

**ST. TAMMANY PARISH FIRE PROTECTION
DISTRICT NO. 13**

ANNUAL FINANCIAL STATEMENTS

COVINGTON, LOUISIANA

YEARS ENDED DECEMBER 31, 2017 AND 2016

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DISTRICT NO. 13
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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners of
St. Tammany Parish Fire Protection District No. 13
Covington, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the St. Tammany Parish Fire Protection District No. 13, a component unit of St. Tammany Parish Consolidated Government, State of Louisiana, as of and for the years ended December 31, 2017 and 2016, 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 audits. We conducted our audits 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.

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 St. Tammany Parish Fire Protection District No. 13 as of December 31, 2017 and 2016, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

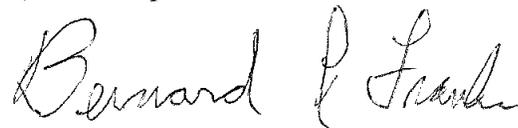
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 34 through 38 be presented to supplement the basic financial statements. Such information, although not 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 Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated April 24, 2018, on our consideration of the St. Tammany Parish Fire Protection District No. 13's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering St. Tammany Parish Fire Protection District No. 13's internal control over financial reporting and compliance.



April 24, 2018

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017

The Management's Discussion and Analysis (MD&A) is a required element of the reporting model adopted by the Governmental Accounting Standards Board Statement No. 34. Our discussion and analysis of St. Tammany Parish Fire Protection District No. 13's (the District) financial performance provides an overview of the District's financial activities for the year ended December 31, 2017. The District is considered a component unit of St. Tammany Parish. The accompanying financial statements only present information on the funds maintained by the District.

FINANCIAL HIGHLIGHTS

The financial statements included in this report provide insight into the financial status of the District for the year-end. Based upon the December 31, 2017 operations, the District's net position increased by \$28,989 and resulted in an ending net position of \$6,178,720.

Condensed Statements of Net Position

	2017	2016	Change
Assets	\$ 4,017,869	\$ 3,819,130	\$ 198,739
Capital assets, net of accumulated depreciation	3,557,188	3,800,013	(242,825)
Deferred outflows of resources	548,384	458,427	28,165
Total assets and deferred outflows of resources	<u>\$ 8,123,441</u>	<u>\$ 8,077,570</u>	<u>\$ (15,921)</u>
Current liabilities	\$ 357,770	\$ 392,367	\$ (34,597)
Non-current liabilities	845,878	971,565	(125,687)
Net pension liability	697,790	537,237	160,553
Deferred inflows of resources	43,283	26,670	16,607
Total liabilities	<u>\$ 1,944,721</u>	<u>\$ 1,927,839</u>	<u>\$ 16,876</u>
Net position			
Invested in capital assets, net of related debt	\$ 2,585,623	\$ 2,596,765	\$ (11,142)
Unrestricted	<u>3,593,097</u>	<u>3,552,966</u>	<u>(21,655)</u>
Total net position	<u>\$ 6,178,720</u>	<u>\$ 6,149,731</u>	<u>\$ (32,797)</u>

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017

Condensed Statement of Activities

	<u>2017</u>	<u>2016</u>	<u>Change</u>
Revenues			
Taxes and Intergovernmental	\$ 2,589,861	\$ 2,467,035	\$ 122,826
Other revenues	12,192	415,812	(403,620)
Total revenues	<u>\$ 2,602,053</u>	<u>\$ 2,882,847</u>	<u>\$ (280,794)</u>
Expenses			
Public safety	\$ 2,537,452	\$ 2,207,750	\$ 329,702
Interest on long term debt	35,612	43,997	(8,385)
Total expenses	<u>\$ 2,573,064</u>	<u>\$ 2,251,747</u>	<u>\$ 321,317</u>
Changes in net position	\$ 28,989	\$ 631,100	\$ (602,111)
Fund balance, beginning of year	<u>6,149,731</u>	<u>5,518,631</u>	<u>631,100</u>
Fund balance, end of year	<u><u>\$ 6,178,720</u></u>	<u><u>\$ 6,149,731</u></u>	<u><u>\$ 28,989</u></u>

Total expenditures in governmental activity was \$2,537,064 for the year ended December 31, 2017, which was \$28,989 less than the taxes, intergovernmental, and other miscellaneous earnings of \$2,602,053.

USING THIS ANNUAL REPORT

The basic financial statements include government-wide and governmental fund statements. The government-wide Statements of Net Position and Statements of Activities present information for the activities of the District office, which include an economic resources measurement focus using the accrual basis of accounting. Primarily, the difference between these statements and governmental fund statements is that assets are capitalized and depreciated over their estimated useful life versus expensed in the governmental fund statements and debt is reported as a liability and paid down as scheduled versus expensed in the governmental fund statements. The Balance Sheets - All Governmental Fund Types detail the assets and liabilities of the governmental funds, whereas the Reconciliations of Governmental Fund Balance Sheets - All Governmental Fund Types to the Statements of Net Position reflect the differences from the amounts reported in the Statements of Net Position. The Statements of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types reflect the current year receipts and disbursements of funds and the Reconciliations of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statements of Activities report the differences in the changes in fund balances to the changes in net position of the governmental activities.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017

The differences between the adopted budget and the actual activities are reflected in the Statements of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual (Budgetary Basis) – General Fund.

The District's independent auditor attests in their 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 auditor's report.

The District is considered a component unit of St. Tammany Parish. The accompanying financial statements only present information on the funds maintained by the District.

THE STATEMENTS OF NET POSITION AND THE STATEMENTS OF ACTIVITIES

Our analysis of the District as a whole begins below. The Statements of Net Position and the Statements of Activities report information about the funds maintained by the District as a whole. These statements include all assets and liabilities using accrual basis of accounting.

These two statements report the District's net position and changes in net position. The difference between the assets and the liabilities, or net position, measures the District's financial position. Increases or decreases in the District's net position are one indicator of whether its financial performance is improving or deteriorating.

The District records the funds maintained by the District as governmental activities in the Statement of Net Position and Statement of Activities.

