,699)
Non-Current Liabilities	736,955	680,901	56,054
Total Liabilities	765,995	725,640	40,355
Deferred Inflows of Resources			
Pension	59,011	49,166	9,845
Net Position			
Net Investment in Capital Assets	833,851	935,710	(101,859)
Unrestricted	885,558	946,157	(60,599)
Total Net Position	\$ 1,719,409	\$ 1,881,867	\$ (162,458)

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

Management's Discussion and Analysis

Condensed Statements of Activities

	2020	2019	Change
Revenues			
Operating Grants and Contributions	\$ 29,788	\$ 29,150	\$ 638
General Revenues	1,003,905	1,018,979	(15,074)
Total Revenues	1,033,693	1,048,129	(14,436)
Expenses			
Public Safety - Fire Protection	1,196,151	1,238,854	(42,703)
Total Expenses	1,196,151	1,238,854	(42,703)
Change in Net Position	(162,458)	(190,725)	28,267
Net Position, Beginning of Year	1,881,867	2,072,592	(190,725)
Net Position, End of Year	\$ 1,719,409	\$ 1,881,867	\$ (162,458)

Total expenses for governmental activities were \$1,196,151 for the year, which was \$162,458 more than the taxes, grants, contributions, and investment earnings of \$1,033,693.

The interest earned on checking accounts was \$832 for the year.

Using this Annual Report

This report consists of a series of financial statements. The statement of net position and the statement of activities found on pages 10 and 11 provide information about the financial activities of the District and illustrate a longer-term view of the District's finances. Fund financial statements start on page 13. For governmental-type activities, these statements illustrate how these services were financed in the short-term and what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's significant funds.

The District's independent auditor attests in his report that the basic financial statements are fairly stated. The auditor is providing varying degrees of assurance regarding the required supplementary information, the levels of which are illustrated in the independent auditor's report.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

Management's Discussion and Analysis

Reporting on the District as a Whole, the Statement of Net Position, and the Statement of Activities

Our analysis of the District as a whole begins on page 10. These statements help to illustrate the status of the District resulting from the activities of the last year. The statements include all assets and liabilities using the accrual basis of accounting. In this method, all of the current year's revenues and expenses are taken into account, regardless of when cash is paid or received.

The District's net position is determined by examining the difference in assets and liabilities. Examining the District's net position is an effective way to determine the financial status of the District. Increases and decreases in net position are indicators of the District's overall increasing or decreasing financial performance.

In the statement of net position and the statement of activities, the District reports only governmental-type activities, as well as grants. The majority of the District's activities are of this type. Taxes and grants finance most of the activities.

As with other sections of this financial report, the information contained within this MD&A should be considered only a part of the greater whole. The readers of these financial statements should take the time to read and evaluate all sections of this report, including the notes and the other required supplementary information that are provided in addition to this MD&A.

Reporting the District's Most Significant Funds, Fund Financial Statements

The analysis of the District's major funds begins on page 13. The fund financial statements provide detailed information about the most significant funds rather than the District as a whole.

The District uses governmental-type funds. This includes the General Fund. All of the District's services are reported in the General Fund, which focuses on how money flows into and out of that fund and the balance left at year-end that is available for spending. This fund is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in a reconciliation of the fund financial statements on pages 14 and 16.

The District's Funds

As previously mentioned, the District uses funds to help control and manage money for particular purposes. At the completion of the year, the District reported total fund balance of \$1,192,174. This reflects an increase of \$53,241 from last year.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

Management's Discussion and Analysis

General Fund Budgetary Highlights

Information on the District's General Fund balance is reported on page 13. The General Fund's budgetary information is reported in the budgetary comparison schedule on page 31.

Capital Assets

At the end of 2020, the District had \$833,851 invested in capital assets, including building, furniture, firefighting equipment, and vehicles, net of accumulated depreciation of \$2,105,589. More detailed information about the District's capital assets is presented in Note 5 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Taking all factors into consideration, the District's General Fund balance is expected to remain unchanged by the close of 2021.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to: St. Tammany Parish Fire Protection District No. 7, 73469 Highway 41, Pearl River, LA 70452.

