

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

ANNUAL FINANCIAL STATEMENTS

COVINGTON, LOUISIANA

YEARS ENDED DECEMBER 31, 2018 AND 2017

ST. TAMMANY PARISH FIRE PROTECTION
DISTRICT NO. 13

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INDEPENDENT AUDITORS' 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, 2018 and 2017, 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, 2018 and 2017, 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 8 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 May 16, 2019, 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.



May 16, 2019

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

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. As management of St. Tammany Parish Fire Protection District No. 13's (the District), we offer the discussion and analysis of the District's financial performance, which provides an overview of the District's financial activities for the year ended December 31, 2018. 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.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. There are two government-wide statements: the statement of net position and the statement of activities.

The statement of net position presents information on all of the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources with the difference between them presented as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. unused vacation leave).

The District only has support from governmental activities. This support is principally taxes and intergovernmental revenues, which is indicated on both of the government-wide financial statements. The governmental activities of the District includes public safety.

The government-wide financial statements can be found on pages 9-11 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be categorized as governmental funds.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Currently, the District maintains one individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund.

The District adopts an annual legally appropriated budget for the General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 12–15 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 16-33 of this report.

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, 2018 operations, the District's net position decreased by \$24,254 and resulted in an ending net position of \$6,154,466.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

Condensed Statements of Net Position

	2018	2017	Change
Assets	\$ 5,470,821	\$ 4,017,869	\$ 1,452,952
Capital assets, net of accumulated depreciation	3,404,899	3,557,188	(152,289)
Total assets	<u>\$ 8,875,720</u>	<u>\$ 7,575,057</u>	<u>\$ 1,300,663</u>
Deferred outflows of resources	<u>\$ 926,296</u>	<u>\$ 548,384</u>	<u>\$ 377,912</u>
Total assets and deferred outflows of resources	<u>\$ 9,802,016</u>	<u>\$ 8,123,441</u>	<u>\$ 1,678,575</u>
Current liabilities	\$ 398,850	\$ 357,770	\$ 41,080
Non-current liabilities	1,971,056	845,878	1,125,178
Net pension liability	1,184,175	697,790	486,385
Deferred inflows of resources	93,469	43,283	50,186
Total liabilities	<u>\$ 3,647,550</u>	<u>\$ 1,944,721</u>	<u>\$ 1,702,829</u>
NET POSITION			
Net investment in capital assets	\$ 1,194,021	\$ 2,585,623	\$ (1,391,602)
Unrestricted	3,659,423	3,593,097	66,326
Restricted:			
Capital projects	1,301,022	-	1,301,022
TOTAL NET POSITION	<u>\$ 6,154,466</u>	<u>\$ 6,178,720</u>	<u>\$ (24,254)</u>

Condensed Statements of Activities

	2018	2017	Change
Revenues			
Taxes and Intergovernmental	\$ 2,771,418	\$ 2,589,861	\$ 181,557
Other revenues	62,179	12,192	49,987
Total revenues	<u>\$ 2,833,597</u>	<u>\$ 2,602,053</u>	<u>\$ 231,544</u>
Expenses			
Public safety	\$ 2,834,677	\$ 2,537,452	\$ 297,225
Interest on long term debt	23,174	35,612	(12,438)
Total expenses	<u>\$ 2,857,851</u>	<u>\$ 2,573,064</u>	<u>\$ 284,787</u>
Changes in net position	\$ (24,254)	\$ 28,989	\$ (53,243)
Fund balance, beginning of year	<u>6,178,720</u>	<u>6,149,731</u>	<u>28,989</u>
Fund balance, end of year	<u>\$ 6,154,466</u>	<u>\$ 6,178,720</u>	<u>\$ (24,254)</u>

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MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

Total expenditures in governmental activity was \$2,857,851 for the year ended December 31, 2018, which was \$24,254 more than the taxes, intergovernmental, and other miscellaneous earnings of \$2,833,597.

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.

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 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.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2018

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.

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 decreased from \$6,178,720 to \$6,154,466 due primarily to the District's increase in salaries and insurance expense during the year ended December 31, 2018. As of December 31, 2018 and 2017, the District had \$3,004,514 and \$1,526,704 in cash and cash equivalents, respectively. The District had \$2,410,978 and \$2,404,626 in funds receivable from property taxes and net capital assets of \$3,253,261 and \$3,405,550, respectively, as of December 31, 2018 and 2017. Total assets for the period increased from \$7,575,057 as of December 31, 2017 to \$10,176,742 as of December 31, 2018. The District had \$2,210,878 and \$971,565 in bonds payable outstanding as of December 31, 2018 and 2017, respectively. Total revenue for the District for 2018 and 2017 was \$2,833,597 and \$2,602,053, respectively. The District experienced an increase in overall revenue.