Expenses paid from the funds maintained by the District are reported as governmental activities and consist of payroll and the related payroll taxes and benefits, insurance on the buildings and vehicles, operating supplies, repairs to the building and vehicles, professional fees, communication expenses, training, utilities and depreciation. Ad valorem taxes, fire insurance tax, revenue sharing from the State and interest income provide the finances for the activities of the District.

As with other sections of this financial report, the information contained within the 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 footnotes and the other Required Supplementary Information that is provided in addition to this MD&A.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve as a useful indicator of the District's financial position. The District's total net position increased from \$6,149,731 to \$6,178,720 due primarily to the District's decrease in other revenue during the year ended December 31, 2017. As of December 31, 2017 and 2016, the District had \$1,526,704 and \$1,357,856 in cash and cash equivalents, respectively. The District had \$2,404,626 and \$2,343,340 in funds receivable from property taxes and net capital assets of \$3,557,188 and \$3,800,013, respectively, as of December 31, 2017 and 2016. Total assets for the period increased from \$7,619,143 as of December 31, 2016 to \$7,575,057 as of December 31, 2017. The District had \$971,565 and \$1,203,248 in bonds payable outstanding as of December 31, 2017 and 2016, respectively. Total revenue for the District for 2017 and 2016 was \$2,602,053 and \$2,882,847, respectively. The District experienced a decrease in other revenue.

The District's expenses, excluding depreciation expense and debt service, was \$2,227,611 and \$1,834,152 for the years ended December 31, 2017 and 2016, respectively.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

The basic governmental fund financial statements begin on page 8 of this report. The District has two governmental funds: the General Fund and the Debt Service Fund. All of the District's basic services are reported in the general fund, which focuses on how money flows into and out of those funds and the balances left at year-end that are available for spending. The District's debt activity is reported in the Debt Service Fund. These funds are reported using an accounting method called modified accrual accounting. This method measures cash and all other financial assets that can be readily converted to cash. The general fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine the availability of financial resources that can be spent in the near future. 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 included with the financial statements on pages 11 and 14.

As previously mentioned, the District uses funds to help control and manage money for particular purposes. For the year ended December 31, 2017, the District reported an ending fund balance of \$6,178,720. This reflects an increase of \$28,989 from the previous year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund's budgetary information is reported in the budgetary comparison schedule on page 34. There were no significant unfavorable variances in the budget when compared to actual amounts.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017

DEBT

For the year ended December 31, 2017, the District had \$971,565 in outstanding indebtedness. See the notes to the financial statements for more information on the District's debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District considered many factors when setting the operating budget for the year ended December 31, 2018. The increase in the operating budget for the year 2018 is mainly due to the mandated 2% increase for full-time salaried employees (\$12,500), the cost of promoting three full-time Firefighters (\$175,000) (added August 28, 2017), a Full-Time Fire Prevention Officer (\$75,000) and moving the Part-time Training Officer to part-time Chief of Training and Fire Prevention (\$5,000); also included is a pay adjustment for the Administrative Assistant to the Chief (\$6,000) for a total estimated increase of \$273,500. These additions will bring strength of force numbers to eight per shift, with a minimum staffing of seven. This number includes two Captains on duty per shift split between two coverage areas each. It also establishes a Fire Prevention Bureau with one full-time Fire Prevention Officer recognized by the State Fire Marshal to make inspections.

The District has also set aside monies to fund needed capital projects. The capital budget funds are earmarked primarily for the remodel and expansion of Station 132. The funds for this construction project will come from the Capital Outlay Account. A budget of \$750,000 provided by carried over funds from 2016's and 2017's Capital Budget and sale of the Verizon cell tower lease has been established for the project. Delays due to code changes, the need to connect to municipal water and sewer, and design challenges due to the existing building and limited space, have increased projected costs and delayed progress. In addition, the Fire District is still in need of a replacement for Engine 134, this truck is a 2004 model and has exceeded its ten-year replacement schedule. The last major Capital purchase for 2018 will be a replacement for a 2004 Model Ford F-150, \$30,000 has been budgeted.

The Fire District is currently in discussions with a local supporter for a possible land donation for a proposed new station construction. If the land is not donated, funds will be used to purchase land. In addition to the new building, funds will be used in part for needed current Station upgrades and expansion. Any remaining funds will be set aside for the proposed construction of the new Station.

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. If you have questions about this report or need additional financial information, contact Clint Ory, Chief of Administration, at the District's office 13053 Highway 190, Covington, LA 70433.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13

STATEMENTS OF NET POSITION
DECEMBER 31, 2017 AND 2016

	Governmental Activities	
	2017	2016
ASSETS		
Cash and cash equivalents	\$ 1,526,704	\$ 1,357,856
Due from other government units	2,404,626	2,343,340
Other receivables	6,000	58,000
Prepaid expenses	80,539	59,934
Capital assets		
Land, non-depreciable	151,638	143,446
Depreciable, net of accumulated depreciation	3,405,550	3,656,567
TOTAL ASSETS	\$ 7,575,057	\$ 7,619,143
DEFERRED OUTFLOWS OF RESOURCES	\$ 548,384	\$ 458,427
LIABILITIES		
Accounts payable and accrued expenditures	\$ 232,083	\$ 160,684
Net pension liability	697,790	537,237
Debt:		
Due within one year	125,687	231,683
Due in more than one year	845,878	971,565
TOTAL LIABILITIES	\$ 1,901,438	\$ 1,901,169
DEFERRED INFLOWS OF RESOURCES	\$ 43,283	\$ 26,670
NET POSITION		
Net investment in capital assets	\$ 2,585,623	\$ 2,596,765
Unrestricted	3,593,097	3,552,966
TOTAL NET POSITION	\$ 6,178,720	\$ 6,149,731

See independent auditors' report and accompanying notes to financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

