

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

Annual Financial Statements

December 31, 2017



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## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of St. Tammany Parish Fire Protection District No. 7 (the District), a component unit of St. Tammany Parish, Louisiana, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

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

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, beginning on page 5, the budgetary comparison schedule on page 30, and the supplementary schedules required by Governmental Accounting Standards Board (GASB) Statement No. 68 on pages 32 - 33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2018, on our consideration of St. Tammany Parish Fire Protection District No. 7's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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. 7's internal control over financial reporting and compliance.

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

A Professional Accounting Corporation

Covington, LA  
June 8, 2018

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

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

### Management's Discussion and Analysis For the Year Ended December 31, 2017

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Our discussion and analysis of St. Tammany Parish Fire Protection District No. 7's (the District) financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2017.

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

#### Financial Highlights

The financial statements included in this report provide insight into the financial status for the year-end. Based upon the 2017 operations, the District's net position increased by \$166,348 and resulted in an ending net position of \$2,133,588.

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

#### Condensed Statements of Net Position

	2017	2016	Change
<b>Current Assets</b>	<b>\$ 1,069,145</b>	<b>\$ 928,898</b>	<b>\$ 140,247</b>
<b>Capital Assets, Net</b>	<b>1,170,931</b>	<b>1,055,097</b>	<b>115,834</b>
<b>Total Assets</b>	<b>2,240,076</b>	<b>1,983,995</b>	<b>256,081</b>
<b>Deferred Outflows of Resources</b>			
Pension	<b>321,575</b>	<b>12,182</b>	<b>309,393</b>
<b>Current Liabilities</b>	<b>85,204</b>	<b>28,937</b>	<b>56,267</b>
<b>Non-Current Liabilities</b>	<b>324,749</b>	<b>-</b>	<b>324,749</b>
<b>Total Liabilities</b>	<b>409,953</b>	<b>28,937</b>	<b>381,016</b>
<b>Deferred Inflows of Resources</b>			
Pension	<b>18,110</b>	<b>-</b>	<b>18,110</b>
<b>Net Position</b>			
Net Investment in Capital Assets	<b>1,170,931</b>	<b>1,055,097</b>	<b>115,834</b>
Restricted - Debt Service	<b>-</b>	<b>24,305</b>	<b>(24,305)</b>
Unrestricted	<b>962,657</b>	<b>887,838</b>	<b>74,819</b>
<b>Total Net Position</b>	<b>\$ 2,133,588</b>	<b>\$ 1,967,240</b>	<b>\$ 166,348</b>

# ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

## Management's Discussion and Analysis For the Year Ended December 31, 2017

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### Condensed Statements of Activities

	2017	2016	Change
<b>Revenues</b>			
Operating Grants and Contributions	\$ 14,340	\$ 4,666	\$ 9,674
General Revenues	1,277,101	840,067	437,034
<b>Total Revenues</b>	<b>1,291,441</b>	<b>844,733</b>	<b>446,708</b>
<b>Expenses</b>			
Public Safety - Fire Protection	1,125,093	848,948	276,145
<b>Total Expenses</b>	<b>1,125,093</b>	<b>848,948</b>	<b>276,145</b>
<b>Change in Net Position</b>	<b>166,348</b>	<b>(4,215)</b>	<b>170,563</b>
<b>Net Position, Beginning of Year</b>	<b>1,967,240</b>	<b>1,971,455</b>	<b>(4,215)</b>
<b>Net Position, End of Year</b>	<b>\$ 2,133,588</b>	<b>\$ 1,967,240</b>	<b>\$ 166,348</b>

Total expenses for governmental activities were \$1,125,093 for the year, which was \$166,348 less than the taxes, grants, contributions, and investment earnings of \$1,291,441.

The interest earned on checking accounts was \$315 for the year.

### Using This Annual Report

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

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

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

### Management's Discussion and Analysis For the Year Ended December 31, 2017

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

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

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

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

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

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

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

The District uses governmental-type funds. These include the General Fund and Debt Service Fund. Most of the District's services are reported in the General Fund, which focuses on how money flows into and out of that fund and the balance left at year-end that is available for spending. The District's debt activity is reported in the Debt Service Fund. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in a reconciliation of the fund financial statements on page 15. As of December 31, 2017, the District has fully repaid all debt obligations and closed the Debt Service Fund.