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7
Statement of Net Position
December 31, 2020

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 358,814
Receivables - Ad Valorem Taxes, Net	857,815
Receivables - State Revenue Sharing	14,624
Capital Assets, Net of Accumulated Depreciation	<u>833,851</u>
Total Assets	<u>2,065,104</u>
Deferred Outflows of Resources	
Deferred Outflows on Pension Obligation	<u>479,311</u>
Liabilities	
Accounts Payable	12,891
Accrued Expenses	14,873
Overdraft Liability	1,276
Noncurrent Liabilities	
Net Pension Liability	<u>736,955</u>
Total Liabilities	<u>765,995</u>
Deferred Inflows of Resources	
Deferred Inflows on Pension Obligation	<u>59,011</u>
Net Position	
Net Investment in Capital Assets	833,851
Unrestricted	<u>885,558</u>
Total Net Position	<u><u>\$ 1,719,409</u></u>

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7
Statement of Activities
For the Year Ended December 31, 2020

Function/Program	Expenses	<u>Program Revenue</u> Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental Activities			
Public Safety - Fire Protection	\$ 1,196,151	\$ 29,788	\$ (1,166,363)
Total	\$ 1,196,151	\$ 29,788	(1,166,363)
General Revenues			
Ad Valorem Taxes			885,760
Fire Insurance Premium Tax			30,893
Other Income			28,467
State Revenue Sharing			21,936
Intergovernmental Revenue			19,783
Cell Tower Lease			16,234
Interest			832
Total General Revenues			1,003,905
Change in Net Position			(162,458)
Net Position, Beginning of Year			1,881,867
Net Position, End of Year			\$ 1,719,409

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

**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS**

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7
Balance Sheet
Governmental Funds
December 31, 2020

	General Fund
Assets	
Cash and Cash Equivalents	\$ 358,814
Receivables - Ad Valorem Taxes, Net	857,815
Receivables - State Revenue Sharing	<u>14,624</u>
Total Assets	<u>\$ 1,231,253</u>
Liabilities	
Accounts Payable	\$ 12,891
Accrued Expenses	14,873
Overdraft Liability	<u>1,276</u>
Total Liabilities	<u>29,040</u>
Deferred Inflows of Resources	
Unavailable Ad Valorem Taxes	<u>10,039</u>
Fund Balance	
Assigned	49,958
Unassigned	<u>1,142,216</u>
Total Fund Balance	<u>1,192,174</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 1,231,253</u>

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7
Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
December 31, 2020

Total Fund Balance	\$ 1,192,174
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	833,851
Deferred inflows of resources - unavailable ad valorem taxes are not reported on government-wide financial statements.	10,039
Deferred inflows of resources - pension used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	(59,011)
Deferred outflows of resources - pension used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	479,311
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Net Pension Liability	<u>(736,955)</u>
Net Position of Governmental Activities	<u>\$ 1,719,409</u>

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2020

	General Fund
Revenues	
Ad Valorem Taxes	\$ 887,396
Fire Insurance Premium Tax	30,893
Other Income	28,467
State Revenue Sharing	21,936
Intergovernmental Revenue	19,783
Cell Tower Lease	16,234
Interest	832
	<hr/>
Total Revenues	1,005,541
Expenditures	
Public Safety - Fire Protection	
Salaries and Benefits	710,283
Insurance	64,502
Repairs	59,393
Professional Services	25,044
Firefighting Supplies	18,965
Utilities	16,848
Fuel	14,455
Office	12,259
Dispatching	10,000
Telephone	4,225
Training	83
Capital Outlay	16,243
	<hr/>
Total Expenditures	952,300
Net Change in Fund Balance	53,241
Fund Balance, Beginning of Year	1,138,933
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Fund Balance, End of Year	\$ 1,192,174
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The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2020

Net Change in Fund Balance - Total Governmental Funds	\$ 53,241
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.</p>	(101,859)
<p>Governmental funds report retirement contributions as expenditures, but pension expense on the statement of activities includes the change in net pension liability as well as the change in deferred inflows and outflows of resources related to pensions.</p>	(112,204)
<p>Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds:</p>	
<p>Change in Unavailable Ad Valorem Taxes</p>	<u>(1,636)</u>
<p>Change in Net Position of Governmental Activities</p>	<u>\$ (162,458)</u>

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Reporting Entity

St. Tammany Parish Fire Protection District No. 7 (the District) was created by St. Tammany Parish, Louisiana (the Parish), as authorized by Louisiana Revised Statute (R.S.) 40:1492, on August 20, 1972, to purchase and maintain fire equipment and provide fire protection for the residents of District No. 7 of St. Tammany Parish. The District is governed by a five-member board which is appointed by the Parish.

