

**ST. TAMMANY PARISH  
DEVELOPMENT DISTRICT**

Audit of Financial Statements

December 31, 2017 and 2016



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## **Independent Auditor's Report**

To the Board of Commissioners  
St. Tammany Parish Development District  
Mandeville, Louisiana

### **Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the major fund of St. Tammany Parish Development District (the District), a component unit of St. Tammany Parish, as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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 the major fund of the District as of December 31, 2017 and 2016, and the respective changes in financial position for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 - 7 and the budgetary comparison information on page 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedules of compensation paid to board members and compensation, benefits, and other payments to agency head are presented for purposes of additional analysis 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 March 15, 2018, on our consideration of the St. Tammany Parish Development District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



A Professional Accounting Corporation

Covington, LA  
March 15, 2018

**REQUIRED SUPPLEMENTARY INFORMATION (PART I)**

## **ST. TAMMANY PARISH DEVELOPMENT DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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The basic financial statements of the St. Tammany Parish Development District (the District) include government-wide and governmental fund statements. The government-wide statements of net position and statements of activities present information for all the activities of the District's office, from an economic resources measurement focus using the accrual basis of accounting. Primarily, for our office, the difference between these statements and governmental fund statements is that assets are capitalized and depreciated over their estimated useful lives versus expensed in the governmental fund statements. The balance sheets - governmental fund detail the assets and liabilities of the governmental fund while the reconciliation of the governmental fund balance sheets 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 balance - governmental fund reflect the current year receipt and disbursement of funds and the reconciliation of the statements of revenues, expenditures, and changes in fund balance of the governmental fund to the statements of activities report the differences in the change in fund balance to the change in net position of the governmental activities. The differences between the adopted budget and the actual activities are reflected in the schedules of revenues, expenditures, and changes in fund balance - budget and actual - general fund.

The District is a subdivision of the State of Louisiana located in St. Tammany Parish. The accompanying financial statements only present information in the funds maintained by the District.

#### **STATEMENTS OF NET POSITION AND STATEMENTS OF ACTIVITIES**

The statements of net position and statements of activities report information about the funds maintained by the District as a whole and about its activities in a way which helps answer one of the most important questions asked about the District's finances: "Is the District, as a whole, better off or worse off as a result of the year's activities?" These statements include all assets, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting used by most private sector companies. Accrual of the current year's revenues and expenses is taken into account regardless of when the cash was received or paid.

These two statements report the District's net position and the changes in it. This net position, the difference between the assets, deferred outflows, liabilities, and deferred inflows, is one way to measure the District's financial health and, over time, increases or decreases in net position are one indicator of whether its financial health is improving or deteriorating.

The funds maintained by the District are recorded as governmental activities in the statements of net position and statements of activities.

All of the expenses paid from the funds maintained are reported here as governmental activities and consist primarily of insurance, accounting fees, and support payments to St. Tammany Economic Development Foundation (STEDF), which is the management entity for the District. A percentage of the state hotel and motel sales tax collections finance the operating activities of the District.

## **ST. TAMMANY PARISH DEVELOPMENT DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

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#### **FINANCIAL HIGHLIGHTS**

The District's assets exceeded its liabilities at the close of fiscal year 2017 and 2016 by \$1,197,578 and \$928,948 (net position), respectively, which represents a 29% and 3% increase, respectively, over the previous years. The District had no deferred outflows or deferred inflows as of December 31, 2017 and 2016.

Cash was \$505,825 at December 31, 2017, compared to \$727,937 at December 31, 2016. This is a decrease of \$222,112, or 31%.

The District's revenue increased by \$188,135 for the year ended December 31, 2017. Revenue increased \$3,901 for the year ended December 31, 2016. The increase in 2017 was primarily due to a donation received from St. Tammany Economic Development Foundation as well as an increase in net hotel/motel tax revenue coupled with a decrease in service fee revenue which was due to one of the lessee's paying off its bond.

The District's expenses for the year ended December 31, 2017, excluding depreciation expense, decreased \$52,644, or 5%, and decreased \$92,406, or 8%, for the year ended December 31, 2016.

At the close of fiscal year 2017, the District's General Fund had an excess balance of \$776,740. The District's General Fund had an excess balance of \$528,948 at the close of fiscal year 2016.

As a result of subtracting total expenses from total revenue, the District's net position increased by \$268,630 for the year ended December 31, 2017 and increased by \$28,446 for the year ended December 31, 2016.

Revenue to the District consisted principally of state hotel and motel sales tax collections, lease income and administrative fee, and pass through funds for various projects the District was involved in. Expenditures for the District consisted primarily of management fees paid to STEDF, which is the management entity for the District, disbursements to St. Tammany Parish Government per the cooperative endeavor agreement, and pass through funds for various projects the District was involved in.

#### **CAPITAL ASSETS**

For the year ended December 31, 2017, capital assets, net of depreciation, increased by \$20,838, which was due to purchases of computers and office equipment.

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

For the fiscal years ended December 31, 2017 and 2016, there were no significant unfavorable variances in the budget.