Functions/Programs	Expenses	<u>Program Revenue</u> <u>Operating Grants</u> <u>and Contributions</u>	Net (Expense) Revenue and Changes in Net Position
Governmental activities:			
Public safety	\$ 2,537,452	\$ -	\$ (2,537,452)
Interest on noncurrent debt	35,612	-	(35,612)
Total governmental activities	<u>\$ 2,573,064</u>	<u>\$ -</u>	<u>\$ (2,573,064)</u>
General revenues:			
Taxes:			
Ad valorem tax			\$ 2,526,472
Intergovernmental:			
Fire insurance tax			23,147
State revenue sharing			40,242
Interest			6,866
Other			660
Gain from sale of assets and casement			4,666
Total general revenues			<u>\$ 2,602,053</u>
Change in net position			28,989
Net position- beginning of year			<u>6,149,731</u>
Net position-end of year			<u>\$ 6,178,720</u>

See independent auditors' report and accompanying notes to financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

Functions/Programs	Expenses (Restated)	Program Revenue Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position (Restated)
Governmental activities:			
Public safety	\$ 2,207,750	\$ -	\$ (2,207,750)
Interest on noncurrent debt	43,997	-	(43,997)
Total governmental activities	<u>\$ 2,251,747</u>	<u>\$ -</u>	<u>\$ (2,251,747)</u>
General revenues:			
Taxes:			
Ad valorem tax			\$ 2,410,779
Intergovernmental:			
Fire insurance tax			21,108
State revenue sharing			35,148
Economic development rent			52,000
Insurance reimbursements			40,776
FEMA reimbursements			10,976
BP oil spill settlement			33,396
Cell tower lease			17,681
Grant			6,000
Interest			6,262
Other			357
Gain from sale of assets and casement			248,364
Total general revenues			<u>\$ 2,882,847</u>
Change in net position			631,100
Net position- beginning of year			<u>5,518,631</u>
Net position-end of year			<u>\$ 6,149,731</u>

See independent auditors' report and accompanying notes to financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13

BALANCE SHEETS
GOVERNMENTAL FUNDS
DECEMBER 31, 2017

(With Comparative Totals as of December 31, 2016)

	General	Total Governmental Funds	
		2017	2016
ASSETS			
Cash	\$ 1,526,704	\$ 1,526,704	\$ 1,357,856
Due from other government units	2,404,626	2,404,626	2,343,340
Other receivables	6,000	6,000	58,000
Prepaid insurance	80,539	80,539	59,934
TOTAL ASSETS	<u>\$ 4,017,869</u>	<u>\$ 4,017,869</u>	<u>\$ 3,819,130</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable and accrued expenditures	\$ 232,083	\$ 232,083	\$ 160,684
TOTAL LIABILITIES	<u>\$ 232,083</u>	<u>\$ 232,083</u>	<u>\$ 160,684</u>
FUND BALANCE			
Unassigned	\$ 3,785,786	\$ 3,785,786	\$ 3,658,446
TOTAL FUND BALANCE	<u>\$ 3,785,786</u>	<u>\$ 3,785,786</u>	<u>\$ 3,658,446</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 4,017,869</u>	<u>\$ 4,017,869</u>	<u>\$ 3,819,130</u>

See independent auditors' report and accompanying notes to financial statements.

**ST. TAMMANY PARISH FIRE PROTECTION
DISTRICT NO. 13**

**RECONCILIATIONS OF THE GOVERNMENTAL FUND
BALANCE SHEETS TO THE STATEMENTS OF NET POSITION**

DECEMBER 31, 2017 AND 2016

	2017	2016
Fund Balances - Total governmental funds	\$ 3,785,786	\$ 3,658,446
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>		
Governmental capital assets	\$ 5,795,020	\$ 5,728,004
Less accumulated depreciation	(2,237,832)	(1,927,991)
	\$ 3,557,188	\$ 3,800,013
<p>Debt used in governmental activities are not financial uses and, therefore, are not reported in the funds.</p>		
<p>Debt related to capital assets consist of:</p>		
Certificates of indebtedness	\$ -	\$ (110,000)
Lease/Purchase financing	(971,565)	(1,093,248)
	\$ (971,565)	\$ (1,203,248)
Net pension liability	\$ (697,790)	\$ (537,237)
<p>Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not related in the funds.</p>		
Deferred outflows of resources	\$ 548,384	\$ 458,427
Deferred inflows of resources	(43,283)	(26,670)
	\$ 505,101	\$ 431,757
Net Position of Governmental Activities	\$ 6,178,720	\$ 6,149,731

See independent auditors' report and accompanying notes to financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES-GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017
(With Comparative totals for the year ended December 31, 2016)

	General	Debt Service	Total Governmental Funds	
			2017	2016
REVENUES:				
Ad valorem taxes	\$ 2,526,472	\$ -	\$ 2,526,472	\$ 2,410,779
Intergovernmental:				
Fire insurance tax	23,147	-	23,147	21,108
State revenue sharing	40,242	-	40,242	35,148
Grant	-	-	-	6,000
Economic development rent	-	-	-	52,000
Insurance reimbursements	-	-	-	40,776
FEMA reimbursements	-	-	-	10,976
BP oil spill settlement	-	-	-	33,396
Cell tower lease	-	-	-	17,681
Interest	6,866	-	6,866	6,262
Miscellaneous	660	-	660	357
Gain from sale of assets and easement	4,666	-	4,666	248,364
Total revenues	<u>\$ 2,602,053</u>	<u>\$ -</u>	<u>\$ 2,602,053</u>	<u>\$ 2,882,847</u>
EXPENDITURES:				
Public safety:				
Personnel	\$ 1,524,020	\$ -	\$ 1,524,020	\$ 1,295,450
Insurance	122,447	-	122,447	78,078
Operating supplies	185,020	-	185,020	165,983
Telephone	16,124	-	16,124	11,429
Training and morale	74,191	-	74,191	54,159
Repairs and maintenance	96,791	-	96,791	114,168
Professional fees	41,955	-	41,955	43,576
Utilities	34,315	-	34,315	33,569
Administration	45,538	-	45,538	37,740
Debt service:				
Principal	-	231,683	231,683	222,807
Interest and fiscal charges	-	35,612	35,612	43,997
Capital outlay	67,017	-	67,017	70,243
Total expenditures	<u>\$ 2,207,418</u>	<u>\$ 267,295</u>	<u>\$ 2,474,713</u>	<u>\$ 2,171,199</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 394,635</u>	<u>\$ (267,295)</u>	<u>\$ 127,340</u>	<u>\$ 711,648</u>
OTHER FINANCING USES				
Intergovernmental transfers	\$ (267,295)	\$ 267,295	\$ -	\$ -
Net Change in Fund Balance	\$ 127,340	\$ -	\$ 127,340	\$ 711,648
FUND BALANCE-Beginning of year	\$ 3,658,446	\$ -	\$ 3,658,446	\$ 2,946,798
FUND BALANCE- End of year	<u>\$ 3,785,786</u>	<u>\$ -</u>	<u>\$ 3,785,786</u>	<u>\$ 3,658,446</u>