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

In accordance with Governmental Accounting Standards Board (GASB) Codification Section 2100, the District is a component unit of the Parish because the Parish appoints members of the District and, as such, is financially accountable for the District. While the District is an integral part of the Parish reporting entity and should be included within the financial statements of that reporting entity, GASB Codification Section 2600 provides that a component unit may also issue financial statements separate from those of the reporting entity. Accordingly, the accompanying financial statements present information only on the funds maintained by the District and do not present information on the Parish, the general government services provided by that governmental unit, or the governmental units that comprise the financial reporting entity.

Basis of Presentation

The accompanying basic financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued in June 1999, as amended by GASB Statement No. 63 in June 2011.

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Separate financial statements are provided for the governmental funds.

Fund Financial Statements

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

The District reports the following major governmental fund:

General Fund

The General Fund is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

Measurement Focus/Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to the government-wide financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus/Basis of Accounting (Continued)

Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

Budgets and Budgetary Accounting

The District adopts an annual budget for the General Fund on the cash basis of accounting. The budget is legally adopted and amended as necessary by the District.

The District's General Fund expenditures of \$957,854 (budgetary basis) were \$3,402 more than its budgeted expenditures of \$954,452.

Cash and Cash Equivalents and Investments

Cash includes amounts in interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at fair market value.

Receivables

All receivables are reported net of estimated uncollectible amounts. The allowance for uncollectible ad valorem taxes was \$27,713, which represents 3% of the total ad valorem tax receivable at December 31, 2020. This estimate is based on the District's history of collections within this revenue stream.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has the following items that are reported as deferred inflows or outflows of resources: deferred inflows/outflows of resources related to pensions and unavailable revenue. Unavailable revenue arises only under a modified accrual basis of accounting, so it is reported only on the governmental funds balance sheet.

Capital Assets

Capital assets, which include property, equipment, and buildings, are reported in the governmental activities column in the government-wide financial statements. Capital assets 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 \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. The following estimated useful lives and methods are used to compute depreciation:

Buildings and Improvements	40 Years	Straight-Line
Vehicles	5 - 20 Years	Straight-Line
Equipment	5 - 20 Years	Straight-Line

Depreciation expense amounted to \$118,102 for the year ended December 31, 2020.

Estimates

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

Pensions

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Equity Classifications

In accordance with GASB Statement No. 34, as amended by GASB Statement No. 63, net position is classified into three components: net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

1. *Net Investment in Capital Assets* - This component of net position consists of the historical cost of capital assets, including any 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, plus deferred outflows of resources, less deferred inflows of resources, related to those assets.
2. *Restricted* - This component of net position consists of assets that have constraints that are externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
3. *Unrestricted* - All other net position is reported in this category.

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

In the governmental fund financial statements, fund balances are classified as follows, in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*:

1. *Restricted Fund Balance* - Amounts that can be spent only for specific purposes because of state or federal laws, or externally imposed conditions by grantors, creditors, or contributors.
2. *Assigned Fund Balance* - Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
3. *Unassigned Fund Balance* - All amounts not included in other spendable classifications.

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements - Not Yet Adopted

The GASB issued Statement No. 87, *Leases*. The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponing the effective date of Statement No. 87 to reporting periods beginning after June 15, 2021.

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of GASB 89 are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponing the effective date of Statement No. 89 to reporting periods beginning after December 15, 2020.

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

The GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. This Statement amends Questions 4.3 and 4.5 of Implementation Guide 201-2. The requirements of this Statement related to the accounting and financial reporting for Internal Revenue Code Section 457 plans are effective June 15, 2021.

Note 2. Ad Valorem Taxes

Ad valorem taxes are recorded in the year taxes are levied. Ad valorem taxes are assessed on a calendar-year basis, billed in November of each year, and become delinquent on January 1st of the subsequent year.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

Notes to Financial Statements

Note 2. Ad Valorem Taxes (Continued)

The following is a summary of authorized and levied ad valorem taxes for 2020:

Taxes Due for:	Authorized Millage	Levied Millage	Millage Expiration Date
Maintenance	10.00	9.70	2021
Operations and Maintenance	5.00	5.00	2029
Operations and Maintenance	5.21	5.04	2026

Note 3. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents (carrying value) at December 31, 2020:

Unrestricted Demand Deposits	<u>\$ 358,814</u>
------------------------------	-------------------

These deposits are stated at cost, which approximates market.