#### **The District's Funds**

As previously mentioned, the District uses funds to help control and manage money for particular purposes. At the completion of the year, the District reported total fund balance of \$983,852. This reflects an increase of \$94,442 from last year.

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

### **Management's Discussion and Analysis For the Year Ended December 31, 2017**

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#### **General Fund Budgetary Highlights**

Information on the District's General Fund balance is reported on page 13. The General Fund's budgetary information is reported in the budgetary comparison schedule on page 30.

#### **Capital Assets**

At the end of 2017, the District had \$1,170,931 invested in capital assets, including building, furniture, firefighting equipment, and vehicles, net of accumulated depreciation of \$1,740,056. More detailed information about the District's capital assets is presented in Note 6 to the financial statements.

#### **Economic Factors and Next Year's Budgets and Rates**

Taking all factors into consideration, the District's General Fund balance is expected to remain unchanged by the close of 2018.

#### **Contacting the District's Financial Management**

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

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

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7**  
**Statement of Net Position**  
**December 31, 2017**

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 370,207
Receivables - Ad Valorem Taxes, Net	679,897
Receivables - State Revenue Sharing	14,375
Receivables - LGAP Grant	4,666
Capital Assets, Net of Accumulated Depreciation	<u>1,170,931</u>
<b>Total Assets</b>	<u>2,240,076</u>
<b>Deferred Outflows of Resources</b>	
Deferred Outflows on Pension Obligation	<u>321,575</u>
<b>Liabilities</b>	
Accounts Payable	60,207
Accrued Expenses	24,997
Noncurrent Liabilities	
Net Pension Liability	<u>324,749</u>
<b>Total Liabilities</b>	<u>409,953</u>
<b>Deferred Inflows of Resources</b>	
Deferred Inflows on Pension Obligation	<u>18,110</u>
<b>Net Position</b>	
Net Investment in Capital Assets	1,170,931
Unrestricted	<u>962,657</u>
<b>Total Net Position</b>	<u><u>\$ 2,133,588</u></u>

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

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7**  
**Statement of Activities**  
**For the Year Ended December 31, 2017**

<b>Function/Program</b>	<b>Expenses</b>	<b>Program Revenue Operating Grants and Contributions</b>	<b>Net (Expense) Revenue and Changes in Net Position</b>
<b>Governmental Activities</b>			
Public Safety - Fire Protection	\$ 1,125,093	\$ 14,340	\$ (1,110,753)
<b>Total</b>	<b>\$ 1,125,093</b>	<b>\$ 14,340</b>	<b>(1,110,753)</b>
<b>General Revenues</b>			
Ad Valorem Taxes			766,083
Other Income			333,732
Intergovernmental Revenue			108,011
Fire Insurance Premium Tax			32,558
State Revenue Sharing			21,545
Cell Tower Lease			14,857
Interest			315
<b>Total General Revenues</b>			<b>1,277,101</b>
<b>Change in Net Position</b>			166,348
<b>Net Position, Beginning of Year</b>			<b>1,967,240</b>
<b>Net Position, End of Year</b>			<b>\$ 2,133,588</b>

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

**BASIC FINANCIAL STATEMENTS  
FUND FINANCIAL STATEMENTS**

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2017**

	General Fund	Debt Service Fund	Total Governmental Funds
<b>Assets</b>			
Cash and Cash Equivalents	\$ 370,207	\$ -	\$ 370,207
Receivables - Ad Valorem Taxes, Net	679,897	-	679,897
Receivables - State Revenue Sharing	14,375	-	14,375
Receivables - LGAP Grant	4,666	-	4,666
<b>Total Assets</b>	<b>\$ 1,069,145</b>	<b>\$ -</b>	<b>\$ 1,069,145</b>
<b>Liabilities</b>			
Accounts Payable	\$ 60,207	\$ -	\$ 60,207
Accrued Expenses	24,997	-	24,997
<b>Total Liabilities</b>	<b>85,204</b>	<b>-</b>	<b>85,204</b>
<b>Deferred Inflows of Resources</b>			
Unavailable Ad Valorem Taxes	89	-	89
<b>Fund Balance</b>			
Assigned	50,023	-	50,023
Unassigned	933,829	-	933,829
<b>Total Fund Balance</b>	<b>983,852</b>	<b>-</b>	<b>983,852</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 1,069,145</b>	<b>\$ -</b>	