See independent auditors' report and accompanying notes to financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13

RECONCILIATIONS OF THE STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Net Change in Fund Balances - Total governmental funds	\$ 127,340	\$ 711,648
<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.</p>		
Capital outlay	67,017	70,243
Depreciation expense	(309,841)	(316,342)
<p>Difference between actuarial computation of pension expense and actual contribution to the pension fund</p>		
	(87,210)	(57,256)
<p>Repayment of capital principal is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of net assets.</p>		
Principal payments	<u>231,683</u>	<u>222,807</u>
Change in Net Assets of Governmental Activities	<u>\$ 28,989</u>	<u>\$ 631,100</u>

See independent auditors' report and accompanying notes to financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1. GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES

The St. Tammany Parish Fire Protection District No. 13 (the District) was established in 1988 under Ordinance Police Jury Series No. 88-949. The Fire District was established for the purpose of providing fire protection to a designated geographical area in St. Tammany Parish. The Fire District maintains three fire stations.

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:

a) 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, 2017.

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.

b) Basis of Presentation

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements:

The government-wide financial statements consist of a statement of net position and a statement of activities to report information about the District as a whole. The statement of net position reports all financial and capital resources. 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.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1. GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Continued)

b) Basis of Presentation (Continued)

Taxes and other items not properly included among program revenues are reported instead as general revenues. Gains on the sale of capital assets are reported as general revenues, losses on the sale of capital assets are reported as function/program expenses. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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 does not have any 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-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 the following major governmental funds:

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.

The *Debt Service Fund* is the fund that accounts for the transactions relating to the resources retained and used for the payment of principal and interest on long-term liabilities.

Management's Discussion and Analysis

The Governmental Accounting Standards Board 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.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1. GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting

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.

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 the governmental funds.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1. GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting (Continued)

Fund Financial Statements:

The District 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 are neither restricted nor committed. The authority for assigning fund balance is expressed by the District or the designee as established in the District's Fund Balance Policy.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1. GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting (Continued)

Fund Financial Statements:

- *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, and then unrestricted resources (committed, assigned and unassigned) are available for use. It is the District's policy to use committed resources first, then assigned, and then unassigned as they are needed.

Provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources and also redefined the residual of all other elements presented in a statement of financial position as net position.

d) 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 certain report amounts and disclosures. Accordingly, actual results could differ from those estimates.

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 transfer 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 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.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1. GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Continued)

f) Accounts Receivable

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 collectability of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the fund.

g) Cash

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.

h) 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.

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 is 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
Machinery and equipment	5-10 years
Vehicles	5-10 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.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1. GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Continued)

i) Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items

j) 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 certificates of indebtedness.

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.

k) Annual and Sick Leave

The District's policies are congruent with Louisiana statutes RS 33:1995 for sick leave and RS 33:1996 for annual leave. The policy relating to sick leave states that every full time employee shall be entitled to full pay during sickness or incapacity not brought about by his own negligence or culpable indiscretion for a period of not less than fifty-two weeks. The annual leave policy states that each full-time employee who has served at least one year shall be entitled to an annual vacation of eighteen days with full pay. This vacation period shall be increased one day for each year of service over ten years, up to a maximum vacation period of thirty days, all of which shall be with full pay. The accrued annual leave for the year ended December 31, 2017 and 2016 was \$47,671 and \$36,963, respectively.

l) Interfund Transactions

During the course of normal operations, the District has transactions between funds. Interfund transactions are generally classified as follows:

- Transfers are reported as other financing sources and uses in the governmental funds, as transfers in by the recipient fund, and transfers out by the disbursing fund.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1. GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Continued)

l) Interfund Transactions (Continued)

- On the governmental funds balance sheet, receivables and payables resulting from short-term interfund loans are classified as due to other funds.
- These amounts are eliminated on the statements of net position. There were no amounts due to/from other funds as of December 31, 2017 or 2016.

NOTE 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 uncollateralized.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

The year end balances of deposits are as follows:

	<u>Bank Balances Category</u>			<u>Book Balance</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
December 31, 2017	<u>\$250,000</u>	<u>\$1,276,704</u>	<u>\$ ---</u>	<u>\$1,526,704</u>
December 31, 2016	<u>\$250,000</u>	<u>\$1,107,856</u>	<u>\$ ---</u>	<u>\$ 1,357,856</u>

For the years ended December 31, 2017 and 2016, the District held cash (bank balance) of \$1,526,704 and \$1,357,856 in interest bearing demand deposits, respectively. These deposits were secured from risk of FDIC insurance and pledges of security by the fiscal agent bank.

NOTE 3. PROPERTY TAXES

Property taxes are levied each November 1st on the assessed value listed as of prior to 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 the taxes have not been paid are sold for the amounts of the taxes. The tax rate for the years ended December 31, 2017 and 2016 was 29.00 per \$1,000 of assessed valuation on property within the District for the purpose of constructing, maintaining and operating fire protection facilities within the District and paying the cost of obtaining water for fire protection purposes.