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure the District's deposits may not be recovered. The District does not have a policy for custodial risk. At December 31, 2020, the District had \$381,143 in deposits (collected bank balances) of which \$-0- was exposed to custodial credit risk. This is due to the District's bank offering Insured Cash Sweep (ICS) service, in which the District's deposits are placed into accounts with various Federal Deposit Insurance Corporation (FDIC) insured institutions, ensuring there are no deposits with a single institution above the FDIC maximum of \$250,000

Note 4. 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 R.S. 22:345. The amounts received by the District are based on the population of the areas that it serves. In accordance with the Revised Statutes, such money shall be used only for the purpose of "rendering more efficient and efficacious" fire protection, as the District shall direct. For the year ended December 31, 2020, the District received \$30,893 of such funds.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

Notes to Financial Statements

Note 5. Capital Assets

Capital assets activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 28,400	\$ -	\$ -	\$ 28,400
Capital Assets Being Depreciated				
Buildings and Improvements	688,174	-	-	688,174
Firefighting and Rescue Vehicles	1,484,923	14,928	-	1,499,851
Firefighting Equipment	549,243	-	-	549,243
Computer Equipment	52,554	-	-	52,554
Station Equipment	119,903	1,315	-	121,218
Total Capital Assets Being Depreciated	2,894,797	16,243	-	2,911,040
Less Accumulated Depreciation for:				
Buildings and Improvements	(345,947)	(14,083)	-	(360,030)
Firefighting and Rescue Vehicles	(1,040,201)	(68,777)	-	(1,108,978)
Firefighting Equipment	(441,480)	(33,205)	-	(474,685)
Computer Equipment	(50,474)	(446)	-	(50,920)
Station Equipment	(109,385)	(1,591)	-	(110,976)
Total Accumulated Depreciation	(1,987,487)	(118,102)	-	(2,105,589)
Total Capital Assets Being Depreciated, Net	907,310	(101,859)	-	805,451
Capital Assets, Net	\$ 935,710	\$ (101,859)	\$ -	\$ 833,851

Note 6. Louisiana Firefighters' Retirement System Pension

The District began participating in the Firefighters' Retirement System of Louisiana (the System) in September 2016.

Plan Description and Provisions

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

Notes to Financial Statements

Note 6. Louisiana Firefighters' Retirement System Pension (Continued)

Eligibility Requirements

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

Retirement Benefits

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

Deferred Retirement Option Plan

After completing 20 years of creditable service at 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 DROP, employer and employee contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the DROP account. Upon termination of employment, a participant in the program shall receive, at his option, a lump sum payment from the account or an annuity based on the DROP account balance 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 DROP account until the participant retires.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

Notes to Financial Statements

Note 6. Louisiana Firefighters' Retirement System Pension (Continued)

Initial Benefit Option Plan

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

Employer Contributions

Employer contributions are actuarially determined each year. For the plan year ended June 30, 2020, employer and employee contributions for members above the poverty line were 27.75% and 10.00%, respectively. For the plan year ending June 30, 2021, employer and employee contributions for members above the poverty line are 32.25% and 10.00%, respectively.

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 \$736,955 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and was determined by actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all governments, actuarially determined. At June 30, 2020, the District's proportion was .106319%.

For the year ended December 31, 2020, the District recognized pension expense of \$178,796. At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources relative to its pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ -	\$ 47,150
Net Difference between Projected and Actual Earnings on Pension Plan Investments	81,158	-
Changes in Proportion	295,505	11,861
Changes in Assumptions	71,240	-
District Contributions Subsequent to the Measurement Date	31,408	-
Total	\$ 479,311	\$ 59,011

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

Notes to Financial Statements

Note 6. Louisiana Firefighters' Retirement System Pension (Continued)

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

In the year ending December 31, 2021, \$31,408 reported as deferred outflows of resources related to the District's contributions subsequent to the measurement date will be recognized. Other amounts reported as deferred inflows of resources and deferred outflows of resources will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2021	\$ 93,728
2022	113,381
2023	111,478
2024	57,517
2025	12,930
2026	<u>(142)</u>
Total	<u>\$ 388,892</u>

