

ANNUAL FINANCIAL REPORT
ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2017



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
St. Tammany Parish Fire Protection District No. 1
Slidell, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the St. Tammany Parish Fire Protection District No. 1 (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 as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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



To the Board of Commissioners
St. Tammany Parish Fire Protection District No. 1
April 25, 2018

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 St. Tammany Parish Fire Protection District No. 1, 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, statement of revenues, expenditures, and changes in fund balance - budget to actual - governmental fund, schedule of proportionate share of the net pension liability, the schedule of contributions-retirement plan, and the related notes to the required supplementary information on pages 4 through 8 and 32 through 36 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 St. Tammany Parish Fire Protection District No. 1's basic financial statements. The accompanying Schedule of Compensation Paid to Board Members and Schedule of Compensation, Benefits, and Other Payments to Agency Head are presented for purposes of additional analysis as required by the *Louisiana Governmental Audit Guide* and Act 706 of the 2014 Louisiana Legislative Session and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.



ERICKSEN KRENTEL LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Board of Commissioners
St. Tammany Parish Fire Protection District No. 1
April 25, 2018

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 information is 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 a report dated April 25, 2018, on our consideration of St. Tammany Parish Fire Protection District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering St. Tammany Parish Fire Protection District No. 1's internal control over financial reporting and compliance.

April 25, 2018
Mandeville, Louisiana

Erickson Krentel LLP

Certified Public Accountants

REQUIRED SUPPLEMENTAL INFORMATION

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
SLIDELL, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017

This section of the St. Tammany Parish Fire Protection District No. 1's (the District) annual financial report presents management's analysis of the District's financial performance for the year ended December 31, 2017. This analysis should be read in conjunction with the audited financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

1. The District's net position increased by \$2,203,489.
2. The general revenues of the District were \$23,213,699.
3. The total expenses of the District were \$21,010,210.

OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of two sections: Management's Discussion and Analysis and audited financial statements. The financial statements also include notes that provide additional detail of the information included in the financial statements.

BASIC FINANCIAL STATEMENTS

The financial statements of the District report information about the District using accounting methods similar to those used by private companies. These financial statements provide financial information about the activities of the District.

The Statement of Net Position presents information that includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating.

The Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities presents information on how the District's net position changed as a result of current period operations.

The following pages present condensed financial information of the District.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
SLIDELL, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017

SUMMARY OF NET POSITION
AS OF DECEMBER 31, 2017 AND 2016

<u>ASSETS</u>		December 31,	December 31,
		2017	2016
Current assets		\$ 31,347,331	\$ 30,475,577
Capital assets, net of accumulated depreciation		<u>14,136,233</u>	<u>12,225,046</u>
Total assets		<u>45,483,564</u>	<u>42,700,623</u>
Deferred outflows of resources		<u>4,950,014</u>	<u>8,207,757</u>
<u>LIABILITIES</u>			
Current liabilities		1,188,823	963,088
Long term liabilities		<u>23,692,297</u>	<u>26,782,656</u>
Total liabilities		<u>24,881,120</u>	<u>27,745,744</u>
Deferred inflows of resources		<u>1,534,313</u>	<u>1,347,980</u>
<u>NET POSITION</u>			
Net investment in capital assets		12,046,431	9,798,626
Restricted for:			
Fire protection		11,566,600	11,604,662
Debt service		<u>405,114</u>	<u>411,368</u>
Total net position		<u>\$ 24,018,145</u>	<u>\$ 21,814,656</u>

Total assets increased by \$2,782,941 (7%) primarily due to construction and purchases of capital assets and net income in 2017. The decrease in deferred outflows of resources of \$3,257,743 (40%) is primarily due to a current year deferred inflow of resources from the difference between expected and actual return on investments in the District's multiple employer pension plan. Total liabilities decreased by \$2,864,624 (10%) primarily due to a decrease in the District's net pension liability as reported in its pension plan's audited financial statements. The increase in deferred inflows of \$186,333 (14%) is primarily due to differences between expected and actual experiences. Net position increased by \$2,203,489 (10%) as a result of operations.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
SLIDELL, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017

SUMMARY OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>December 31,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
General revenues	\$ 23,213,699	\$ 22,862,200
Expenditures/ expenses	<u>(21,010,210)</u>	<u>(21,212,911)</u>
Change in net position	<u>\$ 2,203,489</u>	<u>\$ 1,649,289</u>
Ending net position	<u>\$ 24,018,145</u>	<u>\$ 21,814,656</u>

The change in net position increased by \$554,200 (34%), primarily due to increases in property tax revenues and stable personnel costs.