NOTE 4. DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at December 31, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
St. Tammany Parish Tax Collector		
Collections remitted to the District:		
Ad valorem taxes	\$ 2,377,798	\$ 2,319,016
State revenue sharing	26,828	24,324
	<u>\$ 2,404,626</u>	<u>\$ 2,343,340</u>
St. Tammany Parish Development-District		
Service rent fee	\$ -	\$ 52,000
State of Louisiana reimbursements	6,000	6,000
	<u>\$ 6,000</u>	<u>\$ 58,000</u>
Total	<u>\$ 2,410,626</u>	<u>\$ 2,401,340</u>

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 5. CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

	Balance January 1, 2017	Additions	Dispositions/ Adjustments	Balance December 31, 2017
Capital assets not being depreciated:				
Land	\$ 143,446	\$ 8,192	\$ -	\$ 151,638
Capital assets being depreciated				
Buildings	\$ 1,811,975	\$ 18,779	\$ -	\$ 1,830,754
Machinery and equipment	962,245	40,045	-	1,002,290
Vehicles	2,810,338	-	-	2,810,338
Total capital assets being depreciated	\$ 5,584,558	\$ 58,824	\$ -	\$ 5,643,382
Less accumulated depreciation for:				
Buildings	\$ (315,214)	\$ (36,201)	\$ -	\$ (351,415)
Machinery and equipment	(579,361)	(52,456)	-	(631,817)
Vehicles	(1,033,416)	(221,184)	-	(1,254,600)
Total accumulated depreciation	\$ (1,927,991)	\$ (309,841)	\$ -	\$ (2,237,832)
Total capital assets being depreciated, net	3,656,567	(251,017)	-	3,405,550
Total capital assets, net	\$ 3,800,013	\$ (242,825)	\$ -	\$ 3,557,188

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 5. CHANGES IN CAPITAL ASSETS (Continued)

Capital asset activity for the year ended December 31, 2016 was as follows:

	Balance January 1, 2016	Additions	Dispositions/ Adjustments	Balance December 31, 2016
Capital assets not being depreciated:				
Land	\$ 102,500	\$ 40,946	\$ -	\$ 143,446
Capital assets being depreciated				
Buildings	\$ 1,809,970	\$ 2,005	\$ -	\$ 1,811,975
Machinery and equipment	950,184	12,061	-	962,245
Vehicles	2,802,187	16,021	(7,870)	2,810,338
Total capital assets being depreciated	\$ 5,562,341	\$ 30,087	\$ (7,870)	\$ 5,584,558
Less accumulated depreciation for:				
Buildings	\$ (279,013)	\$ (36,201)	\$ -	\$ (315,214)
Machinery and equipment	(531,911)	(47,450)	-	(579,361)
Vehicles	(807,805)	(232,691)	7,080	(1,033,416)
Total accumulated depreciation	\$ (1,618,729)	\$ (316,342)	\$ 7,080	\$ (1,927,991)
Total capital assets being depreciated, net	3,943,612	(286,255)	(790)	3,656,567
Total capital assets, net	\$ 4,046,112	\$ (245,309)	\$ (790)	\$ 3,800,013

Depreciation expense for the years ended December 31, 2017 and 2016 was \$309,841 and \$316,342, respectively.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 6. ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES

Accounts payable and accrued expenditures for December 31, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Vendors	\$ 106,708	\$ 51,189
Accrued payroll and liabilities	58,006	49,254
Annual leave liability	47,671	36,963
Retirement liability	10,908	11,822
Interest payable	8,790	11,456
	<u>\$ 232,083</u>	<u>\$ 160,684</u>

NOTE 7. LONG-TERM DEBT

Lease Purchase Agreement

On September 23, 2014, the Fire District entered into a lease purchasing agreement for two fire trucks and related equipment with a Tax Exempt Leasing Corporation in the amount of \$1,325,111 at an annual interest rate of 3%. The payments are due annually over the next ten years.

The debt service for the secured financing lease for the year ended December 31, 2017 is as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 125,687	\$ 31,964
2019	129,822	27,829
2020	134,093	23,558
2021	138,505	19,147
2022	143,061	14,590
2023	147,768	9,883
2024	152,630	5,022
	<u>\$ 971,566</u>	<u>\$ 131,993</u>

Changes in long-term debt for governmental activities for certificates of indebtedness and lease financing are as follows:

	<u>2017</u>	<u>2016</u>
Balance at January 1st	\$ 1,203,249	\$ 1,426,056
Additions	-	-
Payments	(231,683)	(222,808)
Balance at December 31st	<u>\$ 971,566</u>	<u>\$ 1,203,248</u>

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 8. RETIREMENT PLANS

Plan Description - Louisiana Firefighters' Retirement System

The Firefighters' Retirement System (the System) was created January 1, 1980 under the provisions of Louisiana Revised Statutes 11:2251 - 11:2272 and is a tax qualified plan as determined by the Internal Revenue Service. Membership in the System is a condition of employment for full time firefighters who earn at least \$375 per month. The System is a cost-sharing multiple-employer plan. The System provides retirement benefits for its 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 dates.

Benefit provisions are authorized within Act 434 of 1979 and amended by LRS 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.

Any person who becomes an employee as defined in RS 11:2252 on and after January 1, 1980, shall become a member as a condition of employment.

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

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.

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 shall receive, at his option, a lump-sum payment

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 8. RETIREMENT PLANS (continued)

from the account or an annuity based on the deferred retirement option plan 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 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.

Employee membership data related to the Plan is as follows:

	<u>2017</u>	<u>2016</u>
Active plan members	13	8

The financial report that includes the financial statements and required supplementary information is designed to provide citizens, taxpayers, and System members with an overview of the Firefighters' Retirement System finances. The report can be obtained on the website at www.lafirefightersret.com or contact the Firefighters' Retirement System Controller, Layne McKinney, at 3100 Brentwood Drive, Baton Rouge, Louisiana 70809.

Contributions

Contributions for all members are established by statute at 10.0% for wages above poverty and 8.0% for wages below poverty for the years ended December 31, 2017 and 2016. The contributions are deducted from the member's salary and remitted by the participating agency. According to state statute, employer contributions are actuarially determined each year. For the years ended December 31, 2017 and 2016, employer contributions were 27.25% and 29.25% of covered payroll above poverty and 29.25% and 31.25% of covered payroll below poverty, respectively. The amount of the District's employer contributions to the System for the years ended December 31, 2017 and 2016 was \$108,467 and \$50,466, equal to the required contribution.

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

At December 31, 2017 and 2016, the District reported a liability of \$697,790 and \$537,237 for its proportionate share of the net pension liability, respectively. The net pension liability was measured as of June 30, 2017 and 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. 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 entities, actuarially determined.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 8. RETIREMENT PLANS (continued)

For the years ended December 31, 2017 and 2016, the District recognized pension expense of \$210,085 and \$145,404, respectively. At December 31, 2017 and 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows		Deferred inflows	
	2017	2016	2017	2016
Differences between expected and actual experience	\$ -	\$ -	\$ 38,914	\$ 21,266
Contributions after the measurement date	61,792	41,666	-	-
Changes of assumptions	29,185	4,630	166	150
Net difference between projected and actual investment earnings on pension plan investments	60,030	129,116	-	-
Changes in proportion	397,377	283,015	4,203	5,254
Total	<u>\$ 548,384</u>	<u>\$ 458,427</u>	<u>\$ 43,283</u>	<u>\$ 26,670</u>

Other amounts reported as a deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending December 31,

2018	\$ 113,678
2019	125,699
2020	99,063
2021	25,209
2022	48,762
Thereafter	30,898
Total	<u>\$ 443,309</u>

Actuarial Assumptions

The District's net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal Cost
Investment rate of return	7.4 percent per annum
Expected Remaining Service Lives	7 years, closed period
Inflation Rate	2.775 per annum (decreased from 2.875% in 2016)
Salary increases	Vary from 15.0% in the first two years of service to 4.75% with 25 or more years of service; includes inflation and merit increases

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 8. RETIREMENT PLANS (continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Actuarially determined amounts regarding the net pension liability are subject to continual revision as actual results are compared to past expectations, and new estimates are made about the future. The actuarial assumptions used in the June 30, 2017 and 2016 valuations was based on actuarial funding valuation and results of an actuarial experience study for the period of July 1, 2009 through June 30, 2014.

The estimated long-term expected rate of return on pension plan investments was determined listing a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation, 2.75%. The long term expected real rates of return was 8.29% and 8.34% as of June 30, 2017 and 2016, respectively. Best estimates of real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2017 is summarized in the following table:

June 30, 2017:

	Asset Type	Target Asset Allocation	Long-Term Expected Real Rate of Return
Equity	U.S. Equity	27%	6.15%
	Non-U.S. Equity	20%	7.45%
	Global Equity	10%	6.85%
Fixed Income	Fixed Income	23%	2.04%
Alternatives	Real Estate	6%	4.62%
	Private Equity	4%	8.73%
Multi-Asset Strategies	Global Tactical Asset Allocation	5%	4.40%
	Risk Party	5%	4.79%
		<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent at June 30, 2017 and 2016. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer entities will be made at the actuarially determined rates. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 8. RETIREMENT PLANS (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability calculated using the discount rate of 7.5 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	<u>Discount rate</u>	<u>District's proportionate share of net pension liability</u>
1% decrease	6.40%	\$ 1,002,697
Current discount rate	7.40%	\$ 697,790
1% increase	8.40%	\$ 441,471

Plan Fiduciary Net Position

Detailed information about the System's fiduciary net position is available in the separately issued Firefighter's Retirement System financial report and can be obtained as stated above.

Section 457 Plan

The Fire District offers the Louisiana Public Employees Deferred Compensation Plan in lieu of the Firefighters Retirement System. It is a nonqualified deferred compensation plan under the Internal Revenue Code Section 457. The maximum contribution amount is 100% of compensation or \$18,000, whichever is less. Participants turning age 50 or older may contribute an additional \$6,000. For the years ended December 31, 2017 and 2016, the District had one employee in the Plan and matched dollar for dollar up to 20% of the employee's salary or \$11,250 to the deferred compensation plan.

NOTE 9. SUBSEQUENT EVENTS

The Fire District has evaluated subsequent events through April 24, 2018 the date which the financial statements were available to be issued.

The District has also set aside monies to fund needed capital projects. The capital budget funds are earmarked primarily for the remodel and expansion of Station 132. The funds for this construction project will come from the Capital Outlay Account. A budget of \$750,000 provided by carried over funds from 2016's and 2017's Capital Budget and sale of the Verizon cell tower lease has been established for the project. Delays due to code changes, the need to connect to municipal water and sewer, and design challenges due to the existing building and limited space, have increased projected costs and delayed progress.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 9. SUBSEQUENT EVENTS (Continued)

In addition, the Fire District is still in need of a replacement for Engine 134, this truck is a 2004 model and has exceeded its ten-year replacement schedule. The last major Capital purchase for 2018 will be a replacement for a 2004 Model Ford F-150, \$30,000 has been budgeted.

The Fire District is currently in discussions with a local supporter for a possible land donation for a proposed new station construction. If the land is not donated, funds will be used to purchase land. In addition to the new building, funds will be used in part for needed current Station upgrades and expansion. Any remaining funds will be set aside for the proposed construction of the new Station.

NOTE 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 commercial insurance. The premiums for group insurance are based on a fixed rate per employee. There was no litigation pending against the District as of December 31, 2017.

NOTE 11. COMPENSATION OF BOARD MEMBERS

Board members were paid \$100 per meeting and \$50 for committee meetings. For the years ended December 31, 2017 and 2016, \$6,050 and \$5,950 was paid to the board members for their services, respectively.

SUPPLEMENTARY INFORMATION

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
	Original Budget	Amended Budget		
REVENUES				
Taxes	\$ 2,360,000	\$ 2,376,000	\$ 2,526,472	\$ 150,472
Intergovernmental:				
State of Louisiana:				
State revenue sharing	21,000	24,000	40,242	16,242
Fire insurance tax	21,000	23,000	23,147	147
Economic development rent	-	-	-	-
Interest	6,000	6,500	6,866	366
Cell tower lease	-	-	-	-
Grant	40,000	-	-	-
Insurance reimbursements	-	-	-	-
FEMA reimbursements	-	-	-	-
BP oil spill settlement	-	-	-	-
Miscellaneous	-	-	660	660
Sale of asset	-	-	4,666	4,666
Total revenues	<u>\$ 2,448,000</u>	<u>\$ 2,429,500</u>	<u>\$ 2,602,053</u>	<u>\$ 172,553</u>
EXPENDITURES				
Current:				
Public safety:				
Personnel	\$ 1,400,000	\$ 1,480,000	\$ 1,524,020	\$ (44,020)
Insurance	120,000	122,000	122,447	(447)
Operating supplies	165,000	185,000	185,020	(20)
Telephone	15,000	16,000	16,124	(124)
Training and morale	50,000	74,000	74,191	(191)
Repairs and maintenance	75,000	96,000	96,791	(791)
Professional fees	55,000	42,000	41,955	45
Utilities	40,000	35,000	34,315	685
Administration	35,000	45,000	45,538	(538)
Total public safety	<u>\$ 1,955,000</u>	<u>\$ 2,095,000</u>	<u>\$ 2,140,401</u>	<u>\$ (45,401)</u>
Debt service:				
Principal retirement	\$ 232,000	\$ 232,000	\$ 231,683	\$ 317
Interest and fiscal charges	40,500	35,500	35,612	(112)
Total debt service	<u>\$ 272,500</u>	<u>\$ 267,500</u>	<u>\$ 267,295</u>	<u>\$ 205</u>
Capital outlay	<u>\$ 220,500</u>	<u>\$ 67,000</u>	<u>\$ 67,017</u>	<u>\$ (17)</u>
Total expenditures	<u>\$ 2,448,000</u>	<u>\$ 2,429,500</u>	<u>\$ 2,474,713</u>	<u>\$ (45,213)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127,340</u>	<u>\$ 127,340</u>
FUND BALANCES				
Beginning of year	<u>\$ 2,946,798</u>	<u>\$ 2,946,798</u>	<u>\$ 2,946,798</u>	
End of year	<u>\$ 2,946,798</u>	<u>\$ 2,946,798</u>	<u>\$ 3,785,786</u>	

See independent auditors' report and accompanying notes to financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13
 SCHEDULE OF PROPORTIONATE SHARE
 OF THE NET PENSION LIABILITY
 FOR THE YEAR ENDED DECEMBER 31, 2017*

Louisiana Firefighters' Retirement System

District's Proportion of the Net Pension Liability		0.12%
District's Proportionate Share of the Net Pension Liability	\$	697,790
District's Covered Employee Payroll	\$	521,165
District's Proportionate Share of the Net Liability as a Percentage of its Covered-Employee Payroll		133.89%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		73.55%

*The amounts presented (except Districts covered-Employee Payroll) are from the Firefighters' Retirement System for the fiscal year ended June 30, 2017.

See independent auditors' report and accompanying notes to financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13
 SCHEDULE OF CONTRIBUTIONS – RETIREMENT
 FOR THE YEAR ENDED DECEMBER 31, 2017

<u>Louisiana Firefighters' Retirement System</u>	
Contractually Required Contribution	\$ 108,467
Contributions in Relation to the Contractually Required Contribution	(108,467)
Contribution Deficiency (Excess)	<u>\$ -</u>
Authority's covered-employee payroll	\$ 521,165
Contributions as a Percentage of Covered-Employee Payroll	20.81%

See independent auditors' report and accompanying notes to financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13
 SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS
 FOR THE YEAR ENDED DECEMBER 31, 2017

Board Member	Amount
George Osbourn-Chairman	\$ 1,300
Robert Fontcuberta-Chairman	1,050
Mark Cortez-Commissioner	1,300
Jorge Fernandez-Commissioner	1,400
Norman Voelkel-Commissioner	1,000
	\$ 6,050

See independent auditors' report and accompanying notes to financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2017

Agency Head Name: Lonnie Johnson

Salary	\$ 79,135
Retirement benefit	<u>11,250</u>
	<u>\$ 90,385</u>

See independent auditors' report and accompanying notes to financial statements.

OTHER INDEPENDENT AUDITORS' REPORT



BERNARD & FRANKS
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

JOSEPH V. FRANKS II, C.P.A.

NICHOLAS W. LAFRANZ III, C.P.A.

JAMES L. WHITE, C.P.A.

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. 13

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of St. Tammany Parish Fire Protection District No. 13, a component unit of St. Tammany Parish Consolidated Government, State of Louisiana, as of December 31, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 24, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered St. Tammany Parish Fire Protection District No. 13'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of St. Tammany Parish Fire Protection District No. 13's internal control. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. Tammany Parish Fire Protection District No. 13, a component unit of St. Tammany Parish Consolidated Government, State of Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Bernard & Franks".

Metairie, Louisiana
April 24, 2018

ST. TAMMANY FIRE PROTECTION DISTRICT NO. 13

SCHEDULE OF FINDINGS AND RESPONSES

DECEMBER 31, 2017

Part I — Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

No

Reportable condition(s) identified not considered
to be material weakness?

No

Noncompliance material to financial statement noted?

No

Management letter issued?

No

Part II — Financial Statement Findings

There were no findings for the year ended December 31, 2017.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13
SCHEDULE OF PRIOR YEAR'S FINDINGS

DECEMBER 31, 2016

FINDING 2016-01: Noncompliance with Budget Act

Condition: The annual leave was recorded for the full time employees, but was not budgeted.

Recommendation: We recommend the District include annual leave in its budget.

Current Status: The recommendation was adopted for the year ended December 31, 2017. No similar findings were noted in the 2017 audit.

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Governmental Agencies)

3/26/2018 (Date Transmitted)

Bernard + Franks A Corp of CPAs (CPA Firm Name)
4141 Veterans Blvd. Suite 313 (CPA Firm Address)
Metairie, LA 70002 (City, State Zip)

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of Jan 1st 2017 - Dec 31st (Date) and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you.

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes [] No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes [] No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes [] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes [] No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes [] No []

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes [] No []

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes [] No []

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes [] No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.

Yes [] No []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes [] No []

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes [] No []

Prior-Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes [] No []

General

We are responsible for our compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes [] No []

We have evaluated our compliance with these laws and regulations prior to making these representations.

Yes [] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations.

Yes [] No []

We have made available to you all records that we believe are relevant to the foregoing agreed-upon procedures.

Yes [] No []

We have provided you with any communications from regulatory agencies, internal auditors, other independent practitioners or consultants or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of your report.

Yes [] No []

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.

Yes [] No []

The previous responses have been made to the best of our belief and knowledge.

<u>Wagner C. Campbell</u>	Secretary	<u>3/23/18</u>	Date
<u>Wagner C. Campbell</u>	Treasurer	<u>3/23/18</u>	Date
<u>George Osbourn</u>	President	<u>3/23/18</u>	Date



BERNARD & FRANKS
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

JOSEPH V. FRANKS II, C.P.A.

NICHOLAS W. LAFRANZ III, C.P.A.

JAMES L. WHITE, C.P.A.

To the Board of Directors and Management of
St. Tammany Parish Fire Protection District No. 13
Covington, Louisiana

We have performed the procedures enumerated below, which were agreed to by the management of St. Tammany Parish Fire Protection District No. 13 (the District) and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the District's internal controls and compliance with certain laws and regulations during the period of January 1, 2017 to December 31, 2017, in accordance with Required Act 774 permitted under Louisiana Revised Statute 24:513. Management of the District is responsible for its financial records, establishing internal controls over financial reporting and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Ethics

1. Procedure: Obtain the entity's written policies and procedures over ethics (or report that the entity does not have any written policies and procedures over ethics) and report whether those written policies and procedures address each of the following:

Result: We obtained a copy of the entity's written policies and procedures over ethics. The policies and procedures was obtained and represented by management.

- a) Procedure: The prohibitions as defined in Louisiana Revised Statute 42:1111-1121

Result: We read the ethics policies and procedures provided by management and verified that the policies and procedures do address the prohibitions as defined in Louisiana Revised Statute 42:1111-1121.

- b) Procedure: Actions to be taken if an ethics violation takes place

Result: The Fire District's policies and procedures over ethics provides the phone number and address to the Board of Ethics in the ethics policy for proper reporting of potential or actual ethics violations.

- c) Procedure: System to monitor possible ethics violations, and

Result: The Fire District's system to monitor possible ethics violations includes providing each employee with the ethics policy. Each employee must read and sign the ethics compliance form annually stating that they read and understand the policy. Management retains the forms for verification that each employee understands what to do for possible ethic's violations.

- d) Procedure: Requirement that all employees, including elected officials, annually attest through verification that they have read the entity's ethics policy.

Result: All employees and board members are required to sign an ethics compliance form annually attesting that they have read and understand the policies and ethics compliance standards mentioned in the form. All forms are retained by management.

2. Procedure: Obtain a listing of employees (and elected officials, if applicable) and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain ethics compliance documentation from management, and:

Result: We obtained a listing of all employees and elected officials of the Fire District. The listing was provided from QuickBooks accounting system and included all employees and elected officials during 2017. The listing was provided by management and was represented to include all employees of the District.

- a) Procedure: Report whether a signed verification of having read the ethics policy is located in the employee file for the fiscal period;

Result: We obtained a complete list of employees from management and randomly chose five employees. We obtained and reviewed the employee's files for a signed verification of having read the ethics policy. Each employee had a signed ethics compliance form, which indicates they read the ethics policy in their file.

- b) Procedure: Report whether the entity maintained documentation to demonstrate that required ethics training was completed;

Result: The entity maintained the appropriate documentation for each employee, which included a certificate from the Louisiana Board of Ethics certifying that the employee had completed one hour of ethics training for public servants.

3. Procedure: Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether

management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Result: We made an inquiry to the Chief of Administration whether any ethics allegations were reported to the entity during the fiscal period. There were none.

4. Procedure: Obtain a listing of the immediate family members of each board member as defined by R.S. 42:1101-1124 (the code of ethics), as well as a list of outside business interests of all board members and immediate family members of board members. Obtain management's representation that the list is complete.

Result: We obtained a complete list of board members from management, which included the immediate family members of each board member as defined by R.S. 42:1101-1124 as well as a list of outside business interests of all board members and immediate family members of board members.

5. Procedure: Using the lists from steps #2 and #4 above, report whether any employees paid during the fiscal period are also included on the listing of immediate family of board members. Also, report whether the entity made any payments to businesses on the list of outside business interests of board members, immediate family members of board members, or employees.

Result: There were no paid employees included on the listing of immediate family members of the board members.

Employee Expense Reimbursements

1. Procedure: Obtain the entity's written policies and procedures over expense reimbursements (or report that the entity does not have any written policies and procedures over expense reimbursements) and report whether those written policies and procedures address (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

Result: We obtained the entity's written policies and procedures over expense reimbursements. The policy properly addresses the allowable expenses, the dollar thresholds by category of expense, documentation requirements and requires approval.

2. Procedure: Obtain from management a listing of all expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for expense reimbursements. Obtain management's representation that the listing or general ledger is complete.

Result: We obtained a complete list of all by employees with their stated expense reimbursements from management for the year ended December 31, 2017.

3. Procedure: Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Result: We obtained the entity's written policies and travel expense reimbursement form related to the travel and expense reimbursements and compared the amounts stated on the training expense forms submitted by the employees to the mileage rates established by the U.S. General Services Administration. There was one expenditure that was reimbursed for mileage. The mileage stated and reimbursed on the training expense form was \$0.56 per mile. The rate for the year 2017 was \$0.535. This error resulted in an overpayment of \$16.80.

4. Procedure: Using the listing or general ledger from #2 above, select the four largest expense reimbursements during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected reimbursement, including the supporting documentation, and review in detail. For each of the expenses selected:

Result: We obtained the expense reimbursement reports for the four largest expenses reimbursed for the year ended December 31, 2017 from management. We extensively reviewed the reimbursement forms and expenditure documentation.

- a) Procedure: Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy.

Result: Each expenditure was properly supported by either a receipt or per diem form.

- b) Procedure: Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).

Result: Each reimbursement included the brochure of the conference or a certificate of attendance of the completed course. If it was paid by the Fire District, the actual receipt was also attached.

- c) Procedure: Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Result: This not applicable.

- d) Procedure: Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Result: All expenditures and the related documentation was approved, in writing, by someone other than the person initiating the reimbursement.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the St. Tammany Parish Fire Protection District No. 13, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



BERNARD & FRANKS,
A CORPORATION OF CERTIFIED
PUBLIC ACCOUNTANTS

April 24, 2018