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining net pension liability as of December 31, 2020 are as follows:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Expected Remaining Service Lives	7 Years
Investment Return	7.00%
Inflation Rate	2.50%
Salary Increases	Vary from 14.10% in the first 2 years of service and 5.20% with 3 or more years of service
Cost-of-Living Adjustments	Only those previously granted

Actuarial assumptions utilized in the Employer Pension Report for fiscal year 2020 are based on the results of an actuarial experience study for the period July 1, 2014 through June 30, 2019, unless otherwise specified.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

Notes to Financial Statements

Note 6. Louisiana Firefighters' Retirement System Pension (Continued)

Actuarial Assumptions (Continued)

The mortality rate assumptions were updated in fiscal year 2020 to reflect changes from the recent experience study and rates set in the Pub-2010 Public Retirement Plans mortality tables, as compared to the RP-2000 Combined Healthy and Disabled Lives tables that were used for the previous valuation. For active members, annuitants and beneficiaries, and disabled retirees, mortality was set equal to rates set in the Pub-2010 Public Retirement Plans mortality tables. In all cases, the base table was multiplied by 105% for males and 115% for females, each with full generational projection using the appropriate MP2019 scale.

The estimated long-term expected rate of return on pension plan investments was determined using the 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. Using the target asset allocation 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 long-term assumed rate of inflation of 2.50% was used in this process. The discount rate used to measure the total pension liability was 7.00%.

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:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Equity		
U.S. Equity	26.0%	5.72%
Non-U.S. Equity	12.0%	6.24%
Global Equity	10.0%	6.23%
Emerging Market Equity	6.0%	8.61%
Fixed Income		
U.S. Core Fixed Income	26.0%	1.00%
Emerging Market Debt	5.0%	3.40%
Multi-Asset Strategies		
Global Tactical Asset Allocation	0.0%	4.22%
Risk Parity	0.0%	4.22%
Alternatives		
Real Estate	6.0%	4.20%
Private Equity	9.0%	10.29%
	100.0%	

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

Notes to Financial Statements

Note 6. Louisiana Firefighters' Retirement System Pension (Continued)

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the District using the discount rate of 7.00% as well as what the liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate as of June 30, 2020:

	1% Decrease (6.00%)	Current Discount Rate	1% Increase (8.00%)
District's Proportionate Share of the Net Pension Liability	\$ 1,064,525	\$ 736,955	\$ 463,532

Note 7. Deferred Compensation Plan

One employee of the District participates in the Louisiana Public Employees' Deferred Compensation Plan (the Plan) adopted under the provisions of the Internal Revenue Code, Section 457. Complete disclosures relating to the Plan are included in the separately issued audit report for the Plan, available from the Louisiana Legislative Auditor, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397.

Note 8. 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 commercial insurance. The District had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

Note 9. On-Behalf Payments by the State of Louisiana

For the year ended December 31, 2020, the State of Louisiana made on-behalf payments in the form of supplemental pay to four full-time District firemen. In accordance with GASB Statement No. 24, the District has recorded \$19,783 of on-behalf payments as revenue and a salary expense.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

Notes to Financial Statements

Note 10. Contingency

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern", and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies and financial markets in which the District operates. It is unknown how long these conditions will last and what the complete financial effect will be to the District.

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7
Schedule of Revenues, Expenditures, and Changes in Fund
Balance - Budget and Actual (Cash Basis) - General Fund
For the Year Ended December 31, 2020