**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 funds.	1,170,931
Deferred inflows of resources - unavailable ad valorem taxes are not reported on government-wide financial statements.	89
Deferred inflows of resources - pension used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	(18,110)
Deferred outflows of resources - pension used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	321,575
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Net Pension Liability	(324,749)
<b>Net Position of Governmental Activities</b>	<b>\$ 2,133,588</b>

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

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2017**

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>			
Ad Valorem Taxes	\$ 776,545	\$ -	\$ 776,545
Other Income	29,126	-	29,126
Intergovernmental Revenue	108,011	-	108,011
Fire Insurance Premium Tax	32,558	-	32,558
State Revenue Sharing	21,545	-	21,545
Cell Tower Lease	14,857	-	14,857
Interest	315	-	315
<b>Total Revenues</b>	<b>982,957</b>	<b>-</b>	<b>982,957</b>
<b>Expenditures</b>			
Public Safety - Fire Protection			
Salaries and Benefits	474,770	-	474,770
Insurance	165,237	-	165,237
Repairs	67,042	-	67,042
Professional Services	19,825	-	19,825
Utilities	16,267	-	16,267
Fuel	12,289	-	12,289
Dispatching	12,000	-	12,000
Office	5,594	-	5,594
Telephone	3,777	-	3,777
Firefighting Supplies	7,079	-	7,079
Training	1,258	-	1,258
Other	2,866	-	2,866
Capital Outlay	405,117	-	405,117
<b>Total Expenditures</b>	<b>1,193,121</b>	<b>-</b>	<b>1,193,121</b>
<b>Excess of Expenditures Over Revenues Before Other Financing Sources (Uses)</b>	<b>(210,164)</b>	<b>-</b>	<b>(210,164)</b>
<b>Other Financing Sources (Uses)</b>			
Insurance Proceeds	304,606	-	304,606
Transfers Out	-	(24,305)	(24,305)
Transfers In	24,305	-	24,305
<b>Total Other Financing Sources (Uses)</b>	<b>328,911</b>	<b>(24,305)</b>	<b>304,606</b>
<b>Net Change in Fund Balance</b>	<b>118,747</b>	<b>(24,305)</b>	<b>94,442</b>
<b>Fund Balance, Beginning of Year</b>	<b>865,105</b>	<b>24,305</b>	<b>889,410</b>
<b>Fund Balance, End of Year</b>	<b>\$ 983,852</b>	<b>\$ -</b>	<b>\$ 983,852</b>

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

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended December 31, 2017**

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<b>Net Change in Fund Balance - Total Governmental Funds</b>	<b>\$ 94,442</b>
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	115,834
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Governmental funds report retirement contributions as expenditures, but pension expense on the statement of activities includes the change in net pension liability as well as the change in deferred inflows and outflows of resources related to pensions.	(47,806)
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Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Change in Unavailable Ad Valorem Taxes	<u>(10,462)</u>
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<b>Change in Net Position of Governmental Activities</b>	<b><u><u>\$ 152,008</u></u></b>
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The accompanying notes are an integral part of these financial statements.

# ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

## Notes to Financial Statements

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### Note 1. Summary of Significant Accounting Policies

#### **Reporting Entity**

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

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

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

#### **Basis of Presentation**

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

#### **Government-Wide Financial Statements**

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

# ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

## Notes to Financial Statements

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

#### **Basis of Presentation (Continued)**

##### ***Government-Wide Financial Statements (Continued)***

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

##### ***Fund Financial Statements***

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

#### **Measurement Focus/Basis of Accounting**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to the government-wide financial statements. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

### Notes to Financial Statements

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

##### **Measurement Focus/Basis of Accounting (Continued)**

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

The District reports the following major governmental funds:

##### ***General Fund***

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

##### ***Debt Service Fund***

The Debt Service Fund accounts for the repayment of the general obligations. This Fund was closed at the end of the year.