The District's expenses, excluding depreciation expense, was \$2,672,590 and \$2,474,713 for the years ended December 31, 2018 and 2017, respectively.

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.

DEBT

For the year ended December 31, 2018, the District had \$2,210,878 in outstanding indebtedness. See the notes to the financial statements for more information on the District's debt. The District received a State of Louisiana Revenue bond in the amount of \$1,365,000 in December 2018 for the additions to Station 132.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

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, 2019. The District has worked at trimming all operating costs and finding savings in several areas over the last few years that have improved the Fire District's financial position. The addition of PMI has also provided additional savings and renegotiated interest rates on the bank accounts, the AXA social security substitute plan and other such changes that have reduced costs and brought in additional revenue. By approval of the Board of Commissioners a new full-time Firefighters pay-scale and Incentive Scale was adopted to remain in line with neighboring districts. The Scale adjustments was funded by the AXA Social Security Alternative Plan. The Board has also approved a 2% adjustment for part-time employees effective January 1, 2019. The adjustments will help with employee retention.

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 and also the new construction of Station 134 on donated land. The funds for this construction project will come from the Capital Outlay Account. A budget of \$2,000,000 provided by carried over funds from 2015's- 2017's Capital Budget and the revenue from bond obtained in December 2018 has been earmarked 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. \$350,000 has been budgeted for the Station 132 remodel and expansion project and \$850,000 has been set for the new Station 134. The land donation is in process and once the plans are completed, they will be let out for bid. \$750,000 has been established for a combination Rescue Pumper to replace Engine 134 and Rescue 135, which have exceeded the ten-year replacement schedule. The last major capital purchase will be a second Engine to replace Engine 135, which will be approximately \$400,000.

Any potential remaining funds will be used to buy replacement equipment or additional equipment as needed.

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, 2018 AND 2017

	Governmental Activities	
	2018	2017
ASSETS		
Cash and cash equivalents	\$ 1,703,492	\$ 1,526,704
Restricted cash for capital projects	1,301,022	-
Due from other government units	2,410,978	2,404,626
Other receivables	6,000	6,000
Prepaid expenses	49,329	80,539
Capital assets		
Land, non-depreciable	151,638	151,638
Depreciable, net of accumulated depreciation	3,253,261	3,405,550
TOTAL ASSETS	\$ 8,875,720	\$ 7,575,057
DEFERRED OUTFLOWS OF RESOURCES	\$ 926,296	\$ 548,384
LIABILITIES		
Accounts payable and accrued expenditures	\$ 159,028	\$ 232,083
Net pension liability	1,184,175	697,790
Debt:		
Due within one year	239,822	125,687
Due in more than one year	1,971,056	845,878
TOTAL LIABILITIES	\$ 3,554,081	\$ 1,901,438
DEFERRED INFLOWS OF RESOURCES	\$ 93,469	\$ 43,283
NET POSITION		
Net investment in capital assets	\$ 1,194,021	\$ 2,585,623
Unrestricted	3,659,423	3,593,097
Restricted:		
Capital projects	1,301,022	-
TOTAL NET POSITION	\$ 6,154,466	\$ 6,178,720

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, 2018**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
Governmental activities:			
Public safety	\$ 2,834,677	\$ -	\$ (2,834,677)
Interest on noncurrent debt	23,174	-	(23,174)
Total governmental activities	<u>\$ 2,857,851</u>	<u>\$ -</u>	<u>\$ (2,857,851)</u>
General revenues:			
Taxes:			
Ad valorem tax			\$ 2,708,149
Intergovernmental:			
Fire insurance tax			21,458
State revenue sharing			41,811
Interest			21,000
Other			41,179
Total general revenues			<u>\$ 2,833,597</u>
Change in net position			(24,254)
Net position- beginning of year			<u>6,178,720</u>
Net position-end of year			<u>\$ 6,154,466</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, 2017**

<u>Functions/Programs</u>	<u>Expenses (Restated)</u>	<u>Program Revenue Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position (Restated)</u>
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 easement			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

**BALANCE SHEETS
GOVERNMENTAL FUNDS
DECEMBER 31, 2018**

(With Comparative Totals as of December 31, 2017)