	Budgetary Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Ad Valorem Taxes	\$ 799,180	\$ 799,180	\$ 796,550	\$ (2,630)
Fire Insurance Premium Tax	30,500	30,500	30,893	393
Other Income	16,430	16,430	28,467	12,037
State Revenue Sharing	21,000	21,000	21,329	329
Cell Tower Lease	16,075	16,075	16,234	159
Interest	5,000	5,000	832	(4,168)
Total Revenues	888,185	888,185	894,305	6,120
Expenditures				
Public Safety - Fire Protection				
Salaries and Benefits	686,985	721,847	718,646	3,201
Insurance	60,000	60,425	64,502	(4,077)
Repairs	40,000	68,700	54,358	14,342
Professional Services	20,000	26,200	25,044	1,156
Firefighting Supplies	5,000	17,900	21,097	(3,197)
Utilities	15,200	16,900	16,848	52
Fuel	18,000	14,455	14,455	-
Office	19,000	11,400	12,353	(953)
Dispatching	12,000	12,000	10,000	2,000
Telephone	4,500	4,225	4,225	-
Training	3,500	100	83	17
Capital Outlay	4,000	300	16,243	(15,943)
Total Expenditures	888,185	954,452	957,854	(3,402)
Net Change in Fund Balance	\$ -	\$ (66,267)	(63,549)	\$ 2,718
Fund Balance, Beginning of Year			422,363	
Fund Balance, End of Year			\$ 358,814	

See independent auditor's report.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7
Schedule of Revenues, Expenditures, and Changes in Fund
Balance - Budget and Actual (Cash Basis) - General Fund (Continued)
For the Year Ended December 31, 2020

Note A. Reconciliation of Cash Basis to GAAP Basis

The District maintains its accounting records and prepares and adopts its budget under the cash basis of accounting. Accounting principles generally accepted in the United States of America (GAAP) require the statement of revenues, expenditures, and changes in fund balance for the General Fund to be reported using the modified accrual basis of accounting. The budgetary comparison schedule is presented using the cash basis, which is the same as the legally adopted budget. A reconciliation to the GAAP basis has been provided below:

	Actual Amounts (Budgetary Basis)	Budget to GAAP Adjustments	Actual Amounts GAAP Basis
Revenues			
Ad Valorem Taxes	\$ 796,550	\$ 90,846	\$ 887,396
Fire Insurance Premium Tax	30,893	-	30,893
Other Income	28,467	-	28,467
State Revenue Sharing	21,329	607	21,936
Cell Tower Lease	16,234	-	16,234
Intergovernmental Revenue	-	19,783	19,783
Interest	832	-	832
Total Revenues	894,305	111,236	1,005,541
Expenditures			
Public Safety - Fire Protection			
Salaries	718,646	(8,363)	710,283
Insurance	64,502	-	64,502
Repairs	54,358	5,035	59,393
Professional Services	25,044	-	25,044
Firefighting Supplies	21,097	(2,132)	18,965
Utilities	16,848	-	16,848
Fuel	14,455	-	14,455
Office	12,353	(94)	12,259
Dispatching	10,000	-	10,000
Telephone	4,225	-	4,225
Training	83	-	83
Capital Outlay	16,243	-	16,243
Total Expenditures	957,854	(5,554)	952,300
Net Change in Fund Balance	(63,549)	116,790	53,241
Fund Balance, Beginning of Year	422,363	716,570	1,138,933
Fund Balance, End of Year	\$ 358,814	\$ 833,360	\$ 1,192,174

See independent auditor's report.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7
Schedule of District's Proportionate Share of the
Net Pension Liability
For the Year Ended December 31, 2020

	2020	2019	2018	2017
District's Portion of the Net Pension Liability	0.106319%	0.108737%	0.094771%	0.056657%
District's Proportionate Share of the Net Pension Liability	\$ 736,955	\$ 680,901	\$ 545,130	\$ 324,749
District's Covered Payroll	\$ 264,691	\$ 262,803	\$ 226,754	\$ 140,675
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	278.42%	259.09%	240.41%	230.85%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.61%	73.96%	74.76%	73.55%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available. 2016 data is not readily determinable.

See independent auditor's report.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7
Schedule of District's Contributions
For the Year Ended December 31, 2020

	2020	2019	2018	2017	2016
Contractually Required Contribution	\$ 64,127	\$ 75,691	\$ 67,808	\$ 57,499	\$ 12,182
Contributions in Relation to the Contractually Required Contribution	(64,127)	(75,691)	(67,808)	(57,499)	(12,182)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 215,293	\$ 278,704	\$ 255,883	\$ 202,110	\$ 48,246
Contributions as a Percentage of Covered Payroll	29.79%	27.16%	26.50%	28.45%	25.25%

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

See independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7
Schedule of Governing Board
For the Year Ended December 31, 2020