## **ST. TAMMANY PARISH DEVELOPMENT DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

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#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The District considered many factors when setting the operating budget for its General Fund for the year ending December 31, 2018. The District anticipates an increase in budgeted expenses as a result of taking on the operations previously performed by the St. Tammany Economic Development Foundation, Inc. which dissolved December 31, 2017.

#### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the District's citizens and taxpayers with a general overview of the funds maintained by St. Tammany Parish Development District and to show the accountability for the money it receives. If you have any questions or need additional information, contact the District's office at 21489 Koop Drive, Suite 7, Mandeville, LA 70471.

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

**ST. TAMMANY PARISH DEVELOPMENT DISTRICT**  
**Statements of Net Position**  
**December 31, 2017 and 2016**

|                                     | <b>Governmental Activities</b> |                   |
|-------------------------------------|--------------------------------|-------------------|
|                                     | <b>2017</b>                    | <b>2016</b>       |
| <b>Assets</b>                       |                                |                   |
| <b>Current Assets</b>               |                                |                   |
| Cash and Cash Equivalents           | \$ 505,825                     | \$ 727,937        |
| Investments                         | 1,014                          | 1,005             |
| Accounts Receivable                 | 365,403                        | -                 |
| Prepaid Expenses                    | 2,924                          | -                 |
| Due from the State of Louisiana     | 212,592                        | 305,557           |
| <b>Total Current Assets</b>         | <b>1,087,758</b>               | <b>1,034,499</b>  |
| <b>Capital Assets</b>               |                                |                   |
| Office Furniture and Equipment, Net | 20,838                         | -                 |
| Land                                | 400,000                        | 400,000           |
| <b>Total Capital Assets</b>         | <b>420,838</b>                 | <b>400,000</b>    |
| <b>Total Assets</b>                 | <b>1,508,596</b>               | <b>1,434,499</b>  |
| <b>Liabilities</b>                  |                                |                   |
| Accounts Payable                    | 10,977                         | 128,657           |
| Unearned Revenue, Net               | 277,696                        | 250,088           |
| Due to St. Tammany Parish           | 22,345                         | 126,806           |
| <b>Total Liabilities</b>            | <b>311,018</b>                 | <b>505,551</b>    |
| <b>Net Position</b>                 |                                |                   |
| Net Investment in Capital Assets    | 420,838                        | 400,000           |
| Unrestricted                        | 776,740                        | 528,948           |
| <b>Total Net Position</b>           | <b>\$ 1,197,578</b>            | <b>\$ 928,948</b> |

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

**ST. TAMMANY PARISH DEVELOPMENT DISTRICT**  
**Statements of Activities**  
**For the Years Ended December 31, 2017 and 2016**

|  | <b>Governmental Activities</b> |                   |
|--|--------------------------------|-------------------|
|  | <b>2017</b>                    | <b>2016</b>       |
| <b>Expenses</b>                        |                                |                   |
| Economic Development Support           | \$ 679,440                     | \$ 703,880        |
| Service Fees                           | 215,500                        | 280,500           |
| Legal and Professional                 | 27,070                         | 6,044             |
| Other                                  | 11,786                         | 7,266             |
| Consulting                             | 11,250                         | -                 |
| Depreciation                           | 595                            | -                 |
| <b>Total Expenses</b>                  | <b>945,641</b>                 | <b>997,690</b>    |
| <b>Program Revenues</b>                |                                |                   |
| Contributions                          | 244,030                        | -                 |
| Service Fee Revenue                    | 215,500                        | 280,500           |
| Lease Income and Administrative Fees   | 167,170                        | 183,258           |
| Bond Closing Fee                       | 58,492                         | 76,560            |
| Other Income                           | 1,295                          | 1,662             |
| <b>Total Program Revenues</b>          | <b>686,487</b>                 | <b>541,980</b>    |
| <b>Net Expense</b>                     | <b>(259,154)</b>               | <b>(455,710)</b>  |
| <b>General Revenues</b>                |                                |                   |
| Hotel/Motel Tax Revenue, Net           | 527,784                        | 484,156           |
| <b>Change in Net Position</b>          | <b>268,630</b>                 | <b>28,446</b>     |
| <b>Net Position, Beginning of Year</b> | <b>928,948</b>                 | <b>900,502</b>    |
| <b>Net Position, End of Year</b>       | <b>\$ 1,197,578</b>            | <b>\$ 928,948</b> |

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

**FUND FINANCIAL STATEMENTS  
GOVERNMENTAL FUND**

**ST. TAMMANY PARISH DEVELOPMENT DISTRICT**  
**Balance Sheets**  
**Governmental Fund**  
**December 31, 2017 and 2016**

|   | <b>General Fund</b> |                     |
|---|---------------------|---------------------|
|   | <b>2017</b>         | <b>2016</b>         |
| <b>Assets</b>   |                     |                     |
| Cash and Cash Equivalents   | \$ 505,825          | \$ 727,937          |
| Investments   | 1,014               | 1,005               |
| Accounts Receivable   | 365,403             | -                   |
| Prepaid Insurance   | 2,924               | -                   |
| Due from the State of Louisiana   | 212,592             | 305,557             |
| <b>Total Assets</b>   | <b>\$ 1,087,758</b> | <b>\$ 1,034,499</b> |
| <b>Liabilities</b>  |                     |                     |
| Accounts Payable  | \$ 10,977           | \$ 128,657          |
| Unearned Revenue, Net   | 277,696             | 250,088             |
| Due to St. Tammany Parish   | 22,345              | 126,806             |
| <b>Total Liabilities</b>  | <b>311,018</b>      | <b>505,551</b>      |
| <b>Fund Balance</b>   |                     |                     |
| Unassigned  | 776,740             | 528,948             |
| <b>Total Fund Balance</b>   | <b>776,740</b>      | <b>528,948</b>      |
| <b>Total Liabilities and Fund Balance</b>   | <b>\$ 1,087,758</b> | <b>\$ 1,034,499</b> |
| <b>Reconciliation of the Governmental Fund Balance Sheets to the Statements of Net Position</b>                           |                     |                     |
| Total Fund Balance  | \$ 776,740          | \$ 528,948          |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 420,838             | 400,000             |
| <b>Net Position of Governmental Activities</b>  | <b>\$ 1,197,578</b> | <b>\$ 928,948</b>   |

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

**ST. TAMMANY PARISH DEVELOPMENT DISTRICT**  
**Statements of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Fund**  
**For the Years Ended December 31, 2017 and 2016**

|  | <b>General Fund</b> |                   |
|--|---------------------|-------------------|
|  | <b>2017</b>         | <b>2016</b>       |
| <b>Revenues</b>                        |                     |                   |
| Hotel/Motel Tax Revenue, Net           | 527,784             | \$ 484,156        |
| Contributions                          | 240,373             | -                 |
| Service Fee Revenue                    | 215,500             | 280,500           |
| Lease Income and Administrative Fees   | 167,170             | 183,258           |
| Bond Closing Fees                      | 58,492              | 76,560            |
| Other Income                           | 1,295               | 1,662             |
| <b>Total Revenues</b>                  | <b>1,210,614</b>    | <b>1,026,136</b>  |
| <b>Expenditures</b>                    |                     |                   |
| Economic Development Support           | 679,440             | 703,880           |
| Service Fees                           | 215,500             | 280,500           |
| Legal and Professional                 | 27,070              | 6,044             |
| Capital Outlay                         | 17,776              | -                 |
| Other                                  | 11,786              | 7,266             |
| Consulting                             | 11,250              | -                 |
| <b>Total Expenditures</b>              | <b>962,822</b>      | <b>997,690</b>    |
| <b>Net Change in Fund Balance</b>      | <b>247,792</b>      | <b>28,446</b>     |
| <b>Fund Balance, Beginning of Year</b> | <b>528,948</b>      | <b>500,502</b>    |
| <b>Fund Balance, End of Year</b>       | <b>\$ 776,740</b>   | <b>\$ 528,948</b> |

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

**ST. TAMMANY PARISH DEVELOPMENT DISTRICT**  
**Reconciliation of the Statements of Revenues, Expenditures,**  
**and Changes in Fund Balance of the Governmental Fund to the**  
**Statements of Activities**  
**For the Years Ended December 31, 2017 and 2016**

|   | 2017              | 2016             |
|---|-------------------|------------------|
| Net Change in Fund Balance - Total Governmental Fund  | \$ 247,792        | \$ 28,446        |
| <p>Amounts reported for governmental activities in the statement of activities are different because:</p>   |                   |                  |
| <p>Governmental funds report capital outlays as expenditures. However, in the statements of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p> |                   |                  |
|   | 20,838            | -                |
| <b>Change in Net Position of Governmental Activities</b>  | <b>\$ 268,630</b> | <b>\$ 28,446</b> |

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

# ST. TAMMANY PARISH DEVELOPMENT DISTRICT

## Notes to Financial Statements

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### Note 1. Summary of Significant Accounting Policies

#### Organization

St. Tammany Parish Development District (the District) was established for the purpose of promoting and encouraging the development of economic and industrial opportunities, stimulating the economy, and utilizing and developing the natural and human resources of St. Tammany Parish. The District was created by the State of Louisiana Revised Statutes 33.130.401 to 33.130.409. It was reestablished as a separate political body under the provisions of Article VI, Section 44 of the Constitution of Louisiana. The District is governed by a Board of Commissioners (the Board), consisting of thirteen voting members, appointed by the St. Tammany Parish President, St. Tammany Parish, and St. Tammany Economic Development Foundation. Effective January 1, 2018, the statutes were amended so that board members are nominated by the District and submitted to the St. Tammany Parish Council for approval. Commissioners will now serve 3-year terms and the number of board members was reduced from 13 to 11.

#### The Reporting Entity

Governmental accounting standards established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. A component unit is a government that is financially accountable to another government or one for which another government can exert influence over its budget and operations. As St. Tammany Parish appoints a majority of the District's Commissioners, the District is considered to be a component unit of St. Tammany Parish. The District has one component unit, St. Tammany Development Foundation, which is a dormant entity.

#### Basic Financial Statements - Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. There were no activities of the District categorized as business-type activities.

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

#### Basic Financial Statements - Fund Financial Statements

The District uses fund accounting to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

# ST. TAMMANY PARISH DEVELOPMENT DISTRICT

## Notes to Financial Statements

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### **Basic Financial Statements - Fund Financial Statements (Continued)**

Funds are ordered into three major categories: governmental, proprietary, and fiduciary, which are grouped by fund type in the financial statements. Governmental fund types are those through which general governmental functions of the District are financed. The acquisition, use, and balances of the District's expendable financial resources and the related liabilities are accounted for through governmental funds. The General Fund, the main operating fund of the District, is used to account for all financial resources.

#### **Basis of Accounting**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

#### **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. State law and the District's investment policy allow the entity to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

#### **Receivables**

All receivables are shown net of an allowance for uncollectibles. Intergovernmental receivables represent amounts due from the State for hotel/motel tax revenue. The District believes that all receivables are collectible at December 31, 2017 and December 31, 2016.

# ST. TAMMANY PARISH DEVELOPMENT DISTRICT

## Notes to Financial Statements

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### Capital Assets

Capital assets, which include land and office furniture and equipment, are reported in the government-wide financial statements. Capital assets are capitalized at historical cost. Donated assets, if any, are recorded as capital assets at their estimated fair market value at the date of donation. Capital assets of the governmental funds are recorded as expenditures at the time they are purchased or constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets, except for land, are defined by the District as assets with an initial individual cost of more than \$1,000. Land is not depreciated. Office furniture and equipment is depreciated using the straight-line method over useful lives of 5 - 7 years.

#### Use of Estimates

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

#### Fund Balance

In fund financials, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components, as follows:

- *Nonspendable* - Consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- *Restricted* - Consists of amounts with constraints either by third-parties (bond creditors) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the District to assess or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used for the specific purposes stipulated in the legislation.
- *Committed* - Consists of the amounts used for specific purposes pursuant to constraints imposed by formal action of the District's Board. Those committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed previously to commit those amounts.

# ST. TAMMANY PARISH DEVELOPMENT DISTRICT

## Notes to Financial Statements

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### Fund Balance (Continued)

- *Assigned* - Consists of amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed.
- *Unassigned* - Consists of amounts that have not been restricted, committed, or assigned to specific purposes within the General Fund. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources (committed, assigned, and unassigned).

#### Net Position

State and local governments enter into transactions that result in the consumption or acquisition of net position in one period that are applicable to future periods. Governmental Accounting Standards Board (GASB) Statement No. 63 requires that deferred outflows of resources should be reported in the statement of net position in a separate section following assets, and deferred inflows of resources should be reported in a separate section following liabilities.

Net position represents the difference between assets, deferred outflows, liabilities, and deferred inflows. Net position should be displayed in three components: *net investment in capital assets*, consisting of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets; *restricted*, distinguishing between major categories of restrictions and consisting of restricted assets reduced by liabilities and deferred inflows of resources related to those assets; and *unrestricted*, consisting of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

### Note 2. Stewardship, Compliance, and Accountability

In accordance with the Louisiana Local Government Budget Act, the procedures used by the District in establishing the budgetary data include public notices of the proposed budget, public inspections, and public hearings. The District then legally adopts the budget. Budgeted amounts for the General Fund included in the accompanying schedules are as amended by the District for the years 2017 and 2016, on March 8, 2018 and February 9, 2017, respectively.

## ST. TAMMANY PARISH DEVELOPMENT DISTRICT

### Notes to Financial Statements

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#### Note 3. Cash and Cash Equivalents

At December 31, 2017 and 2016, the District had cash and cash equivalents (book balances) totaling \$505,825 and \$727,937, respectively, which were demand deposits at a local financial institution. 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 fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2017 and 2016, the District had \$506,170 and \$725,957, respectively, in deposits (collected bank balances). These deposits were secured from risk by \$250,000 of federal deposit insurance and \$256,170 and \$475,957, of pledged securities held by the custodial bank as of December 31, 2017 and 2016, respectively.

#### Note 4. Investments

At December 31, 2017 and 2016, the District had investments of \$1,014 and \$1,005, respectively, which are stated at market using published quotes and consist entirely of investments in the Louisiana Asset Management Pool, Inc. (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.126, the investment in LAMP is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in a pool of funds and, therefore, not evidenced by securities that exist in physical or book-entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LRS 33:2955.

GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments.

## ST. TAMMANY PARISH DEVELOPMENT DISTRICT

### Notes to Financial Statements

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#### Note 4. Investments (Continued)

LAMP is a money market-like investment pool. The following facts are relevant for money market-like investment pools:

- *Credit risk:* LAMP is rated AAAM by Standard & Poor's.
- *Custodial credit risk:* LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- *Concentration of credit risk:* Pooled investments are excluded from the 5 percent disclosure requirement.
- *Interest rate risk:* LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments was 43, as of December 31, 2017.
- *Foreign currency risk:* Not applicable to money market-like pools.

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares. LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

If you have any questions, please feel free to contact the LAMP administrative office at 800-249-5267.

#### Note 5. Receivables

Receivables of \$365,403 were recorded at December 31, 2017, which consist of administration fees of \$125,170 and a contribution from St. Tammany Economic Development Foundation in the amount of \$240,233. Due from the State of Louisiana was \$212,592 and \$305,557, respectively, for hotel/motel tax revenue. Management of the District considers these receivables to be fully collectible.

## ST. TAMMANY PARISH DEVELOPMENT DISTRICT

### Notes to Financial Statements

#### Note 6. State Act Income and Unearned Income

For the years ended December 31, 2017 and 2016, the District received hotel/motel taxes which were appropriated by the State. These revenues are recorded net of payments to St. Tammany Parish under the cooperative endeavor agreement as follows:

|  | 2017                     | 2016                     |
|--|--------------------------|--------------------------|
| Hotel/Motel Tax Revenue                                | \$ 845,887               | \$ 827,618               |
| Less St. Tammany Parish Cooperative Endeavor Agreement | <u>(318,103)</u>         | <u>(343,462)</u>         |
| <b>Total</b>   | <b><u>\$ 527,784</u></b> | <b><u>\$ 484,156</u></b> |

The District's appropriation for the June 30, 2018 fiscal year is \$836,775. One half of this appropriation is recorded as unearned revenue in the amount of \$418,388, at December 31, 2017, net of St Tammany Parish's portion of \$140,692.

The District's appropriation for the June 30, 2017 fiscal year was \$855,000. One half of this appropriation was recorded as unearned revenue in the amount of \$427,500, at December 31, 2016, net of St. Tammany Parish's portion of \$177,412.

#### Note 7. Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2017, for the District were as follows:

|  | January 1,<br>2017       | Increases               | Decreases          | December 31,<br>2017     |
|--|--------------------------|-------------------------|--------------------|--------------------------|
| Capital Assets Not Being Depreciated         |                          |                         |                    |                          |
| Land   | \$ 400,000               | \$ -                    | \$ -               | \$ 400,000               |
| Total Capital Assets Not Being Depreciated   | <u>400,000</u>           | <u>-</u>                | <u>-</u>           | <u>400,000</u>           |
| Capital Assets Being Depreciated             |                          |                         |                    |                          |
| Office Furniture and Equipment               | -                        | 21,433                  | -                  | 21,433                   |
| Total Capital Assets Being Depreciated       | <u>-</u>                 | <u>21,433</u>           | <u>-</u>           | <u>21,433</u>            |
| Less Accumulated Depreciation for:           |                          |                         |                    |                          |
| Office Furniture and Equipment               | -                        | (595)                   | -                  | (595)                    |
| Total Accumulated Depreciation               | <u>-</u>                 | <u>(595)</u>            | <u>-</u>           | <u>(595)</u>             |
| Total Capital Assets Being Depreciated - Net | <u>-</u>                 | <u>20,838</u>           | <u>-</u>           | <u>20,838</u>            |
| <b>Capital Assets - Net</b>                  | <b><u>\$ 400,000</u></b> | <b><u>\$ 20,838</u></b> | <b><u>\$ -</u></b> | <b><u>\$ 420,838</u></b> |

## ST. TAMMANY PARISH DEVELOPMENT DISTRICT

### Notes to Financial Statements

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#### Note 7. Capital Assets (Continued)

Capital assets and depreciation activity as of and for the year ended December 31, 2016, for the District were as follows:

|  | January 1,<br>2016 | Increases   | Decreases   | December 31,<br>2016 |
|--|--------------------|-------------|-------------|----------------------|
| Capital Assets Not Being Depreciated         |                    |             |             |                      |
| Land   | \$ 400,000         | \$ -        | \$ -        | \$ 400,000           |
| Total Capital Assets Not Being Depreciated   | 400,000            | -           | -           | 400,000              |
| Total Capital Assets Being Depreciated - Net | -                  | -           | -           | -                    |
| <b>Capital Assets - Net</b>                  | <b>\$ 400,000</b>  | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 400,000</b>    |

#### Note 8. Related Party Transactions

The District utilizes the offices and services of St. Tammany Economic Development Foundation (STEDF). STEDF is a non-profit organization established for the purpose of promoting and encouraging economic development within St. Tammany Parish. Many of the District's board members are also active members of STEDF. During the years ended December 31, 2017 and 2016, the District made payments to STEDF of \$679,440 and \$703,880, respectively. At December 31, 2016, there was an amount due to STEDF for economic development support in the amount of \$58,657. During the year ended December 31, 2017, the Board of STEDF voted to dissolve STEDF and donate the remaining assets to the District and another non-profit organization. At December 31, 2017, the District recorded a receivable from STEDF of \$240,233 which represents the remaining unrestricted cash at December 31, 2017.

#### Note 9. Conduit Debt Obligations

The District has issued taxable revenue bonds to provide funding for the construction of facilities for private companies. The bonds are secured by the property and facilities of the private companies. Neither the District nor the State of Louisiana is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

## ST. TAMMANY PARISH DEVELOPMENT DISTRICT

### Notes to Financial Statements

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#### Note 9. Conduit Debt Obligations (Continued)

As of December 31, 2017 and 2016, the following conduit debt obligations were outstanding:

| <b>Series</b> | <b>Issued</b> | <b>Mature</b> | <b>Balance at<br/>December 31,<br/>2017</b> | <b>Balance at<br/>December 31,<br/>2016</b> |
|---------------|---------------|---------------|---|---|
| 2002          | 04/2002       | 07/2022       | \$ 1,960,000                                | \$ 2,360,000                                |
| 2003          | 06/2003       | 08/2023       | 25,000,000                                  | 25,000,000                                  |
| 2006A         | 12/2006       | 12/2036       | 4,770,000                                   | 4,870,000                                   |
| 2008          | 03/2008       | 03/2033       | 6,010,000                                   | 6,275,000                                   |
| 2008          | 04/2008       | 04/2034       | 3,090,000                                   | 3,170,000                                   |
| 2008          | 04/2008       | 07/2038       | 40,570,000                                  | 41,750,000                                  |
| 2011          | 09/2011       | 09/2041       | 72,138,163                                  | 72,138,163                                  |

The District has entered into agreements with two private companies to issue taxable revenue bonds of up to \$207,627,000. At December 31, 2017, no bonds have been issued on these agreements.

#### Note 10. Leases

Pursuant to the taxable revenue bonds described in Note 9, the District has entered into lease agreements with private companies.

The District entered into a Lease Agreement with a private company, dated as of April 1, 2002, in connection with the issuance of \$15,380,000 of bonds issued for the benefit of the company. The Lease expires on the earlier of July 1, 2022, or when the said bonds are retired. Under the Lease, the company is required to make a monthly lease payment to the District equal to \$1,000. Upon payment in full of the bonds, the company has the option to purchase the property financed with the bonds for an amount equal to \$1,000, plus any of the District's fees.

## ST. TAMMANY PARISH DEVELOPMENT DISTRICT

### Notes to Financial Statements

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#### Note 10. Leases (Continued)

The District entered into a Lease Agreement with a private company, dated as of June 1, 2003, in connection with the issuance of \$25 million of bonds issued for the benefit of the company. The Lease expires on the earlier of August 1, 2023, or when the said bonds are retired. Under the Lease, the company is required to pay an annual fee of \$2,500 to the District by April 1<sup>st</sup> of each year, as well as paying the reasonable fees and expenses of the Trustee under the trust indenture under which the bonds are issued. Also, so long as the Lease remains in effect and the project financed with the said bonds is owned by the District, the project is exempt from ad valorem tax. The Lease requires that the company make an annual payment on December 1<sup>st</sup> of each year, through and including December 1, 2022, with a final payment on June 1, 2023, in an amount based on a formula with a minimum of \$55,000 and a maximum of \$75,000. The District is required to pay 80% of this payment to St. Tammany Parish Fire Protection District No. 3 and 20% to St. Tammany Parish Recreation District No. 4. The land upon which this project was constructed was purchased by the company and donated to the District. As the District considers the value of the land to be insignificant, the land has not been recorded as an asset of the District. Upon payment in full of the bonds, the company has the option to purchase the property financed with the bonds for an amount equal to \$1,000, plus any of the District's fees.

The District entered into a Lease Agreement with a private company, dated as of April 1, 2008, in connection with the issuance of \$45 million of bonds issued for the benefit of the company. The Lease expires on the earlier of April 1, 2038, or when the said bonds are retired. Under the Lease, the company is required to pay an annual fee of \$2,500 to the District by February 1<sup>st</sup> of each year, commencing on February 1, 2009, as well as paying the reasonable fees and expenses of the Trustee under the trust indenture under which the bonds are issued. Also, so long as the Lease remains in effect and the project financed with the said bonds is owned by the District, the project is exempt from ad valorem tax. The Lease requires that the company make an annual payment on February 1<sup>st</sup> of each year, through and including February 1, 2024, in the amount of \$50,000, which the District intends to pay to the local fire protection district to defray the costs of fire protection. After February 1, 2024 and until all bonds are retired, the company will make an annual payment in lieu of taxes on February 1<sup>st</sup> of each year in the amount equal to 100% of ad valorem taxes that would otherwise be due with respect to the project which PILOT payment shall be paid directly to the applicable municipal and/or parish tax collector for distribution to the applicable taxing bodies based on their then current millage rates. Upon payment in full of the bonds, the company has the option to purchase the property financed with the bonds for an amount equal to \$1,000, plus any of the District's fees.

## ST. TAMMANY PARISH DEVELOPMENT DISTRICT

### Notes to Financial Statements

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#### Note 10. Leases (Continued)

The District entered into a Lease Agreement with a private company, dated as of September 1, 2011, in connection with the issuance of \$75 million of bonds issued for the benefit of the company (the 2011 Bonds). The Lease expires on the earlier of September 1, 2041, or when the 2011 Bonds are retired. Under the Lease, the company is required to pay an annual fee of \$25,000 to the District by February 1st of each year, as well as paying the reasonable fees and expenses of the Trustee under the trust indenture under which the 2011 Bonds are issued. Also, so long as the Lease remains in effect and the project financed with the 2011 Bonds is owned by the District, the project is exempt from ad valorem tax. The Lease requires that the company make an annual payment on February 1st of each year, through and including February 1, 2032, in the amount of \$75,000, to be distributed by the District to such taxing authorities located in the area of the project, and according to such allocation formula as the District may determine from time to time. The District also entered into a Lease Agreement and Agreement to Issue Bonds with the same private company dated as of June 1, 2015, in connection with the expansion of the company's facility (the 2015 Lease). Although no new bonds were issued, the District agrees in the 2015 Lease to issue bonds in the future under certain circumstances. Under the 2015 Lease, the company is required to continue paying the \$25,000 annual fee described above. Additionally, the 2015 Lease requires that the company make an annual payment on February 1st of each year, through and including February 1, 2032, in the amount of \$15,500, to be distributed to all taxing bodies ratably based on their then current millage rates. After February 1, 2032 and until the 2011 Bonds are retired, the company will make an annual payment in lieu of taxes on February 1st of each year in the amount equal to 100% of ad valorem taxes that would otherwise be due with respect to the project which PILOT payment shall be paid directly to the applicable municipal and/or parish tax collector for distribution to the applicable taxing bodies based on their then current millage rates. Upon payment in full of the 2011 Bonds, the company has the option to purchase the property financed with the 2011 Bonds for an amount equal to \$5,000, plus any of the District's fees

The District has entered into a series of Bareboat Charters and Agreements to Issue Bonds with a private company, and several affiliated companies under common ownership, dated as of December 1, 2011, December 1, 2012, December 1, 2013, December 1, 2014, December 1, 2015, December 1, 2016 and December 31, 2017, in connection with the acquisition by the company of a fleet of approximately 202 vessels (primarily tow boats and barges comprising a portion of the company's total fleet of vessels, of which 9 vessels were repurchased from the District just prior to the end of 2017) used by the company on domestic inland waterways. These agreements expire with respect to each of the vessels on December 31st of the years 2015 through 2027. Under the various agreements, as of December 31, 2016, the company is required to pay an annual fee of \$127,668 to the District by November 1st of each year beginning November 1, 2017 (previous annual fee was \$125,170). Also, so long as the various agreements remain in effect and the vessels are owned by the District, those vessels are exempt from ad valorem tax in St. Tammany Parish. At the end of the respective charter terms, the company has the option to purchase the respective vessels for an amount equal to \$1,000 per vessel, plus any of the District's fees.

**REQUIRED SUPPLEMENTARY INFORMATION (PART II)**

**ST. TAMMANY PARISH DEVELOPMENT DISTRICT**  
**Schedules of Revenues, Expenditures, and**  
**Changes in Fund Balance**  
**Budget and Actual - General Fund**  
**For the Years Ended December 31, 2017 and 2016**

|  | 2017            |                   |                   |   | 2016             |                  |                   |   |
|--|-----------------|-------------------|-------------------|---|------------------|------------------|-------------------|---|
|  | Budget          |                   | Actual            | Variance with<br>Final Budget<br>Favorable<br>(Unfavorable) | Budget           |                  | Actual            | Variance with<br>Final Budget<br>Favorable<br>(Unfavorable) |
|  | Original        | Final             |                   |   | Original         | Final            |                   |   |
| <b>Revenues</b>                            |                 |                   |                   |   |                  |                  |                   |   |
| Hotel/Motel Tax Revenue, Net Contributions | \$ 500,175      | \$ 527,784        | \$ 527,784        | \$ -  | \$ 500,175       | \$ 484,156       | \$ 484,156        | \$ -  |
| Service Fee Revenue                        | 215,500         | 215,500           | 215,500           | -   | 280,500          | 280,500          | 280,500           | -   |
| Lease Income and Administrative Fees       | 167,170         | 167,170           | 170,827           | 3,657   | 183,258          | 183,258          | 183,258           | -   |
| Bond Closing Fees                          | 44,000          | 58,492            | 58,492            | -   | 61,263           | 76,560           | 76,560            | -   |
| Other Income                               | 1,200           | 1,295             | 1,295             | -   | 70               | 1,662            | 1,662             | -   |
| <b>Total Revenues</b>                      | <b>928,045</b>  | <b>1,210,614</b>  | <b>1,214,271</b>  | <b>3,657</b>  | <b>1,025,266</b> | <b>1,026,136</b> | <b>1,026,136</b>  | <b>-</b>  |
| <b>Expenditures</b>                        |                 |                   |                   |   |                  |                  |                   |   |
| Economic Development Support               | 679,440         | 679,440           | 679,440           | -   | 703,880          | 703,880          | 703,880           | -   |
| Service Fees                               | 215,500         | 215,500           | 215,500           | -   | 280,500          | 280,500          | 280,500           | -   |
| Legal and Professional                     | 13,600          | 27,070            | 27,070            | -   | 31,250           | 6,044            | 6,044             | -   |
| Capital Outlay                             | -               | 17,776            | 17,776            | -   | -                | -                | -                 | -   |
| Other                                      | -               | 11,786            | 11,786            | -   | 7,985            | 7,266            | 7,266             | -   |
| Consulting                                 | 12,000          | 11,250            | 11,250            | -   | -                | -                | -                 | -   |
| <b>Total Expenditures</b>                  | <b>920,540</b>  | <b>962,822</b>    | <b>962,822</b>    | <b>-</b>  | <b>1,023,615</b> | <b>997,690</b>   | <b>997,690</b>    | <b>-</b>  |
| <b>Net Change in Fund Balance</b>          | <b>\$ 7,505</b> | <b>\$ 247,792</b> | <b>251,449</b>    | <b>\$ 3,657</b>   | <b>\$ 1,651</b>  | <b>\$ 28,446</b> | <b>28,446</b>     | <b>\$ -</b>   |
| <b>Fund Balance, Beginning of Year</b>     |                 |                   | <b>528,948</b>    |   |                  |                  | <b>500,502</b>    |   |
| <b>Fund Balance, End of Year</b>           |                 |                   | <b>\$ 780,397</b> |   |                  |                  | <b>\$ 528,948</b> |   |

See independent auditor's report.

**OTHER SUPPLEMENTARY INFORMATION**

**ST. TAMMANY PARISH DEVELOPMENT DISTRICT**  
**Schedule of Compensation Paid to Board Members**  
**For the Year Ended December 31, 2017**

| <b>Board Member</b>   | <b>Compensation</b> |
|---|---------------------|
| Bill Davis, Chair<br>1001 Gause Boulevard, Slidell, LA 70458              | \$ -0-              |
| Peter Link, Treasurer<br>728 E. Independence , Covington, LA 70433        | -0-                 |
| Pat Brister<br>P.O. Box 628, Covington, LA 70433                          | -0-                 |
| John J. Zollinger, IV<br>1305 N. Causeway Boulevard, Mandeville, LA 70471 | -0-                 |
| Oscar Hernandez<br>41452 Fritchie Lane, Slidell, LA 70461                 | -0-                 |
| Wynn Williams<br>2077 East Gause Boulevard, Slidell, LA 70461             | -0-                 |
| Bill Newton<br>55140 Garden Drive, Slidell, LA 70460                      | -0-                 |
| Nixon Adams<br>250 Dona Drive, Mandeville, LA 70448                       | -0-                 |
| Bruce Javery<br>35103 Camp Salmen Road, Slidell, LA 70460                 | -0-                 |
| Brenda Bertus<br>21489 Koop Drive, Suite 7, Mandeville, LA 70471          | -0-                 |
| Rick Danielson<br>209 Lamarque Street, Mandeville, LA 70448               | -0-                 |
| Eric Schouest<br>1530 Dove Park Road, Mandeville, LA 70448                | -0-                 |
| Rick Dennie<br>536 Lafitte Street, Mandeville, LA 70448                   | -0-                 |

See independent auditor's report.

**ST. TAMMANY PARISH DEVELOPMENT DISTRICT**  
**Schedule of Compensation, Benefits, and Other Payments**  
**to Agency Head**  
**For the Year Ended December 31, 2017**

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**Agency Head**  
 Bill Davis, President

| <b>Purpose</b>                         | <b>Amount</b> |
|--|---------------|
| Salary                                 | \$0           |
| Benefits - Insurance                   | \$0           |
| Benefits - Retirement                  | \$0           |
| Benefits - Other                       | \$0           |
| Car Allowance                          | \$0           |
| Vehicle Provided by Government         | \$0           |
| Per Diem                               | \$0           |
| Reimbursements                         | \$0           |
| Travel                                 | \$0           |
| Registration Fees                      | \$0           |
| Conference Travel                      | \$0           |
| Continuing Professional Education Fees | \$0           |
| Housing                                | \$0           |
| Unvouchered Expenses                   | \$0           |
| Special Meals                          | \$0           |

See independent auditor's report.

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

Independent Auditor's Report

To the Board of Commissioners  
St. Tammany Parish Development District  
Mandeville, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of St. Tammany Parish Development District (the District), a component unit of St. Tammany Parish, as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 15, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered St. Tammany Parish Development District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of St. Tammany Parish Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of St. Tammany Parish Development District's internal control.

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

Our consideration of internal control over financial reporting 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 Development District'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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "LaPorte".

A Professional Accounting Corporation

Covington, LA  
May 15, 2018