	General	Total Governmental Funds	
		2018	2017
ASSETS			
Cash	\$ 1,703,492	\$ 1,703,492	\$ 1,526,704
Restricted Cash	1,301,022	1,301,022	-
Due from other government units	2,410,978	2,410,978	2,404,626
Other receivables	6,000	6,000	6,000
Prepaid insurance	49,329	49,329	80,539
TOTAL ASSETS	<u>\$ 5,470,821</u>	<u>\$ 5,470,821</u>	<u>\$ 4,017,869</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable and accrued expenditures	\$ 159,028	\$ 159,028	\$ 232,083
TOTAL LIABILITIES	<u>\$ 159,028</u>	<u>\$ 159,028</u>	<u>\$ 232,083</u>
FUND BALANCE			
Unassigned	\$ 5,311,793	\$ 5,311,793	\$ 3,785,786
TOTAL FUND BALANCE	<u>\$ 5,311,793</u>	<u>\$ 5,311,793</u>	<u>\$ 3,785,786</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 5,470,821</u>	<u>\$ 5,470,821</u>	<u>\$ 4,017,869</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, 2018 AND 2017

	2018	2017
Fund Balances - Total governmental funds	\$ 5,311,793	\$ 3,785,786
<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	\$ 5,944,353	\$ 5,795,020
Less accumulated depreciation	(2,539,454)	(2,237,832)
	\$ 3,404,899	\$ 3,557,188
<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	\$ (1,365,000)	\$ -
Lease/Purchase financing	(845,878)	(971,565)
	\$ (2,210,878)	\$ (971,565)
Net pension liability	\$ (1,184,175)	\$ (697,790)
<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	\$ 926,296	\$ 548,384
Deferred inflows of resources	(93,469)	(43,283)
	\$ 832,827	\$ 505,101
Net Position of Governmental Activities	\$ 6,154,466	\$ 6,178,720

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 BALANCE-GOVERNMENTAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018
 (With Comparative totals for the year ended December 31, 2017)

	General Fund	
	2018	2017
REVENUES:		
Ad valorem taxes	\$ 2,708,149	\$ 2,526,472
Intergovernmental:		
Fire insurance tax	21,458	23,147
State revenue sharing	41,811	40,242
Grant	10,000	-
Insurance reimbursements	31,179	-
Interest	15,629	6,866
Property tax interest	5,371	-
Miscellaneous	-	660
Gain from sale of assets and easement	-	4,666
Total revenues	<u>\$ 2,833,597</u>	<u>\$ 2,602,053</u>
EXPENDITURES:		
Public safety:		
Personnel	\$ 1,693,131	\$ 1,524,020
Insurance	187,693	122,447
Operating supplies	140,709	185,020
Information technology	13,245	16,124
Training and morale	45,239	74,191
Repairs and maintenance	110,089	96,791
Professional fees	47,861	41,955
Utilities	37,696	34,315
Administration	34,725	45,538
Debt service:		
Principal	125,687	231,683
Interest and fiscal charges	23,174	35,612
Bond issuance costs	63,978	-
Capital outlay	149,363	67,017
Total expenditures	<u>\$ 2,672,590</u>	<u>\$ 2,474,713</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 161,007</u>	<u>\$ 127,340</u>
OTHER FINANCING SOURCES (USES)		
Proceeds from bond issued	\$ 1,365,000	\$ -
Total other financing sources (uses)	<u>\$ 1,365,000</u>	<u>\$ -</u>
Net Change in Fund Balance	\$ 1,526,007	\$ 127,340
FUND BALANCE-Beginning of year	<u>\$ 3,785,786</u>	<u>\$ 3,658,446</u>
FUND BALANCE- End of year	<u>\$ 5,311,793</u>	<u>\$ 3,785,786</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 YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
Net Change in Fund Balances - Total governmental funds	\$ 1,526,007	\$ 127,340
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	149,363	67,017
Depreciation expense	(301,652)	(309,841)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
	(1,365,000)	-
Difference between actuarial computation of pension expense and actual contribution to the pension fund		
	(158,659)	(87,210)
Repayment of capital principal is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of net assets.		
Principal payments	<u>125,687</u>	<u>231,683</u>
Change in Net Assets of Governmental Activities	<u>\$ (24,254)</u>	<u>\$ 28,989</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, 2018 AND 2017

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, 2018.

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.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

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:

Financial statements of the District are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures. The District maintains the one governmental fund. The District does not have any fiduciary or proprietary funds. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

1. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category and
2. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

The District has the following major governmental fund:

General Fund—the principal operating fund of the District. It is used to account for and report all financial resources not accounted for and reported in another fund.

Management's Discussion and Analysis

The Governmental Accounting Standards Board requires a Management's Discussion and Analysis (MD&A) section provides 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, 2018 AND 2017

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. Ad valorem taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

These classifications are defined as follows:

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

Fund Financial Statements:

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

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

c) Measurement Focus and Basis of Accounting (continued)

Fund Financial Statements:

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.

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) Deferred Outflows/Inflows of Resources

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

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

f) Accounts Receivable

The financial statements for the District contains an allowance for uncollectible accounts. The allowance for uncollectible amounts for the years ended December 31, 2018 and 2017 was \$82,735 and \$78,408, respectively. The uncollectible amounts represent 3% of the total ad valorem tax receivable and the estimate is based on the District's history of collections within this revenue stream.

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 \$1,000 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.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

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

In the government-wide financial statements and fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, fund net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

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) 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 cash basis 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, 2018 AND 2017

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

l) 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 years ended December 31, 2018 and 2017 was \$60,615 and \$47,671, respectively.

m) Pensions

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

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.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

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.

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, 2018	<u>\$250,000</u>	<u>\$2,754,514</u>	<u>\$ ---</u>	<u>\$3,004,514</u>
December 31, 2017	<u>\$250,000</u>	<u>\$1,276,705</u>	<u>\$ ---</u>	<u>\$ 1,526,704</u>

For the years ended December 31, 2018 and 2017, the District held cash (bank balance) of \$3,004,514 and \$1,526,704 in interest bearing demand deposits, respectively. These deposits were secured from risk of FDIC insurance and pledges of security by the fiscal agent bank.

Certain debt proceeds of the District have been set aside for the purchase of capital assets and are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants and they are maintained in a separate bank account. The District had restricted cash of \$1,301,022 and \$0 for the years ended December 31, 2018 and 2017, respectively.

NOTE 3. PROPERTY TAXES

Property taxes are levied each November 1st on the assessed value listed as of prior January 1st for all real property, merchandise and movable property located in the Parish. Assessed values are established by the St. Tammany Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A revaluation 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, 2018 and 2017 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.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 4. DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at December 31, 2018 and 2017 consisted of the following:

St. Tammany Parish Tax Collector	2018	2017
Collections remitted to the District:		
Ad valorem taxes	\$ 2,383,104	\$ 2,377,798
State revenue sharing	27,874	26,828
	<u>\$ 2,410,978</u>	<u>\$ 2,404,626</u>
St. Tammany Parish Development-District		
State of Louisiana reimbursements	\$ 6,000	\$ 6,000
Total	<u>\$ 2,416,978</u>	<u>\$ 2,410,626</u>

NOTE 5. CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 was as follows:

	Balance January 1, 2018	Additions	Dispositions/ Adjustments	Balance December 31, 2018
Capital assets not being depreciated:				
Land	\$ 151,638	\$ -	\$ -	\$ 151,638
Capital assets being depreciated				
Buildings	\$ 1,830,754	\$ 63,411	\$ -	\$ 1,894,165
Machinery and equipment	1,002,291	47,910	-	1,050,201
Vehicles	2,810,308	38,041	-	2,848,349
Total capital assets being depreciated	<u>\$ 5,643,353</u>	<u>\$ 149,362</u>	<u>\$ -</u>	<u>\$ 5,792,715</u>
Less accumulated depreciation for:				
Buildings	\$ (351,415)	\$ (36,561)	\$ -	\$ (387,976)
Machinery and equipment	(631,817)	(53,309)	-	(685,126)
Vehicles	(1,254,570)	(211,782)	-	(1,466,352)
Total accumulated depreciation	<u>\$ (2,237,802)</u>	<u>\$ (301,652)</u>	<u>\$ -</u>	<u>\$ (2,539,454)</u>
Total capital assets being depreciated, net	<u>3,405,551</u>	<u>(152,290)</u>	<u>-</u>	<u>3,253,261</u>
Total capital assets, net	<u>\$ 3,557,189</u>	<u>\$ (152,290)</u>	<u>\$ -</u>	<u>\$ 3,404,899</u>

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 5. CHANGES IN CAPITAL ASSETS (Continued)

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	2,810,308	-	-	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)	-	(1,254,570)
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

Depreciation expense for the years ended December 31, 2018 and 2017 was \$301,652 and \$309,841, respectively.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 6. ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES

Accounts payable and accrued expenditures for December 31, 2018 and 2017 consisted of the following:

	2018	2017
Vendors	\$ 19,093	\$ 106,708
Accrued payroll and liabilities	76,903	58,006
Annual leave liability	60,615	47,671
Retirement liability	2,417	10,908
Interest payable	-	8,790
	<u>\$ 159,028</u>	<u>\$ 232,083</u>