<u>Board of Commissioners</u>	<u>Compensation</u>
Albert Hollie, Chairman 75309 Hollie Road Pearl River, LA 70452 (985) 863-9319	\$ 1,200
David Howell, Vice Chairman 73320 Bud Howell Road Pearl River, LA 70452 (985) 863-5587	\$ 1,000
Wilton Jerry Smith, Jr. 33150 Mike Slaughter Road Pearl River, LA 70452 (985) 768-1739	\$ 1,000
Eddie Smith, Sr. 73456 Highway 41 Pearl River, LA 70452 (985) 640-0880	\$ 500
Gary Ranatza 31320 Vernon Tally Road Bush, LA 70431 (985) 774-0268	\$ 200
Charles Graves 34695 Edgar Kennedy Road Pearl River, LA 70452 (985) 863-2901	\$ 900

See independent auditor's report.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7
Schedule of Compensation, Benefits and Other Payments
to Agency Head
For the Year Ended December 31, 2020

Agency Head
 Chief Gary Whitehead

Purpose	Amount
Salary	\$86,173 *
Benefits - Insurance	\$9,162 **
Benefits - Retirement	\$25,715 ***
Benefits - Other	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$1,000
Travel	\$0
Registration Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

* This amount represents gross salary, including State supplemental pay of \$6,000.

** This is the employer portion of the insurance expense.

*** This is the employer portion of the retirement contribution.

See independent auditor's report.

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

Independent Auditor's Report

To the Board of Commissioners
St. Tammany Parish Fire Protection District No. 7
Pearl River, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of St. Tammany Parish Fire Protection District No. 7 (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 April 21, 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2020-01 and 2020-02, that we consider, in the aggregate, to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. Tammany Parish Fire Protection District No. 7's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial 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*.

St. Tammany Parish Fire Protection District No. 7's Responses to Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



A Professional Accounting Corporation

Covington, LA

April 21, 2021

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7
Schedule of Findings and Responses
For the Year Ended December 31, 2020

Part I - Summary of Auditor's Results

Financial Statements

- | | |
|--|------------|
| 1. Type of auditor's report issued: | Unmodified |
| 2. Internal control over financial reporting and compliance and other matters: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified? | Yes |
| c. Noncompliance material to the financial statements identified? | No |
| d. Other matters identified? | No |
| 3. Management letter comment provided? | Yes |

Federal Awards

Not applicable.

Part II - Findings Related to the Financial Statements

2020-001 Inconsistency in Performance of Controls over Disbursements

Criteria: Consistent performance of controls over disbursements is critical to maintaining an effective system of internal control.

Condition: While performing control testing procedures over disbursements, we noted several instances in which the Fire Chief's signature, documentation of his review, and approval of invoices were missing from invoices for which disbursements were made.

Cause: The cause of this condition appears to be inconsistent operation and application of controls over disbursements.

Effect: Failure to maintain consistent performance of controls over disbursements creates an environment in which there is potential for failure of management to prevent or detect misstatements on a timely basis.

Recommendation: The District should be consistent in following written policy, which currently states that the Fire Chief is to document his review and approval of all invoices before payment is made.

Management's Response: Management will review the disbursement process to identify the cause of inconsistencies and revise the process as necessary to ensure all controls are implemented and operating consistently.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7
Schedule of Findings and Responses (Continued)
For the Year Ended December 31, 2020

2020-002 Dual Signature Authorization

Criteria: Consistent performance of review procedures by those charged with governance is critical to establishing effective oversight of financial reporting and compliance within the District.

Condition: While performing control testing procedures over disbursements, we noted several instances in which checks were only signed by one authorized board member. The District's written policy over purchasing and disbursements states that all checks must be signed by two authorized board members.

Cause: The cause of this condition appears to be inconsistent application of review procedures performed by those charged with governance and failure of the District's banking institution to prevent processing of checks without dual signature authorization.

Effect: Failure of review procedures and controls performed by those charged with governance can lead to ineffective oversight of financial reporting and compliance within the District. In combination with failure of management's invoice approval control, material misstatements and misappropriation of assets becomes possible.

Recommendation: The District should be consistent in following written policy, which currently states that all checks require a signature from two authorized board members.

Management's Response: Management will review the disbursement process to identify the cause of inconsistencies and revise the process as necessary to ensure all controls are implemented and operating consistently.

Part III - Compliance and Other Matters

Compliance

None.

Other Matter

None.