##### **Budgets and Budgetary Accounting**

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

The District's General Fund expenditures of \$1,015,184 (budgetary basis) were \$63,238 less than its budgeted expenditures of \$1,078,422.

##### **Cash and Cash Equivalents and Investments**

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

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

##### **Receivables**

All receivables are reported net of estimated uncollectible amounts. The allowance for uncollectibles was \$31,655, which represents 4% of the total ad valorem tax receivable at December 31, 2017. This estimate is based on the District's history of collections within this revenue stream.

# ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

## Notes to Financial Statements

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

#### Deferred Outflows/Inflows of Resources

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

#### Capital Assets

Capital assets, which include property, equipment, and buildings, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$500 or more for capitalizing capital assets.

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

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

Depreciation expense amounted to \$126,484, for the year ended December 31, 2017.

#### Estimates

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

#### Pensions

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

# ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

## Notes to Financial Statements

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

#### Equity Classifications

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

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

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

In the governmental fund financial statements, fund balances are classified as follows, in accordance with GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*:

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

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

# ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

## Notes to Financial Statements

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

#### Adoption of New Accounting Policies

During the year ended December 31, 2017, the District adopted GASB Statement No. 82 (GASB 82), *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of GASB 82 is to address issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan members) contribution requirements.

#### New Accounting Pronouncements

The GASB issued statement No. 85 (GASB 85), *Omnibus 2017*, in March 2017. The objective of GASB 85 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]). Management is still evaluating the potential impact of adoption on the District's financial statements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017.

The GASB issued statement No. 87 (GASB 87), *Leases*, in June 2017. The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Management is still evaluating the potential impact of adoption on the District's financial statements. This Statement will be effective for the District for the fiscal year ending December 31, 2020.

### Note 2. Interfund Transactions

Interfund transactions consist of interfund transfers. Interfund transfers occurring during the fiscal year ended December 31, 2017, are as follows:

	Transfers from Other Funds	Transfers to Other Funds
General Fund	\$ 24,305	\$ -
Debt Service Fund	-	24,305
	<u>\$ 24,305</u>	<u>\$ 24,305</u>

# ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

## Notes to Financial Statements

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### Note 3. Ad Valorem Taxes

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

The following is a summary of authorized and levied ad valorem taxes for 2017:

<u>Taxes Due for</u>	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Millage Expiration Date</u>
Maintenance	10.00	9.99	2021
Operations and Maintenance	5.00	4.99	2019
Operations and Maintenance	5.21	5.19	2026

### Note 4. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents (carrying value) at December 31, 2017:

<u>Governmental Funds</u>	<u>Amount</u>
Unrestricted Demand Deposits	<u>\$ 370,207</u>

These deposits are stated at cost, which approximates market.

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

*Custodial Credit Risk* - Custodial credit risk is the risk that in the event of a bank failure the District's deposits may not be recovered. The District does not have a policy for custodial risk. At December 31, 2017, the District had \$385,676 in deposits (collected bank balances) of which \$135,676 was exposed to custodial credit risk. However, these deposits were secured from risk by the pledge of securities owned by the fiscal agent bank.

# ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

## Notes to Financial Statements

### Note 5. Fire Insurance Premium Tax

The District is eligible and receives a pro-rata share of the fire insurance premium taxes collected by the State of Louisiana, in accordance with LRS 22:345. The amounts received by the District are based on the population of the areas that it serves. In accordance with the Revised Statutes, such money shall be used only for the purpose of "rendering more efficient and efficacious" fire protection, as the District shall direct. For the year ended December 31, 2017, the District received \$32,558 of such funds.

### Note 6. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 28,400	\$ -	\$ -	\$ 28,400
<b>Capital Assets Being Depreciated</b>				
Buildings and Improvements	681,174	7,000	-	688,174
Firefighting and Rescue Vehicles	1,493,776	274,034	(282,888)	1,484,922
Firefighting Equipment	441,869	122,766	(22,714)	541,921
Computer Equipment	50,324	-	-	50,324
Station Equipment	124,286	-	(7,040)	117,246
<b>Total Capital Assets Being Depreciated</b>	<b>2,791,429</b>	<b>403,800</b>	<b>(312,642)</b>	<b>2,882,587</b>
<b>Less Accumulated Depreciation for:</b>				
Buildings and Improvements	(303,583)	(14,200)	-	(317,783)
Firefighting and Rescue Vehicles	(947,428)	(70,249)	121,406	(896,271)
Firefighting Equipment	(351,956)	(39,024)	22,714	(368,266)
Computer Equipment	(49,979)	(257)	-	(50,236)
Station Equipment	(111,786)	(2,754)	7,040	(107,500)
<b>Total Accumulated Depreciation</b>	<b>(1,764,732)</b>	<b>(126,484)</b>	<b>151,160</b>	<b>(1,740,056)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>1,026,697</b>	<b>277,316</b>	<b>(161,482)</b>	<b>1,142,531</b>
<b>Capital Assets, Net</b>	<b>\$ 1,055,097</b>	<b>\$ 277,316</b>	<b>\$ (161,482)</b>	<b>\$ 1,170,931</b>

### Note 7. Louisiana Firefighters' Retirement System Pension

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

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

### Notes to Financial Statements

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#### Note 7. Louisiana Firefighters' Retirement System Pension (Continued)

##### Plan Description and Provisions

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

##### Eligibility Requirements

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

##### Retirement Benefits

Employees are eligible to retire at or after age 55 with at least 12 years of creditable service 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 and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

##### Deferred Retirement Option Plan

After completing 20 years of creditable service at age 50 or 25 years at any age, a member may elect to participate in the deferred retirement option plan (DROP) for up to 36 months. Upon commencement of participation in the deferred retirement option plan, employer and employee contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the deferred retirement option plan account.

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

**Notes to Financial Statements**

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**Note 7. Louisiana Firefighters' Retirement System Pension (Continued)**

**Deferred Retirement Option Plan (Continued)**

Upon termination of employment, a participant in the program shall receive, at his option, a lump-sum payment from the account or an annuity based on the deferred retirement option plan account balance in addition to his regular monthly benefit. If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to the System. No payments may be made from the deferred retirement option plan account until the participant retires.

**Initial Benefit Option Plan**

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

**Employer Contributions**

Employer contributions are actuarially determined each year. For the plan year ended June 30, 2017, employer and employee contributions for members above the poverty line were 25.25% and 10.0%, respectively. For the plan year ending June 30, 2018, employer and employee contributions for members above the poverty line are 26.50% and 10.0%, respectively.

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

At December 31, 2017, the District reported a liability of \$324,749 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and was determined by actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all governments, actuarially determined. At June 30, 2017, the District's proportion was .056657%.

For the year ended December 31, 2017, the District recognized pension expense of \$102,129. At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources relative to its pension from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ -	\$ 18,110
Net Difference between Projected and Actual Earnings on Pension Plan Investments	27,938	-
Changes in Proportion	251,230	-
Changes in Assumptions	13,506	-
District Contributions Subsequent to the Measurement Date	28,901	-
<b>Total</b>	<b>\$ 321,575</b>	<b>\$ 18,110</b>

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7

Notes to Financial Statements

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Note 7. Louisiana Firefighters' Retirement System Pension (Continued)

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

In the year ended December 31, 2018, \$28,901 reported as deferred outflows of resources related to the District's contributions subsequent to the measurement date will be recognized. Other amounts reported as deferred inflows of resources and deferred outflows of resources will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2018	\$ 53,139
2019	58,733
2020	46,338
2021	31,625
2022	42,099
2023	<u>42,630</u>
<b>Total</b>	<b><u>\$ 274,564</u></b>

**Actuarial Assumptions**

A summary of the actuarial methods and assumptions used in determining net pension liability as of December 31, 2017, are as follows:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal Cost
Expected Remaining Service Lives	7 Years
Investment Return	7.40%
Inflation Rate	2.775%
Salary Increases	Vary from 15.0% in the first two years of service to 4.75% after 25 years
Cost-of-Living Adjustments	Only those previously granted

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

**Notes to Financial Statements**

**Note 7. Louisiana Firefighters' Retirement System Pension (Continued)**

**Actuarial Assumptions (Continued)**

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. Annuity values calculated based on this mortality were compared to those produced by using a set-back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate 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 8.29%, as of June 30, 2017.

Best estimates of real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2017, are summarized in the following table:

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

**Sensitivity to Changes in Discount Rate**

The following presents the net pension liability of the District using the discount rate of 7.40% as well as what the liability would be if it were calculated using a discount rate that is one percentage point lower (6.40%) or one percentage point higher (8.40%) than the current rate:

	<b>1% Decrease (6.40%)</b>	<b>Current Discount Rate (7.40%)</b>	<b>1% Increase (8.40%)</b>
District's Proportionate Share of the Net Pension Liability	\$ 466,652	\$ 324,749	\$ 205,460

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

### Notes to Financial Statements

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#### **Note 8. Deferred Compensation Plan**

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

#### **Note 9. Risk Management**

The District is exposed to various risks of loss related to workers' compensation; torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters, for which the District carries commercial insurance. The District had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

**REQUIRED SUPPLEMENTARY INFORMATION (PART II)**

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7**  
**Schedule of Revenues, Expenditures, and Changes in Fund**  
**Balance - Budget and Actual (Cash Basis) - General Fund**  
**For the Year Ended December 31, 2017**

	<u>Budgetary Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Ad Valorem Taxes	\$ 685,000	\$ 772,306	\$ 782,769	\$ 10,463
Other Income	-	29,295	29,226	(69)
Fire Insurance Premium Tax	30,000	32,558	32,558	-
State Revenue Sharing	18,000	21,545	21,545	-
Cell Tower Lease	14,424	17,333	14,857	(2,476)
Interest	150	375	399	24
<b>Total Revenues</b>	<b>747,574</b>	<b>873,412</b>	<b>881,354</b>	<b>7,942</b>
<b>Expenditures</b>				
Public Safety - Fire Protection				
Salaries and Benefits	561,294	561,294	498,407	62,887
Insurance	55,000	55,000	107,106	(52,106)
Repairs	30,000	51,156	67,042	(15,886)
Professional Services	21,800	20,723	19,825	898
Utilities	15,180	15,180	16,267	(1,087)
Fuel	20,000	20,000	12,289	7,711
Dispatching	12,000	12,000	12,000	-
Office	9,900	9,900	6,651	3,249
Telephone	7,800	7,800	3,777	4,023
Firefighting Supplies	3,600	3,600	7,079	(3,479)
Training	6,500	6,500	1,258	5,242
Other	-	2,277	3,133	(856)
Capital Outlay	4,500	312,992	260,350	52,642
<b>Total Expenditures</b>	<b>747,574</b>	<b>1,078,422</b>	<b>1,015,184</b>	<b>63,238</b>
<b>Excess of Expenditures Over Revenues Before Other Financing Sources (Uses)</b>	<b>-</b>	<b>(205,010)</b>	<b>(133,830)</b>	<b>71,180</b>
<b>Other Financing Sources (Uses)</b>				
Insurance Proceeds	-	304,606	304,606	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>304,606</b>	<b>304,606</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ 99,596</b>	<b>170,776</b>	<b>\$ 71,180</b>
<b>Fund Balance, Beginning of Year</b>			<b>199,431</b>	
<b>Fund Balance, End of Year</b>			<b>\$ 370,207</b>	

See independent auditor's report.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7**  
**Schedule of Revenues, Expenditures, and Changes in Fund**  
**Balance - Budget and Actual (Cash Basis) - General Fund (Continued)**  
**For the Year Ended December 31, 2017**

**Note A. Reconciliation of Cash Basis to GAAP Basis**

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

	Actual Amounts (Budgetary Basis)	Budget to GAAP Adjustments	Actual Amounts GAAP Basis
<b>Revenues</b>			
Ad Valorem Taxes	\$ 782,769	\$ (6,224)	\$ 776,545
Intergovernmental Revenue	-	108,011	108,011
Other Income	29,226	(100)	29,126
Fire Insurance Premium Tax	32,558	-	32,558
State Revenue Sharing	21,545	-	21,545
Cell Tower Lease	14,857	-	14,857
Interest	399	(84)	315
<b>Total Revenues</b>	<b>881,354</b>	<b>101,603</b>	<b>982,957</b>
<b>Expenditures</b>			
Public Safety - Fire Protection			
Salaries	498,407	(23,637)	474,770
Insurance	107,106	58,131	165,237
Repairs	67,042	-	67,042
Professional Services	19,825	-	19,825
Utilities	16,267	-	16,267
Fuel	12,289	-	12,289
Dispatching	12,000	-	12,000
Office	6,651	(1,057)	5,594
Telephone	3,777	-	3,777
Firefighting Supplies	7,079	-	7,079
Training	1,258	-	1,258
Other	3,133	(267)	2,866
Capital Outlay	260,350	144,767	405,117
<b>Total Expenditures</b>	<b>1,015,184</b>	<b>177,937</b>	<b>1,193,121</b>
<b>Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)</b>	<b>(133,830)</b>	<b>(76,334)</b>	<b>(210,164)</b>
<b>Other Financing Sources (Uses)</b>			
Insurance Proceeds	304,606	-	304,606
Transfers Out	-	-	-
Transfers In	-	24,305	24,305
<b>Total Other Financing Sources (Uses)</b>	<b>304,606</b>	<b>24,305</b>	<b>328,911</b>
<b>Net Change in Fund Balance</b>	<b>170,776</b>	<b>(52,029)</b>	<b>118,747</b>
<b>Fund Balance, Beginning of Year</b>	<b>199,431</b>	<b>665,674</b>	<b>865,105</b>
<b>Fund Balance, End of Year</b>	<b>\$ 370,207</b>	<b>\$ 613,645</b>	<b>\$ 983,852</b>

See independent auditor's report.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7**  
**Schedule of District's Proportionate Share of the**  
**Net Pension Liability**  
**For the Year Ended December 31, 2017**

	<b>2017</b>	<b>2016</b>
District's Portion of the Net Pension Liability	0.056657%	**
District's Proportionate Share of the Net Pension Liability	\$ 324,749	**
District's Covered Payroll	\$ 140,675	\$ -
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	230.85%	**
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.55%	**

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

\*\* Not readily determinable in the year 2016. See Note 7.

See independent auditor's report.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7**  
**Schedule of District's Contributions**  
**For the Year Ended December 31, 2017**

	<b>2017</b>	<b>2016</b>
Contractually Required Contribution	\$ 57,499	\$ 12,182
Contributions in Relation to the Contractually Required Contribution	<u>(57,499)</u>	<u>(12,182)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 202,110	\$ 48,246
Contributions as a Percentage of Covered Payroll	28.45%	25.25%

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

See independent auditor's report.

**OTHER SUPPLEMENTARY INFORMATION**

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7**  
**Schedule of Governing Board**  
**For the Year Ended December 31, 2017**

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<b><u>Board of Commissioners</u></b>	<b><u>Compensation</u></b>
Charles Graves, Chairman 34695 Edgar Kennedy Road Pearl River, LA 70452 (985) 863-2901	\$ 1,400
Albert Hollie 75309 Hollie Road Pearl River, LA 70452 (985) 863-9319	\$ 1,400
David Howell 73320 Bud Howell Road Pearl River, LA 70452 (985) 863-5587	\$ 1,400
Larry O'Berry 37089 Howard O'Berry Road Pearl River, LA 70452 (985) 863-5481	\$ 1,300
Eddie Smith, Sr. 73456 Highway 41 Pearl River, LA 70452 (985) 863-2457	\$ 1,300

See independent auditor's report.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 7**  
**Schedule of Compensation, Benefits and Other Payments**  
**to Agency Head**  
**For the Year Ended December 31, 2017**

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**Agency Head**  
**Chief Gary Whitehead**

<b>Purpose</b>	<b>Amount</b>
Salary	\$76,510 *
Benefits - Insurance	\$7,288 **
Benefits - Retirement	\$19,689 ***
Benefits - Other	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$1,200
Travel	\$0
Registration Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

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

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

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

See independent auditor's report.

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

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of St. Tammany Parish Fire Protection District No. 7 (the District) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 8, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

### **Compliance and Other Matters**

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

A Professional Accounting Corporation

Covington, LA  
June 8, 2018

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

**Schedule of Findings and Responses  
For the Year Ended December 31, 2017**

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**Part I - Summary of Auditor's Results**

Financial Statements

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

Federal Awards

No applicable.

**Part II - Findings Related to the Financial Statements**

None.

**Part III - Compliance and Other Matters**

Compliance

None.

Other Matter

None.

## **AGREED-UPON PROCEDURES REPORT**

St. Tammany Parish Fire Protection District No. 7

Independent Accountant's Report  
On Applying Agreed-Upon Procedures

**For the Period of January 1, 2017 - December 31, 2017**

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

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

Management of St. Tammany Parish Fire Protection District No. 7 (the District), a component unit of St. Tammany Parish, Louisiana, is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. These procedures were agreed to by management of the District and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the District's compliance with certain laws and regulations during the period of January 1, 2017 through December 31, 2017, in accordance with Act 774 of 2014 Regular Legislative Session. The sufficiency of these procedures is solely the responsibility of the District and the Legislative Auditor. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated results are as follows:

### ***Payroll and Personnel (Leave Follow-Up)***

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1. Obtain the entity's written policies and procedures and report whether those procedures address the "pay out" of unused leave balances upon employment termination.

Results: We obtained the District's written policies and procedures for Payroll and Personnel and noted the procedures address the "pay out" of unused leave balances upon employment termination.

### Credit Cards/Debit Cards/Fuel Cards/P-Cards

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1. Obtain the entity's written policies and procedures over credit cards, bank debit cards, fuel cards, and P-cards (cards) (or report that the entity does not have any written policies and procedures over cards) and report whether those written policies and procedures address the following:
  - a) How cards are to be controlled, including procedures for lost cards, removal of signatory authorization upon employment termination, and approval required to open an account;
  - b) Allowable business uses, including a prohibition on cash advances;
  - c) Documentation requirements, including procedures for lost receipts;
  - d) Required approvers and authorized users; and
  - e) Monitoring card usage.

Results: We obtained the District's written policies and procedures for Credit Cards and noted the procedures contain all requirements except for removal of signatory authorization upon employment termination, and approval required to open an account, prohibition on cash advances, and required approvers and authorized users.

2. Obtain from management a listing of all active cards, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Results: We obtained from management a listing of all active cards, including the card numbers and the names of the persons who maintained possession of the cards and management's representation that the listing is complete.

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

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each 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 card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
- b) Report whether finance charges and/or late fees were assessed on the selected statements.

Results: We obtained the monthly statements with the largest activity for each credit card. We noted each statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

4. Using the monthly statements or combined statements selected under #3 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e., each of the 10 cards should have one month of transactions subject to testing).
  - a) For each transaction, report whether the transaction is supported by:
    - An original itemized receipt that identifies precisely what was purchased (or equivalent documentation for fuel card purchases). *In the absence of an original itemized receipt, equivalent documentation is acceptable for fuel card purchases only. Acceptable forms of equivalent documentation would include evidence that the authorized card holder(s) reviewed and approved the accuracy of transactions on the fuel card statement, in writing, prior to payment.*
    - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
    - Other documentation that may be required by written policy (e.g., purchase order, written authorization).
  - b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e., transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
  - c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g., cash advances or non-business purchases, regardless of whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Results: We obtained the monthly statements with the largest activity for each credit card and tested all transactions on each statement. Each transaction tested presented no exceptions to the requirements for 4a, 4b, and 4c.

#### **Disbursements - General (follow-up)**

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1. Obtain the entity's written policies and procedures over purchasing and disbursements (or report that the entity does not have any written policies and procedures over purchasing and disbursements) and report whether those written policies and procedures address (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; (5) documentation required to be maintained for all bids and price quotes; and (6) the processing, reviewing, and approving of disbursements.

Results: We obtained the District's written policies and procedures over purchasing and disbursements and we noted all requirements were present with the exception of (2) how vendors are added to the vendor list.

The agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion. 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 use of management of St. Tammany Parish Fire Protection District No. 7 and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

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

A Professional Accounting Corporation

Covington, LA  
June 8, 2018