CAPITAL ASSETS

The following table presents the major categories of capital assets, net of accumulated depreciation:

	<u>December 31,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
Land	\$ 850,821	\$ 850,821
Buildings and improvements	6,123,256	6,002,821
Equipment	3,385,944	3,109,969
Computers	412,630	399,644
Vehicles	11,160,385	9,625,887
Construction in progress	<u>964,812</u>	<u>-</u>
	22,897,848	19,989,142
Less: accumulated depreciation	<u>(8,761,615)</u>	<u>(7,764,096)</u>
Total capital assets, net of accumulated depreciation	<u>\$ 14,136,233</u>	<u>\$ 12,225,046</u>

The major additions to capital assets during 2017 consisted of the construction of a new station/headquarters, two ladder trucks, and various medical and firefighting tools. The District disposed of various firefighting equipment during 2017.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
SLIDELL, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017

LONG-TERM DEBT

At December 31, 2017, the District had \$2,075,000 of long-term debt which consisted of bonds payable. Of that amount, \$325,000 will be repaid in 2017. Long-term debt decreased by \$315,000 due to scheduled principal payments.

NET PENSION LIABILITY

At December 31, 2017, the District reported \$21,801,323 for its proportionate share of net pension liability, \$4,950,014 for deferred outflow of resources and \$1,534,313 for deferred inflows of resources. See Note 8 to the basic financial statements for further discussion of the pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions.

BUDGET

The following table presents the variance between the final budget and the actual results for the fiscal year.

	<u>Final Budget</u>	<u>Non-GAAP Actual</u>	<u>Variance</u>
Revenues:			
Ad valorem taxes	\$ 17,712,119	\$ 17,840,805	\$ 97,839
Parcel fees	1,122,660	1,168,797	26,673
State revenue sharing	490,820	493,643	2,823
Other	<u>906,460</u>	<u>900,359</u>	<u>(6,101)</u>
Total	<u>\$ 20,232,059</u>	<u>\$ 20,403,604</u>	<u>\$ 121,234</u>
Expenditures:			
Fire protection and prevention	\$ 17,561,322	\$ 16,801,371	\$ 759,951
Capital outlay	4,332,568	3,007,206	1,325,362
Debt service	<u>362,776</u>	<u>382,147</u>	<u>(19,371)</u>
Total	<u>\$ 22,256,666</u>	<u>\$ 20,190,724</u>	<u>\$ 2,065,942</u>

ECONOMIC FACTORS AND A LOOK AT NEXT YEAR

St. Tammany Fire District No. 1 expects revenues from taxes to rise again in 2018; however, personnel costs are expected to continue to rise causing worries that the District may operate at a deficit in the future. With aging fleet costs rising, the District is implementing an aggressive equipment replacement program which will help offset some of the high maintenance costs. Additionally, the District may seek a future tax certificate to help fund a capital improvement program.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
SLIDELL, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017

The District is proud to have improved its Property Insurance Association of Louisiana (PIAL) rating to a Class 2 during 2017. The District is committed to keeping insurance rates low for all of its citizens and providing the highest level of hazard emergency response services. While being the only internationally accredited fire department in the State of Louisiana, the District is committed to being completely transparent, demonstrating fiscal responsibility, and maintaining the trust of its citizens.

CONTACTING THE DISTRICT'S MANAGEMENT

This report is designed to provide a general overview of the District and to demonstrate the District's accountability for its finances. If you have any questions about this report or need additional information, please contact Chief Chris Kaufmann, St. Tammany Parish Fire Protection District No. 1, 1358 Corporate Square Drive, Slidell, Louisiana 70458.

BASIC FINANCIAL STATEMENTS

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
STATEMENT OF NET POSITION
DECEMBER 31, 2017

	<u>Governmental Activities</u>
<u>ASSETS:</u>	
Cash	\$ 12,740,400
Taxes receivable, net of allowance for uncollectible taxes of \$1,357,235	16,903,768
Parcel fee receivable, net of allowance for uncollectible fees of \$64,814	1,105,260
Other receivables	487,547
Prepayments	110,356
Capital assets, net of accumulated depreciation	<u>14,136,233</u>
Total assets	<u>45,483,564</u>
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>	
Pensions	<u>4,950,014</u>
Total deferred outflows of resources	<u>4,950,014</u>
<u>LIABILITIES:</u>	
Accounts payable	33,670
Contractor payable	230,670
Retainage payable	43,894
Pension deduction payable	540,787
Accrued interest	14,802
Compensated absences	140,974
Net pension liability	21,801,323
Long-term liabilities:	
Due within one year	325,000
Due after one year	<u>1,750,000</u>
Total liabilities	<u>24,881,120</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>	
Pensions	<u>1,534,313</u>
Total deferred inflows of resources	<u>1,534,313</u>
<u>NET POSITION:</u>	
Net investment in capital assets	12,046,431
Restricted for:	
Fire protection	11,566,600
Debt service	<u>405,114</u>
Total net position	<u><u>\$ 24,018,145</u></u>

The accompanying notes are an integral part of this statement

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

FUNCTIONS/PROGRAMS

GOVERNMENTAL ACTIVITIES:

Public safety - fire protection	\$ 21,010,210
Total (expense) from governmental activities	<u>(21,010,210)</u>

GENERAL REVENUES & EXPENSES:

Property taxes	18,813,797
Parcel fee	1,158,113
Fire insurance rebate	404,418
State revenue sharing	493,643
State supplemental pay	901,300
Grant income	962,701
Interest income	363,007
Loss on disposal of assets	(16,214)
Miscellaneous	<u>132,934</u>
Total general revenues	<u>23,213,699</u>
Change in net position	2,203,489

NET POSITION:

Beginning of the year	<u>21,814,656</u>
End of the year	<u>\$ 24,018,145</u>

The accompanying notes are an integral part of this statement

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
BALANCE SHEET
DECEMBER 31, 2017

	<u>General Fund</u>
<u>ASSETS</u>	
<u>ASSETS:</u>	
Cash	\$ 12,740,400
Taxes receivable, net of allowance for uncollectible taxes of \$1,357,235	16,903,768
Parcel fee receivable, net of allowance for uncollectible fees of \$64,814	1,105,260
Other receivables	487,547
Prepayments	<u>110,356</u>
 Total assets	 <u><u>\$ 31,347,331</u></u>
 <u>LIABILITIES:</u>	
Accounts payable	\$ 33,670
Contractor payable	230,670
Retainage payable	43,894
Pension deduction payable	<u>540,787</u>
 Total liabilities	 <u>849,021</u>
 <u>DEFERRED INFLOWS OF RESOURCES:</u>	
Unavailable revenue - property taxes and parcel fees	<u>1,167,576</u>
 Total deferred inflows of resources	 <u>1,167,576</u>
 <u>FUND BALANCE:</u>	
Nonspendable:	
Prepaid expenses	110,356
Restricted for:	
Fire protection	17,571,695
Debt service	405,114
Committed to:	
Rolling stock, facilities and equipment	4,755,122
Disaster	1,988,447
Emergencies	<u>4,500,000</u>
 Total fund balance	 <u>29,330,734</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u><u>\$ 31,347,331</u></u>

The accompanying notes are an integral part of this statement

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2017

Fund balance - total governmental funds	\$ 29,330,734
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	14,136,233
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Deferred outflows of resources related to pensions are not reported in governmental funds	4,950,014
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Deferred inflows of resources related to pensions are not reported in governmental funds	(1,534,313)
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. All liabilities (both current and long-term), including the related accrued interest are reported in the Statement of Net Position:

Accrued interest	(14,802)
Compensated absences	(140,974)
Long-term liabilities	(2,075,000)
Net pension liability	(21,801,323)

Certain property tax collections are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the governmental funds.	1,167,576
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Net position of governmental activities	\$ <u>24,018,145</u>
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The accompanying notes are an integral part of this statement

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>General Fund</u>
<u>GENERAL REVENUES:</u>	
Property taxes	\$ 19,168,257
Parcel fee	1,215,768
Fire insurance rebate	404,418
State revenue sharing	493,643
State supplemental pay	901,300
Investment earnings	363,007
Miscellaneous	<u>132,934</u>
Total general revenues	<u>22,679,327</u>
<u>EXPENDITURES/EXPENSES:</u>	
Current for fire protection:	
Salaries and related expenses	14,558,874
Repairs and maintenance	1,140,332
Deduction from ad valorem taxes for pension	540,787
Fire fighting equipment, supplies and related expenses	659,289
Legal and professional services	417,518
Insurance	395,763
Office supplies	96,169
Telephone and utilities	154,617
Training expenses	205,001
Miscellaneous	<u>75,108</u>
Total current fire protection expenditures/expenses	18,243,458
Capital outlay	3,007,206
Debt service:	
Principal	334,371
Interest	<u>47,776</u>
Total debt service expenditures/expenses	<u>382,147</u>
Total expenditures/expenses	<u>21,632,811</u>
Net change in fund balance	<u>1,046,516</u>
<u>FUND BALANCE:</u>	
Beginning of the year, as restated	<u>28,284,218</u>
End of the year	<u>\$ 29,330,734</u>

The accompanying notes are an integral part of this statement

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
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

Net change in fund balance - governmental fund \$ 1,046,516

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 that depreciation expense of \$1,079,805 was exceeded by
capital outlays of \$3,007,206 in the current period. 1,927,401

Repayments of note principal are reported as financing used in
governmental funds and thus contribute to the reduction in fund balance.
In the Statement of Net Position, however, repayment of debt decreases
the long-term liabilities and does not affect the Statement of Activities. 334,371

Property tax revenues in the government-wide Statement of Activities include
economic resources that are not reported as revenues in the governmental fund
operating statement. This is the amount by which prior year deferred inflows
of resources in the governmental funds of \$1,579,691 exceeded current year
deferred inflows of resources in the governmental funds of \$1,167,576. (412,115)

Interest accrued on the government-wide financial statements are not
expensed until paid under the modified accrual basis used in the
governmental funds. 2,247

Loss on sale of assets in the Statement of Activities reflects the gross
proceeds received from the sale less the net book value of the capital assets.
Governmental funds report only the gross proceeds received when the
assets are disposed of.
Net book value of assets at sale (16,214)

Some expenses reported in the Statement of Activities do not require the
use of current financial resources and are not reported as expenditures
in governmental funds:

Accrued annual leave - The change in the amount by which current year
accrued annual leave recognized of \$140,974 was exceeded by prior
accrued annual leave recognized of \$155,274. 14,300
Pensions (1,655,718)
Non-employer contributions for pensions 962,701

Change in net position \$ 2,203,489

The accompanying notes are an integral part of this statement

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The St. Tammany Parish Fire Protection District No. 1 (the District) was created by the St. Tammany Parish Council as provided by Louisiana Revised Statute 40:1492. The District is responsible for fire protection in the City of Slidell and the immediate surrounding area. The administration of the District is governed by a board of commissioners consisting of five members. Two members are appointed by the parish governing authority and two by the governing body of the municipal corporation in the District. The fifth member is selected by the other four members and serves as chairman. Vacancies are filled by the governing bodies making the original appointments. Board members serve three-year terms without compensation. The District operates eight fire stations within the district and provides fire protection services in an area covering approximately 120 square miles. In addition to fire protection service, the District also provides fire prevention service to the public.

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

Governmental Accounting Standards Board Statement No. 14, as amended by Statement No. 39, established criteria for determining which component units should be considered part of the Parish for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. The criteria include:

- a) Appointing a voting majority of an organization's governing body, and the ability of the Council to impose its will on that organization and/or the potential for the organization to provide specific financial benefits to or impose specific financial burden on the organization.
- b) Organizations for which the Council does not appoint a voting majority but are fiscally dependent on the Council, along with a financial benefit or burden relationship.
- c) Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

The District was determined to be a component unit of the Parish, the reporting entity, because the reporting entity's financial statements would be misleading if data of the District was not included due to the significance of the relationship and scope of public services. The accompanying financial statements present information only on funds maintained by the District and do not present information on the Parish, the general government services provided by the Parish, or other governmental units that comprise the financial reporting entity.

Basis of Presentation

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

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

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

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

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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

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

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

Basic Financial Statements – Fund Financial Statements (FFS)

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

Governmental Fund:

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

General Fund

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

Basis of Accounting

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

Accrual

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Modified Accrual

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

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

Revenues

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

Expenditures

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

Deposits and Investments

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.

Louisiana revised statutes authorize the District to invest in (1) United States bonds, treasury notes or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal offices in the State of Louisiana, an investment as stipulated in LSA-R.S. 39:1271, or any other federally insured investments or (2) in mutual or trust fund institutions, which are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the U.S. Government or its agencies.

Investments are reported at fair value when the difference between cost and market is considered material.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables and Payables

Property tax and parcel fee receivables are shown net of 7% and 5% allowances, for uncollectibles, respectively. The allowance is based on prior years' experience.

Property taxes are levied on a calendar year basis, become due on December 31 and are considered delinquent on January 1. The District authorized and levied a 35.00 mill ad valorem tax for operations and maintenance for the year ended December 31, 2017. Additionally, the District authorized and levied a \$39 parcel fee for the year ended December 31, 2017.

The following are the principal taxpayers and related property tax revenue for the District:

	<u>Assessed Valuation</u>	<u>% of Total Assessed Value</u>
Central LA Electric Co.	\$ 17,296,790	2.37%
Fremaux Town Center SPE LLC	6,002,190	0.82%
Atmos Energy Corporation	4,717,067	0.65%
AT&T Southeast Tax Department	4,204,604	0.58%
JP Morgan Chase Bank	3,520,570	0.48%
Wal-Mart Real Estate Business	2,708,405	0.37%
Continental 294 Fund LLC	2,551,161	0.35%
First NBC Bank	2,443,202	0.34%
Capital One, N.A.	2,440,760	0.33%
Pelican Pointe NE Limited	<u>1,872,788</u>	<u>0.26%</u>
	<u>\$ 47,757,537</u>	<u>6.55%</u>

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

The Parish has not made any commitments as part of the agreements other than to reduce taxes. The District is not subject to any tax abatement agreements entered into by other governmental entities other than the Parish. The District does not have quantitative information for its tax abatement agreements at this time, but they are not expected to be material to the financial statements.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid Items

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

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the government wide statements. Capital assets are recorded at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold of \$3,000 or more for capitalizing capital assets.

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

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

Buildings and building improvements	40 Years
Vehicles	10 - 20 Years
Equipment	10 - 40 Years

Compensated Absences

Employees of the District are entitled to 18 to 30 days of annual leave each year, depending on length of service. Sick leave is granted to each regular employee for a period of not more than 52 weeks. The cost of current leave privileges, computed in accordance with GASB Codification C60, is recognized as a current-year expense when leave is actually taken. Annual and sick leave cannot be carried over; therefore, there are no accumulated leave benefits required to be reported in accordance with GASB Codification C60 for these types of leave. Employees can also earn annual leave by having perfect attendance during any three consecutive calendar months. Employees can earn no more than four such days per year and can accrue up to a maximum of six such days. Since this earned annual leave may be carried over, it is recorded as a liability in the Statement of Net Position. At December 31, 2017, compensated absences of \$140,974 have been recognized in the financial statements.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term Obligations

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 Louisiana Firefighters' Retirement 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.

Equity Classifications

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

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

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, and unassigned. The Board of Commissioners, as the highest level of decision-making authority, can establish, modify or rescind a fund balance commitment by formal vote at a public board meeting. For assigned fund balance the Board of Commissioners authorizes management to assign amounts for a specific purpose.

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Subsequent Events

Subsequent events have been evaluated through April 25, 2018 which is the date the financial statements were available to be issued.

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The District published the proposed budget for the General Fund in the St. Tammany Farmer on October 27, November 3, and November 10, 2016. A public hearing was held on November 15, 2016 and the board adopted the budget on November 21, 2016. The budget is prepared using the cash basis of accounting. All appropriations lapse at year end. Formal budget integration within the accounting records is employed as a management control device during the year. The board also reviews budget versus actual reports on a monthly basis. Changes or amendments are made upon approval of the board.

The actual on budgetary basis amounts reflect the modified cash basis of accounting, and state supplemental pay (\$901,300 in 2017) to fire fighters is not treated as budgeted revenues and expenditures of the General Fund.

(3) CASH AND CASH EQUIVALENTS

At December 31, 2017, the District has cash and cash equivalents (book balances) totaling \$12,740,400 as follows:

Major Apparatus account	\$ 4,755,122
Operating	990,776
Disaster account	1,988,447
Clearing account	49,043
Debt service account	405,114
Contingency account	4,500,000
Ad-valorem account	7,338
Parcel fee account	951
Certificates of deposit	43,509
Other	<u>100</u>
	<u>\$ 12,740,400</u>

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(3) CASH AND CASH EQUIVALENTS (CONTINUED)

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

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

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

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

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

At December 31, 2017, the carrying amount and the bank balances of deposits of the primary government are summarized as follows:

	<u>Bank Balances Category</u>			<u>Bank</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Balance</u>
Cash	<u>\$ 250,000</u>	<u>\$ 12,788,281</u>	<u>\$ -</u>	<u>\$ 13,028,281</u>

(4) RECEIVABLES

The receivables of \$18,496,575 at December 31, 2017 are as follows:

<u>Class of Receivable</u>	<u>Amount</u>
Taxes – ad valorem, net	\$ 16,903,768
Parcel fees, net	1,105,260
Intergovernmental – grants – state	479,946
Other	<u>7,601</u>
	<u>\$ 18,496,575</u>

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(5) CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 850,821	\$ -	\$ -	\$ 850,821
Construction in progress	-	964,812	-	964,812
Total capital assets not being depreciated	850,821	964,812	-	1,815,633
Capital assets, being depreciated:				
Buildings	6,002,821	120,435	-	6,123,256
Equipment and furniture	13,135,500	1,921,959	(98,500)	14,958,959
Total capital assets being depreciated	19,138,321	2,042,394	(98,500)	21,082,215
Less accumulated depreciation	(7,764,096)	(1,079,805)	82,286	(8,761,615)
Total capital assets being depreciated, net	11,374,225	962,589	(16,214)	12,320,600
Total capital assets, net	\$ 12,225,046	\$ 1,927,401	\$ (16,214)	\$ 14,136,233

Depreciation expense of \$1,079,805 for the year ended December 31, 2017, was charged to fire protection.

(6) LONG-TERM DEBT

	<u>Balance at 12/31/16</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 12/31/17</u>	<u>Due Within One Year</u>
Limited tax certificates of indebtedness Series 2014, interest rate at 2.14%, maturing on March 1, 2023.	\$ 2,390,000	\$ -	\$ 315,000	\$ 2,075,000	\$ 325,000
Total debt	\$ 2,390,000	\$ -	\$ 315,000	\$ 2,075,000	\$ 325,000

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(6) LONG-TERM DEBT (CONTINUED)

Following is a summary of future principal and interest requirements:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 325,000	\$ 40,927	\$ 365,927
2019	330,000	33,919	363,919
2020	340,000	26,750	366,750
2021	350,000	19,367	369,367
2022	360,000	11,770	371,770
2023	<u>370,000</u>	<u>3,959</u>	<u>373,959</u>
	<u>\$ 2,075,000</u>	<u>\$ 136,692</u>	<u>\$ 2,211,692</u>

Interest costs incurred and charged to expense for the year ended December 31, 2017 was \$47,776.

(7) ACCOUNTS AND OTHER PAYABLES

At December 31, 2017, the payables totaled \$849,021 and are listed as follows:

Accounts payable	\$ 33,670
Contractor payable	230,670
Retainage payable	43,894
Sheriff's pension payable	<u>540,787</u>
	<u>\$ 849,021</u>

(8) PENSION PLAN

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

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(8) PENSION PLAN (CONTINUED)

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

Funding Policy

For the twelve months ended December 31, 2017, members of the System are required to contribute 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate. At December 31, 2017, the employer contribution rate was 26.50% above poverty and 28.50% below poverty.

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

Contributions

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

The amount of the District's employer contributions to the System for the year ended December 31, 2017 was \$2,309,511. The District's covered payroll for the System for the year ended December 31, 2017 was \$8,927,750.

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

At December 31, 2017, the District reported a liability totaling \$21,801,323 for its proportionate share of the net pension liability for the System. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The District's proportion of the Net Pension Liability was based on the District's historical contributions to the Plan relative to the historical contributions of all participating employers. At June 30, 2017, the District's proportion was 3.803541% for the System, which was an increase of 0.049873% from its proportion measured as of June 30, 2016.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(8) PENSION PLAN (CONTINUED)

For the year ended December 31, 2017, the District recognized pension expense for the System totaling \$3,968,853. Added to pension expense is the employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions totaling \$196,731 for the System.

For the year ended December 31, 2017, the District recognized revenue from ad valorem taxes and revenue sharing funds received by the System. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities totaling \$962,701.

At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the System:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,215,794
Change in assumptions	911,848	5,199
Net difference between projected and actual earnings on pension plan investments	1,875,541	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	991,238	313,320
Employer contributions subsequent to the measurement date	<u>1,171,387</u>	<u>-</u>
Total	<u>\$ 4,950,014</u>	<u>\$ 1,534,313</u>

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

Employer contributions subsequent to the measurement date totaling \$1,171,387 and reported as deferred outflows of resources will be recognized as a reduction of the Net Pension Liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(8) PENSION PLAN (CONTINUED)

Year Ended December 31:

2018	\$ 953,102
2019	1,328,668
2020	496,545
2021	(610,868)
2022	(9,991)
2023	<u>86,858</u>
Total	<u>\$ 2,244,314</u>

Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuation for the System was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal Cost
Estimated Remaining Service Life	7 years, closed period
Investment Rate of Return	7.40% per annum (net of fees)
Inflation Rate	2.775% per annum
Salary increases	Vary from 15.0% in the first years of service to 4.75% after 25 years
Cost of Living Adjustments	Only those previously granted

Mortality Rate

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(8) PENSION PLAN (CONTINUED)

Long-term Expected Real Rate of Return

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

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Fixed income	23.0%	2.04%
U.S. equity	27.0%	6.15%
Non-U.S. equity	20.0%	7.45%
Global equity	10.0%	6.85%
Real estate	6.0%	4.62%
Private equity	4.0%	8.73%
Global tactical asset allocation	5.0%	4.40%
Risk parity	<u>5.0%</u>	<u>4.79%</u>
Totals	<u>100.0%</u>	<u>5.34%</u>
Inflation		2.75%
Expected arithmetic nominal return		8.29%

Discount Rate

The discount rate used to measure the total pension liability was 7.40%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(8) PENSION PLAN (CONTINUED)

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

The following presents the District's proportionate share of the Net Pension Liability using the discount rate of 7.40%, as well as what the District's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate:

	1% Decrease <u>6.40%</u>	Current Discount Rate <u>7.40%</u>	1% