

ANNUAL FINANCIAL REPORT
ST. TAMMANY PARISH
FIRE PROTECTION DISTRICT NO. 3
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2018



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
St. Tammany Parish Fire Protection District No. 3
Lacombe, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the St. Tammany Parish Fire Protection District No. 3, a component unit of St. Tammany Parish, Louisiana, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise St. Tammany Parish Fire Protection District No. 3's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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



St. Tammany Parish Fire Protection District No. 3
June 24, 2019
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the St. Tammany Parish Fire Protection District No. 3 as of December 31, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedule of proportionate share of the net pension liability, schedule of contributions – retirement plan, and the related notes to the required supplementary information on pages 29 through 33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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



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June 24, 2019
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Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the St. Tammany Parish Fire Protection District No. 3's basic financial statements. The accompanying schedules of compensation paid to board members and compensation, benefits and other payments to agency head are presented to comply with the requirements issued by the State of Louisiana, and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2019 on our consideration of the St. Tammany Parish Fire Protection District No. 3's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering St. Tammany Parish Fire Protection District No. 3's internal control over financial reporting and compliance.

June 24, 2019
Mandeville, Louisiana

A handwritten signature in black ink that reads "Erickson Krentel, LLP".

Certified Public Accountants

BASIC FINANCIAL STATEMENTS

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
STATEMENT OF NET POSITION
DECEMBER 31, 2018

ASSETS:

Cash and cash equivalents	\$ 346,889
Receivables:	
Ad valorem taxes, net of allowance for uncollectible taxes of \$81,970	1,422,681
State revenue sharing	32,837
EMS receivable, net of allowance for uncollectible accounts of \$613,256	93,018
Prepaid insurance	37,196
Capital assets, net of accumulated depreciation	<u>1,271,826</u>
 Total assets	 <u>3,204,447</u>

DEFERRED OUTFLOWS OF RESOURCES:

Pensions	<u>486,666</u>
 Total deferred outflows of resources	 <u>486,666</u>

LIABILITIES:

Accounts payable	15,880
Accrued expenses	97,763
Compensated absences	65,251
Net pension liability	<u>1,909,524</u>
 Total liabilities	 <u>2,088,418</u>

DEFERRED INFLOWS OF RESOURCES:

Pensions	<u>699,105</u>
 Total deferred inflows of resources	 <u>699,105</u>

NET POSITION:

Net investment in capital assets	1,271,826
Unrestricted	<u>(368,236)</u>
 Total net position	 <u>\$ 903,590</u>

The accompanying notes are an integral part of this statement

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

<u>Function/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Net Position</u>
<u>Governmental activities:</u>				
Public Safety - Fire protection	1,935,015	\$ -	\$ 277,200	\$ (1,657,815)
Public Safety - EMS	94,568	156,761	-	62,193
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total governmental activities	\$ 2,029,583	\$ 156,761	\$ 277,200	(1,595,622)
General revenues:				
				1,548,811
Property taxes				35,557
2% Fire tax				49,139
State revenue sharing				10,410
Investment earnings				109,611
Other income				<u> </u>
Total general revenues				<u>1,753,528</u>
Change in net position				157,906
Net position - beginning				<u>745,684</u>
Net position - ending				<u>\$ 903,590</u>

The accompanying notes are an integral part of this statement

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2018

ASSETS:

Cash and cash equivalents	\$ 346,889
Receivables:	
Ad valorem taxes, net of allowance for uncollectible taxes of \$81,970	1,422,681
State revenue sharing	32,837
EMS receivable, net of allowance for uncollectible accounts of \$548,558	93,018
Prepaid insurance	<u>37,196</u>
 Total assets	 <u>\$ 1,932,621</u>

LIABILITIES:

Accounts payable	\$ 15,880
Accrued expenses	<u>97,763</u>
 Total liabilities	 <u>113,643</u>

DEFERRED INFLOWS OF RESOURCES:

Unavailable revenue - property taxes	<u>135,478</u>
 Total deferred inflows of resources	 <u>135,478</u>

FUND BALANCE:

Nonspendable: prepaid expenses	37,196
Unrestricted	<u>1,646,304</u>
 Total fund balance	 <u>1,683,500</u>
 Total liabilities, deferred inflows of resources and fund balance	 <u>\$ 1,932,621</u>

The accompanying notes are an integral part of this statement

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2018

Fund balance - total governmental funds	\$ 1,683,500
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	1,271,826
Deferred outflows of resources related to pensions are not reported in governmental funds	486,666
Deferred inflows of resources related to pensions are not reported in governmental funds	(699,105)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. All liabilities (both current and long-term) are reported in the Statement of Net Position:	
Accrued annual leave	(65,251)
Pension liability	(1,909,524)
Certain property tax collections are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the governmental funds.	<u>135,478</u>
Net position of governmental activities	<u>\$ 903,590</u>

The accompanying notes are an integral part of this statement

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	General Fund
<u>GENERAL REVENUES:</u>	
Ad valorem taxes	\$ 1,617,155
Intergovernmental revenues:	
State revenue sharing	49,139
2% Fire tax	35,557
Federal and state grants	191,040
Charges for services (EMS)	156,761
Investment earnings	10,410
Contributions	60,000
Miscellaneous	49,611
Total general revenues	2,169,673
<u>EXPENDITURES:</u>	
Public Safety - Fire Protection:	
Salaries	910,177
Retirement	193,036
Health insurance	132,121
Insurance	171,986
Professional fees	130,618
Payroll taxes	26,206
Vehicles - repairs	50,472
Communication	22,453
Utilities	26,558
Repairs and maintenance	18,348
Office supplies	6,185
Turn Out Gear	3,532
Supplies	45,964
Vehicles - fuel	5,216
Training	3,500
Miscellaneous	15,368
Advertisement	296
Uniforms	6,363
Total current fire protection expenditures	1,768,399

The accompanying notes are an integral part of this statement

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

EXPENDITURES:

Public Safety - EMS:	
Ambulance repairs	33,999
Medical Director	12,000
Medical supplies	28,817
Ambulance fuel	17,682
EMS Training	<u>2,070</u>
Total current EMS expenditures	<u>94,568</u>
Capital outlays	<u>174,771</u>
Total expenditures	<u>2,037,738</u>
Excess of revenues over expenditures	131,935
Net change in fund balance	131,935
<u>FUND BALANCE:</u>	
Beginning of year	<u>1,551,565</u>
End of year	<u>\$ 1,683,500</u>

The accompanying notes are an integral part of this statement

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

Net change in fund balance - governmental fund	\$	131,935
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 lives and reported as depreciation expense. This is the amount by which capital asset additions of \$174,771 exceeded depreciation expense of \$106,397 in the current period.		68,374
Under the modified accrual basis of accounting used in the governmental funds, advances of derived tax revenues is not recognized until received, rather than as it is earned. This is the amount by which prior year advances of derived tax revenues recognized of \$203,822 were exceeded by current advances of derived tax revenues recognized of \$135,478.		(68,344)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds:		
Accrued annual leave - The change in the amount by which prior year accrued annual leave recognized of \$71,539 exceeded current accrued annual leave recognized of \$65,251.		6,288
Pensions		86,160
Non-employer contributions for pensions		<u>(66,507)</u>
Change in net position	\$	<u>157,906</u>

The accompanying notes are an integral part of this statement

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The mission of St. Tammany Parish Fire Protection District No. 3 (the District) is to provide fire protection in that area of St. Tammany Parish (the Parish) which includes Lacombe, Louisiana. The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America applicable to government entities. The following is a summary of significant accounting policies.

Reporting Entity

The District was created in 1954 by Ordinance 3017 of St. Tammany Parish. The District is governed by a Board of Commissioners, which is appointed by St. Tammany Parish. The Board consists of five Commissioners who serve two-year terms.

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

GASB Statement No. 14, *The Financial Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, the District is considered a component unit of the St. Tammany Parish Council. As a component unit, the accompanying financial statements are included within the reporting of the primary government, either blended into those financial statements or separately reported as discrete component units.

Basis of Presentation

The District's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, issued in June 1999, as amended by GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (continued)

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's fire protection activities and related general administrative services are classified as governmental activities. The District does not have any business-type activities.

Basic Financial Statements - Government-Wide Financial Statements (GWFS)

In the government-wide Statement of Net Position (Exhibit A), the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables, as well as long-term debt and obligations. The District's net position are reported in two parts – net investment in capital assets and restricted for fire protection, debt service, and capital outlay.

The government-wide Statement of Activities (Exhibit B) reports both gross and net cost of the District's function. The function is supported by general government revenues (ad valorem tax). Any program revenues and operating grants received would reduce gross expenses in the Statement of Activities.

This government-wide focus is on the sustainability of the District as an entity and the change in the District's net position resulting from current year's activities.

Basic Financial Statements – Fund Financial Statements (FFS)

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflow of resources, liabilities, deferred inflow of resources, reserves, fund equity, revenues and expenditures. The District's current operations require the use of only the following fund types:

Governmental Fund:

The focus of the governmental fund's measurement (in the fund statement) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. In general, fund balance represents the accumulated expendable resources, which may be used to finance future operations of the District.

General Fund

The General Fund is the principal fund of the District and is used to account for the operations of the District. General revenues are accounted for in this fund. General operating expenditures are paid from this fund.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Basis of Accounting

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

Accrual

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

Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

The District records are maintained on the cash basis of accounting. However, the General Fund reported in the accompanying financial statements has been converted to a modified accrual basis of accounting utilizing the following practices in recording revenues and expenditures:

Revenues

Property taxes, parcel fees, state revenue sharing, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual, subject to availability, and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

All other revenues are recorded when received.

Expenditures

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables and Payables

All property tax receivables are shown net of a 5% allowance for uncollectibles. The allowance is based on prior years' experience.

Property taxes are levied on a calendar year basis, become due on December 31 and are considered delinquent on January 1. The District authorized and levied a 34.94 mill ad valorem tax for operations and maintenance for the year ended December 31, 2018. The following are the principal taxpayers and related property tax revenue for the entity:

	<u>Assessed Valuation</u>	<u>% of Total Assessed Value</u>
Southern Natural Gas	\$ 3,882,670	6.03%
Stirling Medical Lacombe LLC	3,613,329	5.61%
Central LA Elec Co	1,586,000	2.46%
Pavestone, LLC	1,123,417	1.74%
G&E HC Reit II Lacombe MOB, LLC	630,098	0.98%
LA Heart MOB, LP	614,250	0.95%
Bell South Communications	408,064	0.63%
Atmos Energy Corporation	391,393	0.61%
First NBC Bank	387,958	0.60%
Capital One N A	<u>250,440</u>	<u>0.39%</u>
	<u>\$ 12,887,619</u>	<u>20.00%</u>

Tax Abatements

St. Tammany Parish negotiates tax abatement agreements on the District's behalf on an individual basis. The agreements are negotiated under a special exemption through St. Tammany Parish Development District for a variety of economic development purposes, including business relocation, retention, and expansion. The abatements may be granted to any business located within the Parish for promising to relocate to the Parish's geographic area.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Tax Abatements (continued)

The St. Tammany Parish Economic Development District entered into a Lease Agreement with a private company on June 1, 2003, in connection with the issuance of \$25 million of bonds issued for the benefit of the company. While the lease is in effect and the project is owned by the Development District, the project is exempt from ad valorem tax. The lease requires that the company make an annual payment to the Development District, in an amount based on a formula, between \$55,000 and \$75,000. The Development District makes a contribution of 80% of this payment to St. Tammany Parish Fire Protection District No 3. The contribution for the year ended December 31, 2018 was \$60,000.

Emergency Medical Services (EMS) Receivable

Residents, who use the emergency medical transportation service provided by the District, are charged a fee ranging from \$300 to \$746 based on the type of medical care. Mileage is billed at \$20 per mile. The District has agreements with other third-party payers that provide for payments at amounts different from its established rates. Net emergency medical service revenue is recorded at the estimated realizable amount from patients, third-party payers, and others for services rendered, based upon prior years' experience and management's analysis of possible bad debts. Emergency medical receivables are charged against the allowance when it is determined by the District that payment will not be received. The current policy is allow for any accounts that are inactive for three months. For the year ended December 31, 2018, the District provided \$200,311 for contractual adjustments to established rates billed and \$613,256 for an allowance for doubtful accounts.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include property and equipment, are reported in the government-wide statements. Capital assets are recorded at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold of \$2,500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (continued)

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	30 Years
Vehicles	5 - 15 Years
Equipment	10 - 15 Years
Computers	5 Years
Infrastructure	25 Years

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has one item that qualifies for reporting in this category, deferred amounts related to pensions.

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. Currently, the District has one item that qualifies for reporting in this category, deferred amounts related to 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 Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Classifications

In the government-wide financial statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

Governmental fund equity is classified as fund balance. In the governmental fund financial statements, fund balances are classified as follows:

- a. Nonspendable – amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of state, local or federal awards or externally imposed conditions by grantors or creditors.
- c. Committed – amounts that can be used for specific purposes determined by formal action by an ordinance or resolution.
- d. Assigned – amounts that are designated by the formal action of the government's highest level of decision making authority.
- e. Unassigned – amounts not included in other classifications.

The Board of Commissioners, as the highest level of decision-making authority, can establish, modify or rescind a fund balance commitment by formal vote at a public board meeting. For assigned fund balance the Board of Commissioners authorizes management to assign amounts for a specific purpose.

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Subsequent Events

Subsequent events have been evaluated through June 24, 2019, which is the date the financial statements were available to be issued.

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A public hearing was held on December 13, 2017 and the board adopted the budget. The budget is prepared using GAAP basis of accounting. All appropriations lapse at year end. Formal budget integration within the accounting records is employed as a management control device during the year. The board also reviews budget versus actual reports on a monthly basis. Changes or amendments are made upon approval of the board.

(3) AD VALOREM TAXES

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

	<u>Authorized</u>	<u>Levied</u>	<u>Expiration</u>
Maintaining, acquiring, constructing, improving, and operating fire protection and rescue services	25.01	25.01	2022
Maintaining, acquiring, constructing, improving, and operating fire protection and rescue services	9.95	9.95	2029

(4) CASH AND CASH EQUIVALENTS

The following is a summary of cash and cash equivalents at December 31, 2018:

Demand deposits	\$ <u>346,889</u>
-----------------	-------------------

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

(4) CASH AND CASH EQUIVALENTS (CONTINUED)

Cash and deposits are categorized into three categories of credit risk.

Category 1 includes deposits covered by federal depository insurance or by collateral held by the District or its agent, in the District's name.

Category 2 includes deposits covered by collateral held by the pledging financial institution's trust department, or its agent in the District's name.

Category 3 includes deposits covered by collateral held by the pledging financial institution, or its trust department or agent but not in the District's name, and deposits which are uninsured or uncollateralized.

At December 31, 2018, the carrying amount and the bank balances of deposits of the primary government are summarized as follows:

	Bank Balances Category			Bank Balance
	1	2	3	
Cash	\$ 250,000	\$ 113,409	\$ -	\$ 363,409

(5) 2% FIRE INSURANCE TAX

The District is eligible and receives a pro-rata share of the fire insurance tax collected by the State of Louisiana. The amounts received by the District are based on the population of the areas that it serves. In accordance with Louisiana Revised Statutes (LRS), such money shall be used only for the purpose of "rendering more efficient and efficacious" fire protection, as the District shall direct.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

(6) CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2018 is as follows:

	<u>1/1/2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2018</u>
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 287,350	\$ -	\$ -	\$ 287,350
Construction in progress	<u>4,386</u>	<u>-</u>	<u>-</u>	<u>4,386</u>
Total capital assets not being depreciated	<u>291,736</u>	<u>-</u>	<u>-</u>	<u>291,736</u>
<u>Governmental Activities:</u>				
Capital assets being depreciated:				
Buildings and improvements	911,859	-	-	911,859
Firefighting and rescue equipment	519,514	174,771	-	694,285
Communication equipment	31,000	-	-	31,000
Other equipment	92,869	-	-	92,869
Vehicles	1,033,856	-	-	1,033,856
Computers	13,644	-	-	13,644
Infrastructure	<u>26,400</u>	<u>-</u>	<u>-</u>	<u>26,400</u>
Total capital assets being depreciated	<u>2,629,142</u>	<u>174,771</u>	<u>-</u>	<u>2,803,913</u>
Less accumulated depreciation for:				
Buildings and improvements	415,831	20,927	-	436,758
Firefighting and rescue equipment	367,500	46,869	-	414,369
Communication equipment	31,000	-	-	31,000
Other equipment	82,863	1,518	-	84,381
Vehicles	807,471	31,600	-	839,071
Computers	9,769	4,427	-	14,196
Infrastructure	<u>2,992</u>	<u>1,056</u>	<u>-</u>	<u>4,048</u>
Total accumulated depreciation	<u>1,717,426</u>	<u>106,397</u>	<u>-</u>	<u>1,823,823</u>
Total capital assets being depreciated, net	<u>911,716</u>	<u>68,374</u>	<u>-</u>	<u>980,090</u>
Governmental activities capital assets, net	<u>\$ 1,203,452</u>	<u>\$ 68,374</u>	<u>\$ -</u>	<u>\$ 1,271,826</u>

Depreciation expense of \$106,397 for the year ended December 31, 2018, was charged to fire protection and EMS.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

(7) OPERATING LEASES

The District leases copier and radio equipment for a period of less than 12 months. Total payments charged to leased equipment expense for the year ended December 31, 2018 was \$3,374.

(8) PENSION PLAN

All full-time employees of the District are members of the Louisiana Firefighters' Retirement System (the System), a cost-sharing, multiple-employer defined benefit plan administered by a separate board of trustees.

Membership in the System is mandatory for all full-time firefighters employed by a municipality, parish or fire district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit payable monthly for life, equal to three and one-third percent of their final average salary for each year of creditable service, not to exceed 100 percent of their final average salary. Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service stated above and do not withdraw their employee contributions may retire at or after age 55 (or at or after 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination.

The system also provides death and disability benefits. Benefits are established by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Louisiana Firefighters' Retirement System, Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling, (225) 925-4060.

Funding Policy

For the twelve months ended December 31, 2018, members of the System are required to contribute 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate. At December 31, 2018, the employer contribution rate was 26.50% above poverty and 28.50% below poverty.

The contribution requirements of plan members and the District are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

(8) PENSION PLAN (CONTINUED)

Contributions

According to state statute, for the System, contribution requirements for all employees are actuarially determined each year. State statute requires covered employees to contribute a percentage of their salaries to the System. The actual employer contribution rate and the actuarially determined employer contribution differ due to state statutes that require the contribution rate be calculated and set two years prior to the year effective.

The amount of the District's employer contributions to the System for the year ended December 31, 2018 was \$209,852. The District's covered payroll for the System for the year ended December 31, 2018 was \$791,893.

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

At December 31, 2018, the District reported a liability totaling \$1,909,524 for its proportionate share of the net pension liability for the System. The 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 District's proportion of the Net Pension Liability was based on the District's historical contributions to the Plan relative to the historical contributions of all participating employers. At June 30, 2018, the District's proportion was 0.331971% for the System, which was a decrease of 0.065674% from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the District recognized pension expense for the System totaling \$249,912. Subtracted from pension expense is the employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions totaling \$77,893 for the System.

For the year ended December 31, 2018, the District recognized revenue from ad valorem taxes and revenue sharing funds received by the System. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities totaling \$86,160.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

(8) PENSION PLAN (CONTINUED)

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

At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the System:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 145,336
Change in assumptions	133,208	303
Net difference between projected and actual earnings on pension plan investments	124,166	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	137,741	553,466
Employer contributions subsequent to the measurement date	<u>91,551</u>	<u>-</u>
Total	<u>\$ 486,666</u>	<u>\$ 699,105</u>

Employer contributions subsequent to the measurement date totaling \$91,551 and reported as deferred outflows of resources will be recognized as a reduction of the Net Pension Liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:

2018	\$	51,098
2019		90,362
2020		3,365
2021		(71,787)
2022		(19,282)
2023		<u>(34,228)</u>
Total	\$	<u>19,528</u>

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

(8) PENSION PLAN (CONTINUED)

Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial valuation for the System was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal Cost
Estimated Remaining Service Life	7 years, closed period
Investment Rate of Return	7.30% per annum (net of fees)
Inflation Rate	2.700% per annum
Salary increases	Vary from 15.0% in the first years of service to 4.75% after 25 years
Cost of Living Adjustments	Only those previously granted

Mortality Rate

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 were selected for disabled annuitants. Setbacks in these tables were used to approximate mortality improvement.

Long-term Expected Real Rate of Return

The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation, 2.75%. The long term expected nominal rate of return was 8.09% as of June 30, 2018.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

(8) PENSION PLAN (CONTINUED)

Long-term Expected Real Rate of Return (Continued)

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

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Fixed income	26.0%	1.76%
U.S. equity	22.0%	6.14%
Non-U.S. equity	22.0%	7.46%
Global equity	10.0%	6.74%
Real estate	6.0%	4.38%
Private equity	4.0%	8.73%
Global tactical asset allocation	5.0%	4.31%
Risk parity	<u>5.0%</u>	<u>4.89%</u>
Totals	100.0%	<u>5.55%</u>
Inflation		2.75%
Expected arithmetic nominal return		8.09%

Discount Rate

The discount rate used to measure the total pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the Net Pension Liability using the discount rate of 7.30%, as well as what the District's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate:

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

(8) PENSION PLAN (CONTINUED)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate (Continued)

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	6.30%	7.30%	8.30%
District's proportionate share of the Net Pension Liability	\$ 2,786,446	\$ 1,909,524	\$ 1,172,606

Retirement System Audit Report

Firefighters' Retirement System issued a stand-alone audit report on its financial statements for the year ended June 30, 2018. Access to the audit report can be found on the System's website: www.lafirefightersret.com or on the Office of Louisiana Legislative Auditor's official website: www.lla.state.la.us.

(9) CHANGES IN LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended December 31, 2018, are as follows:

	<u>Balance at January 1, 2018</u>	<u>Net Increase (Decrease)</u>	<u>Balance at December 31, 2018</u>
Compensated absences	\$ 71,539	\$ (6,288)	\$ 65,251
Net pension liability	<u>2,279,242</u>	<u>(369,718)</u>	<u>1,909,524</u>
	<u>\$ 2,350,781</u>	<u>\$ (376,006)</u>	<u>\$ 1,974,775</u>

(10) RISK MANAGEMENT

The District is exposed to all common perils associated with fire protection and EMS services. To minimize loss occurrence and transfer risk, the District carries various commercial insurance policies including property, casualty, employee dishonesty, public official's liability, business auto and other miscellaneous policies. These policies are reviewed for adequacy by management annually.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

(11) CONTINGENCIES

In 2016, the District determined that it owed Medicare payroll tax payments dating back a number of years. The District has accrued a tax liability of \$85,002 for these delinquent taxes, and has engaged an attorney regarding this issue. Additionally, in the current year, the District had a dispute with its former EMS receivable collections provider that resulted in the District failing to collect certain EMS receivables from January through July of 2018. The District intends to pursue collection of these amounts and has fully allowed for these receivables as uncollectible and are included within the total allowance of \$613,256.

(12) NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 85, “*Omnibus 2017*.” The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. This Statement did not have a material effect on the District’s financial statements upon implementation.

The GASB has issued Statement No. 86, “*Certain Debt Extinguishment Issues*.” The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. This Statement did not have a material effect on the District’s financial statements upon implementation.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

(12) NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

The GASB has issued Statement No. 87, “*Leases.*” The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The District plans to adopt this Statement as applicable by the effective date.

The GASB has issued Statement No. 88, “*Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.*” The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The District plans to adopt this Statement as applicable by the effective date.

The GASB has issued Statement No. 89, “*Accounting for Interest Cost Incurred before the End of a Construction Period.*” The primary objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The District plans to adopt this Statement as applicable by the effective date.

The GASB has issued Statement No. 90, “Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61.” The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The District plans to adopt this Statement as applicable by the effective date.

REQUIRED SUPPLEMENTARY INFORMATION

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original Budget	Revised Budget	Actual	Variance- Favorable (Unfavorable)
GENERAL REVENUES:				
Ad valorem taxes	\$ 1,460,631	\$ 1,503,191	\$ 1,617,155	\$ 113,964
Intergovernmental revenues:				
State revenue sharing	45,000	45,000	49,139	4,139
2% Fire tax	35,000	35,558	35,557	(1)
Federal and state grants	-	16,269	191,040	174,771
Charges for services (EMS)	230,000	230,000	156,761	(73,239)
Investment earnings	9,000	9,000	10,410	1,410
Contributions	60,000	60,000	60,000	-
Miscellaneous	46,500	47,422	49,611	2,189
Total general revenues	<u>1,886,131</u>	<u>1,946,440</u>	<u>2,169,673</u>	<u>223,233</u>
EXPENDITURES:				
Public Safety - Fire protection:				
Salaries	1,052,000	1,063,500	910,177	153,323
Retirement	170,000	170,000	193,036	(23,036)
Health insurance	142,000	142,000	132,121	9,879
Insurance	93,850	99,550	171,986	(72,436)
Professional fees	154,655	165,125	130,618	34,507
Payroll taxes	20,500	20,500	26,206	(5,706)
Vehicles - repairs	45,000	50,000	50,472	(472)
Communication	15,000	24,000	22,453	1,547
Utilities	20,500	27,500	26,558	942
Repairs and maintenance	14,000	20,000	18,348	1,652
Office supplies	7,000	7,000	6,185	815
Turn Out Gear	6,150	6,000	3,532	2,468
Supplies	5,000	5,000	45,964	(40,964)
Vehicles - fuel	19,000	22,500	5,216	17,284
Training	5,000	7,000	3,500	3,500
Miscellaneous	30,976	26,076	15,368	10,708
Advertisement	1,000	1,000	296	704
Uniforms	8,000	8,000	6,363	1,637
Total current fire protection expenditures	<u>1,809,631</u>	<u>1,864,751</u>	<u>1,768,399</u>	<u>96,352</u>
Public Safety - EMS:				
Ambulance repairs	40,000	40,000	33,999	6,001
Medical Director	12,000	12,000	12,000	-
Medical supplies	20,000	26,200	28,817	(2,617)
Ambulance fuel	3,500	4,000	17,682	(13,682)
EMS Training	1,000	3,000	2,070	930
Total current EMS expenditures	<u>76,500</u>	<u>85,200</u>	<u>94,568</u>	<u>(9,368)</u>
Capital outlays	-	-	174,771	(174,771)
Total expenditures	<u>1,886,131</u>	<u>1,949,951</u>	<u>2,037,738</u>	<u>(87,787)</u>
Excess of revenues over expenditures	<u>-</u>	<u>(3,511)</u>	<u>131,935</u>	<u>135,446</u>

(See Independent Auditors' Report)

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
OTHER FINANCING SOURCES:				
Proceeds from the sale of assets	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ (3,511)</u>	<u>131,935</u>	<u>\$ 135,446</u>
FUND BALANCE:				
Beginning of year			<u>1,551,565</u>	
End of year			<u>\$ 1,683,500</u>	

(See Independent Auditors' Report)

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2018*

	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>
District's Proportion of the Net Pension Liability	0.331971%	0.397645%	0.451168%	0.425008%
District's Proportionate Share of the Net Pension Liability	\$ 1,909,523	\$ 2,279,242	\$ 2,951,047	\$ 2,293,816
District's Covered-Employee Payroll	\$ 791,893	\$ 857,692	\$ 980,537	\$ 974,191
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	241.13%	265.74%	300.96%	235.46%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.76%	73.55%	68.16%	72.45%

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

**The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.*

(See Independent Auditors' Report)

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
SCHEDULE OF CONTRIBUTIONS - RETIREMENT PLAN
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>
Contractually Required Contribution	\$ 209,851	\$ 220,862	\$ 257,546	\$ 265,467
Contributions in Relation to the Contractually Required Contribution	<u>(209,851)</u>	<u>(220,862)</u>	<u>(257,546)</u>	<u>(265,467)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered-employee payroll	\$ 791,893	\$ 857,692	\$ 980,537	\$ 974,191
Contributions as a Percentage of Covered-Employee Payroll				
January 1 to June 30	26.50%	25.25%	27.25%	29.25%
July 1 to December 31	26.50%	26.50%	25.25%	27.25%

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

(See Independent Auditors' Report)

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2018

(1) PENSION PLAN SCHEDULES

Changes of Benefit Terms

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

Changes of Assumptions

For the year ended December 31, 2018 (measurement date of June 30, 2018), the Firefighter's Retirement System inflation rate assumption was lowered from 2.775% to 2.700% annually, and the real investment rate of return was lowered from 7.40% to 7.30%.

For the year ended December 31, 2017, the Firefighter's Retirement System's inflation rate assumption was lowered to 2.775%, and the discount rate, or investment rate of return, assumption was lowered from 7.50% to 7.40%.

There were no changes of assumptions during 2016.

For the year ended December 31, 2015, the Firefighter's Retirement System inflation rate assumption was lowered from 3% to 2.875% annually, and the salary increase range assumption was lowered from 5.5% - 15.0% to 4.75% - 15.0%.

OTHER SUPPLEMENTARY INFORMATION

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS
FOR THE YEAR ENDED DECEMBER 31, 2018

<u>Board of Commissioners</u>	<u>Compensation</u>
Raymond Batiste P.O. Box 672 Lacombe, LA 70445 (985) 640-5298 Term Expires: December 31, 2019	\$600
Danny MacGregor, Chairman 59218 Pine Bay Lane Lacombe, LA 70445 (985) 882-7655 Term Expires: December 31, 2019	\$750
Leo Casanave, Secretary P.O. Box 105 Lacombe, LA 70445 (985) 882-7460 Term Expires: December 31, 2019	\$750
Murphy Arsenaux, Vice-Chairman 62214 Graci Avenue Lacombe, LA 70445 (985) 882-6980 Term Expires: December 31, 2019	\$450
Jeanne Hutchinson, Treasurer 28498 Lake Drive South Lacombe, LA 70445 (985) 285-5824 Term Expires: December 31, 2019	\$750

(See Independent Auditors' Report)

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2018

Patrick Sicard, Fire Chief

<u>Purpose</u>	<u>Amount</u>
Salary*	\$ 98,938
Benefits - insurance	5,429
Benefits - retirement**	26,117
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
	<hr/>
Total Compensation, Benefits and Other Payments	<u>\$ 130,484</u>

* This amount is gross, including State Supplemental Pay of \$5,000 annually.

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



**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. 3
Mandeville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of St. Tammany Parish Fire Protection District No. 3, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the St. Tammany Parish Fire Protection District No. 3's basic financial statements, and have issued our report thereon dated June 24, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered St. Tammany Parish Fire Protection District No. 3's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of St. Tammany Parish Fire Protection District No. 3's internal control. Accordingly, we do not express an opinion on the effectiveness of St. Tammany Parish Fire Protection District No. 3's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of St. Tammany Parish Fire Protection District No. 3'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.



To the Board of Commissioners
St Tammany Parish Fire Protection District No. 3
June 24, 2018

Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. Tammany Parish Fire Protection District No. 3'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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2018-001.

St. Tammany Parish Fire Protection District No. 3's Response to Finding

St. Tammany Parish Fire Protection District No. 3's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. St. Tammany Parish Fire Protection District No. 3's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

June 24, 2018
Mandeville, Louisiana

Certified Public Accountants

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2018

SECTION I SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unmodified opinion on the financial statements of St. Tammany Parish Fire Protection District No. 3.
2. No significant deficiencies or material weaknesses disclosed during the audit of the financial statements is reported in the 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*.
3. One instance of noncompliance material to the financial statements of St. Tammany Parish Fire Protection District No. 3, which would be required to be reported in accordance with *Government Auditing Standards*, was disclosed during the audit.
4. A management letter was not issued for the year ended December 31, 2018.

SECTION II FINANCIAL STATEMENT FINDINGS

Compliance

2018-001 Failure to Comply with Local Government Budget Act

Criteria: The Local Government Budget Act (LGBA) requires political subdivisions to publish a notice in the official journal that the proposed budget is available for public inspection; a public hearing on the proposed budget shall be held; and the date, time and place of the hearing.

Condition: The District did not maintain proper controls over compliance with the Local Government Budget Act.

Effect: The District published an agenda for the open meeting to adopt the budget on its website, but it did not publish a public notice in the official journal. When the District amended its budget in a special meeting, it published a notice at the physical location, but did not publish a notice on the District's website.

Cause: The District failed to comply with the requirements of the Local Government Budget Act.

Recommendation: We recommend that the District review the relevant sections of the Local Government Budget Act and implement policies and procedures to ensure timely compliance with all relevant budget requirements.

Response: See Management's Corrective Action Plan for their response.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018

**SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE
FINANCIAL STATEMENTS**

2017-001 Failure to Comply with Local Government Budget Act

During our testing, we noted that the District failed to comply with the requirements of the Local Government Budget Act. The District published an agenda for the open meeting to adopt the budget on its website, but it did not publish a public notice in the official journal. When the District amended its budget in a special meeting, it published a notice at the physical location, but did not publish a notice on the District's website.

Corrective action was not taken by the District and is a finding in the current year.



Patrick F. Sicard
Fire Chief

St. Tammany Fire Protection District No. 3
P.O. Box 849
Lacombe, Louisiana 70445
Office: 985.882.5977 Fax: 985.882.6664

June 24, 2019

Louisiana Legislative Auditor

St. Tammany Parish Fire Protection District No. 3 respectfully submits the following corrective action plan for the year ended December 31, 2018.

Name and address of independent public accounting firm:

Ericksen Krentel, L.L.P.
2895 Highway 190, Ste 213
Mandeville, LA 70471

Audit Period: January 1, 2018 – December 31, 2018

The finding from the December 31, 2018 schedule of findings and responses is discussed below. The finding is numbered consistently with the number assigned in the schedule.

SECTION II FINDINGS - FINANCIAL STATEMENTS AUDIT

2018-001 Failure to Comply with Local Government Budget Act

Recommendation: We recommend that the District review the relevant sections of the Local Government Budget Act and implement policies and procedures to ensure timely compliance with all relevant budget requirements.

Management's Response: Management agrees with the recommendation and will implement policies and procedures for complying with all relevant budget requirements.

If there are any questions regarding this plan, please contact Patrick Sicard, Fire Chief, at (985)-882-5977.

Sincerely,



Signature

FIRE CHIEF

Title

ST. TAMMANY PARISH FIRE
PROTECTION DISTRICT NO. 3
LACOMBE, LOUISIANA
AGREED-UPON PROCEDURES
FOR THE YEAR ENDED
DECEMBER 31, 2018



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS



INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners
St. Tammany Parish Fire Protection District No. 3
Lacombe, Louisiana

We have performed the procedures enumerated below, which were agreed to by the St. Tammany Parish Fire Protection District No. 3 and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the St. Tammany Parish Fire Protection District No. 3's compliance with certain laws and regulations during the period of January 1, 2018 to December 31, 2018, in accordance with Act 774 of 2014 Regular Legislative Session. Management of the St. Tammany Parish Fire Protection District No. 3 is responsible for its financial records, establishing internal controls over financial reporting, compliance with applicable laws and regulations, and providing a corrective action plan that addresses all exceptions noted. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are detailed in Schedule "1".

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to perform and did not perform an audit, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records. Accordingly, we do not express such an opinion or conclusion. 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 information and use of management of the St. Tammany Parish Fire Protection District No. 3 and the Legislative Auditor, State of Louisiana, and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

June 24, 2019
Mandeville, Louisiana

Certified Public Accountants

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
AGREED-UPON PROCEDURES
JANUARY 1, 2018 TO DECEMBER 31, 2018

Written Policies and Procedures for Governmental Entity

- 1) **Procedures:** Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable to public funds:
- a) ***Purchasing***, including (1) controls to ensure compliance with the public bid law and (2) documentation required to be maintained for all bids and price quotes.
 - b) ***Receipts***, including recording and preparing deposits
 - c) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - 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
 - e) ***Travel and expense reimbursement***, including dollar thresholds by category of expense
 - f) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121
 - g) ***Debt Service (if applicable)***, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
 - h) ***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 6 months.

Results: The District's written purchasing policy addresses controls to ensure compliance with the public bid law and documentation required to be maintained for all bids and price quotes. The District's written receipts policy addresses how deposits are recorded and prepared. The District's written payroll/personnel policy addresses payroll processing and reviewing and approving time and attendance records, including leave and overtime worked. The District's written contract policy does not specifically address the types of services requiring written contracts. The District's travel and expense reimbursement policy does not set dollar thresholds by category of expense. The District's ethics policy addresses the prohibitions as defined in Louisiana Revised Statute 42:1111-1121. The District's written bank reconciliation policy does not specifically address the process for addressing items outstanding for more than 6 months. The District has no formal written policy for debt.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2018 TO DECEMBER 31, 2018

Open Lines of Credit/Credit Cards/Debit Cards/Fuel Cards/P-Cards

- 1) **Procedures:** Obtain from management a listing of all active open lines of credit (LOC), credit cards, bank debit cards, fuel cards, and P-cards (cards), including the LOC/card numbers and the names of the persons who maintained possession of the cards or were authorized to use LOC. Obtain management's representation that the listing is complete.

Results: Obtained from management a listing of all active open lines of credit (LOC), credit cards, bank debit cards, fuel cards, and P-cards (cards) and management's representation that the listing was complete.

- 2) **Procedures:** Using the listing prepared by management, randomly select 10 LOC/cards (or at least one-third of the cards if the entity has less than 10 LOC/cards) that were used during the fiscal period.

Obtain the monthly statements, or combined statements if multiple LOC/cards are on one statement, for the selected LOC/cards. Select the monthly statement or combined statement with the largest dollar activity for each LOC/card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized LOC/card holder or user.

Results: Certain monthly statements did not have written evidence of approval. However, all statements were supported by a P.O., invoice, or receiving report, which were marked as approved by the Fire Chief. The Fire Chief reviewed and approved all statements/supporting documentation, but was also an accountholder on all LOCs/cards tested. All disbursements require at least one Board signature and supporting documentation was reviewed before disbursements were authorized, but there was no written evidence of approval by the Board member on supporting documentation. There were no finance charges and/or late fees assessed on the statements tested.

Bank Reconciliations

- 1) **Procedures:** Obtain and inspect the entity's written policies and procedures over bank reconciliations and observe that they address (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: The District's written bank reconciliation policy does not specifically address the process for addressing items outstanding for more than 12 months.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2018 TO DECEMBER 31, 2018

- 2) **Procedures:** 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:
- 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);
 - 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
 - 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: Noted two uncleared checks outstanding for more than 12 months, the total of which was \$407. We observed that management had documentation reflecting that it had researched these items, both of which had cleared but were not removed from the reconciliation until December 2018. No exceptions noted during testing.



Patrick F. Sicard
Fire Chief

St. Tammany Fire Protection District No. 3
P.O. Box 849
Lacombe, Louisiana 70445
Office: 985.882.5977 Fax: 985.882.6664

June 24, 2019

Louisiana Legislative Auditor

The St. Tammany Parish Fire Protection District No. 3 respectfully submits the following corrective action plan for items identified pursuant to the agreed-upon procedures in accordance with Act 774 of the 2014 Regular Legislative Session.

Name and address of independent public accounting firm:

Ericksen Krentel, L.L.P.
2895 Hwy 190, Suite 213
Mandeville, LA 70471

Engagement Period: January 1, 2018 – December 31, 2018

The exceptions from the Act 774 agreed-upon procedures report are discussed below:

Written Policies and Procedures

Exceptions: The District's written contract policy does not specifically address the types of services requiring written contracts. The District's travel and expense reimbursement policy does not set dollar thresholds by category of expense. The District's bank reconciliation policy does not specifically address the process for addressing items outstanding for more than 6 months. The District has no formal written policy for debt.

Open Lines of Credit/Credit Cards/Debit Cards/Fuel Cards/P-Cards

Exceptions: Certain monthly statements did not have written evidence of approval. However, all statements were supported by a P.O., invoice, or receiving report, which were marked as approved by the Fire Chief. The Fire Chief reviewed and approved all statements/supporting documentation, but was also an account holder on all LOCs/cards tested.

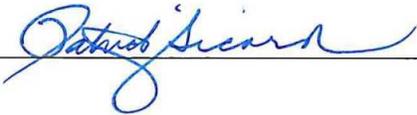
Bank Reconciliations

Exceptions: The District's written bank reconciliation policy does not specifically address the process for addressing items outstanding for more than 12 months.

Management's Response to Exceptions: Management has noted and agrees with the above exceptions. Management will consider the effects of such exceptions and the need to enhance key controls or compensating controls in the identified areas.

If there are any questions regarding this plan, please contact Patrick Sicard, Fire Chief at (985) 882-5977.

Sincerely,



FIRE CHIEF 6/27/19