NOTE 7. LONG-TERM DEBT

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, 2018 is as follows:

Year Ending December 31,	Principal	Interest
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>\$ 845,879</u>	<u>\$ 100,029</u>

On December 12, 2018 the Fire District issued Certificates of Indebtedness series 2018 in the amount of \$1,365,000 for the capital improvements project of Station 132, the construction of Station 134, and other various fire trucks and equipment purchases. The certificates require interest payment at the rate of 3.3% per annum payable on March 1 and November 1 of each year.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 7. LONG-TERM DEBT (continued)

The debt service for the secured financing lease for the year ended December 31, 2018 is as follows:

Year Ending December 31,	Principal	Interest
2019	\$ 110,000	\$ 37,569
2020	110,000	39,048
2021	110,000	35,469
2022	115,000	31,808
2023	120,000	27,984
2024-2029	800,000	80,536
	\$ 1,365,000	\$ 252,414

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

	2018	2017
Balance at January 1st	\$ 971,566	\$ 1,203,249
Additions	1,365,000	-
Payments	(125,687)	(231,683)
Balance at December 31st	\$ 2,210,879	\$ 971,566

NOTE 8. RETIREMENT PLANS

Louisiana Firefighters' Retirement System

Plan Description

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, defined benefit plan and provides retirement, disability and death 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.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 8. RETIREMENT PLANS (Continued)

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.

Retirement Benefits

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.

Disability Benefits

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

Death Benefits

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 8. RETIREMENT PLANS (Continued)

Deferred Retirement Option Plan

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

Upon commencement of participation in DROP, employer and employee contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the member's DROP account. Upon termination of employment, a participant in the program has several options to receive their DROP benefit. A member may (1) elect to roll over all or a portion of their DROP balance into another eligible qualified plan, (2) receive a lump-sum payment from the account, (3) receive single withdrawals at the discretion of the member, (4) receive monthly or annual withdrawals, or (5) receive an annuity based on the DROP account balance. These withdrawals are in addition to his regular monthly benefit.

If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to the System. No withdrawals may be made from the DROP 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 (IDO) 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 IDO account earning interest at the same rate as a DROP account.

Contributions

Contribution requirements for employers, non-employer contributing entities, and employees are established and may be amended in accordance with Title 11 and Title 22 of the Louisiana Revised Statutes.

According to state statute, employer contributions are actuarially-determined each year. For the year ended June 30, 2018, employer and employee contribution rates for members above the poverty line were 26.50% and 10.00%, respectively. The employer and employee contribution rates for those members below the poverty line were 28.50% and 8.00%, respectively.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 8. RETIREMENT PLANS (Continued)

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

At December 31, 2018 and 2017, the District reported a liability of \$1,184,175 and \$697,790 for its proportionate share of the net pension liability, respectively. The net pension liability was measured as of June 30, 2018 and 2017, and 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. At June 30, 2018, the District's proportion was .205869%.

For the years ended December 31, 2018 and 2017, the District recognized pension expense of \$356,693 and \$210,085, respectively. At December 31, 2018 and 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows		Deferred inflows	
	2018	2017	2018	2017
Differences between expected and actual experience	\$ -	\$ -	\$ 90,129	\$ 38,914
Contributions after the measurement date	76,196	61,792	-	-
Changes of assumptions	82,608	29,185	188	166
Net difference between projected and actual investment earnings on pension plan investments	77,001	60,030	-	-
Changes in proportion	690,491	397,377	3,152	4,203
Total	<u>\$ 926,296</u>	<u>\$ 548,384</u>	<u>\$ 93,469</u>	<u>\$ 43,283</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,

2019	\$ 220,788
2020	175,747
2021	80,046
2022	119,150
2023	96,463
Thereafter	64,437
Total	<u>\$ 756,631</u>

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 8. RETIREMENT PLANS (Continued)

Actuarial Assumptions

The District's net pension liability was measured as of June 30, 2018, 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, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Investment rate of return	7.3 percent per annum (decreased from 7.40% in 2017)
Expected Remaining Service Lives	7 years, closed period
Inflation Rate	2.770% per annum (decreased from 2.775% in 2017)
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
Cost-of-Living Adjustments	Only those previously granted

The mortality rate assumption used was set based upon an experience study performed on plan data for the period July 1, 2009, through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities.

The RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2031 using Scale AA were selected for employee, annuitant, and beneficiary mortality. The RP-2000 Disabled Lives Mortality Table set back five years for males and set back three years for females was selected for disabled annuitants. Setbacks in these tables were used to approximate mortality improvement.

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 8.09% and 8.29% as of June 30, 2018 and 2017, respectively.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 8. RETIREMENT PLANS (Continued)

Best estimates of real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2018 is summarized in the following table:

	Asset Type	Target Asset Allocation	Long-Term Expected Real Rate of Return
Equity	U.S. Equity	22%	6.14%
	Non-U.S. Equity	22%	7.46%
	Global Equity	10%	6.74%
Fixed Income	Fixed Income	26%	1.76%
Alternatives	Real Estate	6%	4.38%
	Private Equity	4%	8.73%
Multi-Asset Strategies	Global Tactical Asset Allocation	5%	4.31%
	Risk Party	5%	4.89%
		<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.30 and 7.50 percent at June 30, 2018 and 2017. 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.

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	6.30%	\$ 1,727,991
Current discount rate	7.30%	\$ 1,184,175
1% increase	8.30%	\$ 727,182

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 8. RETIREMENT PLANS (Continued)

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 section 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, 2018 and 2017, 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 May 16, 2019 the date which the financial statements were available to be issued.

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, 2018.

NOTE 11. COMPENSATION OF BOARD MEMBERS

Board members were paid \$100 per meeting and \$50 for committee meetings. For the years ended December 31, 2018 and 2017, \$6,550 and \$6,050 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, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
	Original Budget	Amended Budget		
REVENUES				
Taxes	\$ 2,510,000	\$ 2,802,009	\$ 2,835,046	\$ 33,037
Intergovernmental:				
State of Louisiana:				
State revenue sharing	24,000	24,000	27,351	3,351
Fire insurance tax	22,000	22,000	21,458	(542)
Bank interest	10,000	10,000	15,629	5,629
Property tax interest	8,000	8,000	5,371	-
Grant	10,000	10,000	10,000	-
Insurance reimbursements	31,500	31,500	31,179	(321)
Total revenues	<u>\$ 2,615,500</u>	<u>\$ 2,907,509</u>	<u>\$ 2,946,034</u>	<u>\$ 41,154</u>
EXPENDITURES				
Current:				
Public safety:				
Personnel	\$ 1,627,390	\$ 1,627,390	\$ 1,566,808	\$ 60,582
Insurance	166,930	166,930	207,539	(40,609)
Operating supplies	147,000	147,000	152,272	(5,272)
Information technology	35,500	35,500	44,748	(9,248)
Training and morale	50,000	50,000	51,656	(1,656)
Repairs and maintenance	80,000	80,000	106,952	(26,952)
Professional fees	50,000	50,000	47,861	2,139
Utilities	40,000	40,000	37,696	2,304
Administration	45,000	45,000	31,022	13,978
Total public safety	<u>\$ 2,241,820</u>	<u>\$ 2,241,820</u>	<u>\$ 2,246,554</u>	<u>\$ (4,734)</u>
Debt service:				
Principal retirement	\$ 158,000	\$ 126,000	\$ 125,687	\$ 313
Interest and fiscal charges	-	-	31,964	(31,964)
Bond issuance costs	-	-	63,978	(63,978)
Total debt service	<u>\$ 158,000</u>	<u>\$ 126,000</u>	<u>\$ 221,629</u>	<u>\$ (95,629)</u>
Capital outlay	<u>\$ 814,000</u>	<u>\$ 106,000</u>	<u>\$ 105,846</u>	<u>\$ 154</u>
Total expenditures	<u>\$ 3,213,820</u>	<u>\$ 2,473,820</u>	<u>\$ 2,574,029</u>	<u>\$ (100,209)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ (598,320)</u>	<u>\$ 433,689</u>	<u>\$ 372,005</u>	<u>\$ (59,055)</u>
FUND BALANCES				
Beginning of year	<u>\$ 3,658,446</u>	<u>\$ 3,658,446</u>	<u>\$ 3,658,446</u>	
End of year	<u>\$ 3,060,126</u>	<u>\$ 4,092,135</u>	<u>\$ 4,030,451</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, 2018*

Louisiana Firefighters' Retirement System

District's Proportion of the Net Pension Liability		0.21%
District's Proportionate Share of the Net Pension Liability	\$	1,184,175
District's Covered Employee Payroll	\$	601,870
District's Proportionate Share of the Net Liability as a Percentage of its Covered-Employee Payroll		196.75%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		74.76%

*The amounts presented (except Districts covered-Employee Payroll) are from the Firefighters' Retirement System for the fiscal year ended June 30, 2018.

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, 2018

<u>Louisiana Firefighters' Retirement System</u>	
Contractually Required Contribution	\$ 129,887
Contributions in Relation to the Contractually Required Contribution	<u>(129,887)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>
Authority's covered-employee payroll	\$ 601,870
Contributions as a Percentage of Covered-Employee Payroll	21.58%

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, 2018

<u>Board Member</u>	<u>Amount</u>
George Osbourn-Chairman	\$ 1,400
Robert Fontcuberta-Chairman	1,100
Mark Cortez-Commissioner	1,200
Jorge Fernandez-Commissioner	1,500
Norman Voelkel-Commissioner	<u>1,350</u>
	<u>\$ 6,550</u>

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, 2018

Agency Head Name: Lonnie Johnson

Salary	\$ 81,100
Retirement benefit	<u>11,250</u>
	<u>\$ 92,350</u>

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



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, 2018, 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 29, 2019.

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.

Bernard & Franks

Metairie, Louisiana
May 16, 2019

ST. TAMMANY FIRE PROTECTION DISTRICT NO. 13
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2018

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, 2018.

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

DECEMBER 31, 2018

PRIOR YEAR'S FINDINGS

Part II —Financial Statement Findings

There were no prior year's findings applicable to the St. Tammany Parish Fire Protection District No. 13.



INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

The Board of Commissioners of
St. Tammany Parish Fire District No. 13:

We have performed the procedures enumerated below as they are a required part of the engagement. We are required to perform each procedure and report the results, including any exceptions. Management is required to provide a corrective action plan that addresses all exceptions noted. For any procedures that do not apply, we have marked "not applicable."

Management of the St. Tammany Parish Fire District No. 13 (the District), a component unit of the State of Louisiana, is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. These procedures were agreed to by management of the District and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the District's compliance with certain laws and regulations during the year ended December 31, 2018.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this 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.

The procedure and associated findings are as follows:

Written Policies and Procedures for Governmental Entity

Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to the entity's operations):

- a) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Results: We obtained the policies and procedures for purchasing and noted that the procedures contained all stated requirements.

b) **Disbursements**, including processing, reviewing, and approving

Results: We obtained the policies and procedures for disbursements and noted that the procedures contained all stated requirements.

c) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation)

Results: We obtained the policies and procedures for receipts/collections and noted that the procedures contained all stated requirements. The District receives the majority of its funding through electronic fund transfers directly into the operating account. No cash is accepted by the District or its employees or members. If a check is issued for any reason the policies do contain the proper procedures to follow.

d) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

Results: We obtained the policies and procedures for contracting and noted that the procedures contained all stated requirements.

e) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results: We obtained the policies and procedures for debt service and noted that the procedures contained all stated requirements. The policies also note that Debt Service or the borrowing of money by a taxing body is regulated by state law and requires legal expertise beyond the scope of the Fire District and that the policies are a general guide. Debt Service procedure number 2 is not applicable to the District.

f) **Bank Reconciliations**, including (1) monthly bank statement reconciliations, (2) review of all bank reconciliations by someone independent of cash receipt and disbursement functions, and (3) process for addressing items outstanding for more than 12 months from the statement closing date, if applicable.

Results: We obtained the policies and procedures for bank reconciliations and noted that the procedures contained all stated requirements. The procedures also state that the process for addressing outstanding items is part of the contract held with PMI (contract accountants of the District). If there are any reconciling items outstanding for more than 12 months, the item is brought to the attention of the Administration of the District by PMI. After review of

the reconciliations, we have determined that there are no reconciling items greater than six months present on the reconciliations.

- g) ***Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Results: We obtained the policies and procedures for Disaster Recovery/Business Continuity and noted that the procedures contained all stated requirements. The District uses the Federal Risk and Authorization Management Program (FedRAMP) certified cloud provider. FedRAMP is a standardized policy mandated by the United States Federal Government that holistically addresses the confidentiality, integrity, and availability of information systems.

Bank Reconciliations

- 3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

We selected one month from the fiscal period for all accounts. We obtained and inspected the corresponding bank statement and reconciliation for each account.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Results: The contract with PMI requires that the bank reconciliations are prepared within 15 days. PMI prepares a compilation containing the Financial Statements and Supplementary Information, which includes the bank reconciliations. We observed the signed and dated compilation. There were no exceptions.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Results: The board treasurer approves the financial package at the monthly board meetings, which includes the bank reconciliations. We reviewed the board minutes for approval of the financial package. There were no exceptions.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: The monthly financial package from PMI includes the bank reconciliations that are approved by the board treasurer. There are no reconciling items over six months old.

Non-Payroll Disbursements (excluding credit card/debit card/fuel card/P-Card purchases or payments)

- 1. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Results: We obtained a signed list of locations that process payments from the Administration of the District.

- 2. For each location selected under #1 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

Results: We obtained a list of employees involved with non-payroll purchasing and payment functions.

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Results: The policies and procedures for non-payroll disbursements describes the segregation of duties for initiating a purchase request, approving a purchase, and placing an order/making the purchase. We also obtained the job descriptions, which indicate the same.

- b) At least two employees are involved in processing and approving payments to vendors.

Results: The policies and procedures for non-payroll disbursements describes the segregation of duties for processing and approving payments to vendors. We also obtained the job descriptions, which indicate the same. It is stated in the policies that it is in PMI's contract to process the payments, once they have been approved by the Administration of the District.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Results: It is indicated in the policies and procedures that the Administrative Assistant of the District is responsible for adding/modifying vendor files. The processing of payments is initiated by PMI.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Results: The policies and procedures indicate that PMI processes the checks from an approved purchase order and the Administrative Assistant of the District prints the checks. The checks are then signed by the Fire Chief and a Board member.

- 3. For each location selected under #1 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location (to include at least one part or repair charge for a vehicle/fire truck), obtain supporting documentation for each transaction, and observe that the disbursement matched the related original invoice/billing statement.

Results: We obtained the District's detailed general ledger from PMI and selected five disbursements. We were provided supporting documentation for each transaction, and observed that the disbursement matched the related original invoice or contract.

- 4. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #2, as applicable.

Results: We observed that the documentation included the evidence of the segregation duties. There were no exceptions.

- 5. Observe that selected parts or repair transactions for a vehicle/fire truck tie to a vehicle/fire truck owned by the district.

Results: We obtained a repair transaction for a fire truck and tied the transaction to a fire truck owned by the District.

Deferred Compensation Plan Employer Match

- 1. Obtain a listing of employees participating in the entity's deferred compensation plan, with their related salaries, and obtain management's representation that the listing is complete. Randomly select one payroll period during the fiscal period and:

We obtained a signed list of employees who participate in the District's deferred compensation plan with their related salaries from the District's Administration.

- a) Obtain the employee deferred compensation enrollment form from each participant's file or the entity's overall deferred compensation file, as applicable.

We obtained the employee deferred compensation enrollment form from each participant's file.

- b) Obtain payment support for each participant in the deferred compensation plan for the selected period and perform a recalculation of the participant's deferred compensation contributions. Trace the amount deducted from the participant's pay to the amount shown on the participant's deferred compensation enrollment form.

Results: We recalculated the amount required from the enrollment form and agreed the amount to the selected payroll. There were no exceptions.

- c) Obtain the payment support for the employer's deferred compensation payment from the entity for the selected period and recalculate the employer's deferred compensation contributions.

Results: We obtained the payment support for the employer's deferred compensation payment and ensured it matched the enrollment form. There were no exceptions.

- d) Observe that the employer's deferred compensation payment(s) match the required employer contributions, per the policy/agreement.

Results: We observed that the employer's deferred compensation payment matched the required employer contributions, per the enrollment form. There were no exceptions.

We were not engaged to perform, 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 [Primary Government Entity] 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

Metairie, Louisiana
May 16, 2019

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Governmental Agencies)

_____ (Date Transmitted)
Bernard & Franks _____ (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 (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 [X] 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 [X] 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 [X] 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 [X] 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 [X] No []

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

Yes [X] No []

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

Yes [X] 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 [X] No []

Meetings

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

Yes [X] 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 [X] 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 [X] No []

Prior-Year Comments

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

Yes [X] 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 [X] No []

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

Yes [X] 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 [X] No []

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

Yes [X] No []

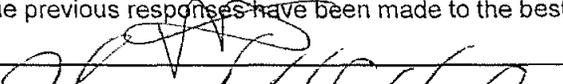
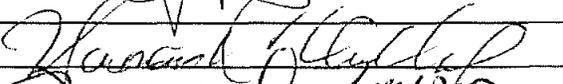
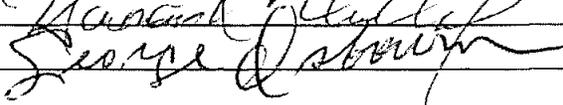
We have provided you with any communications from regulatory agencies, internal auditors, other independent practitioners or consultants or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period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

Yes [X] 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 [X] No []

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

	Secretary	April 17 th , 2019	Date
	Treasurer	April 17 th , 2019	Date
	President	April 17 th , 2019	Date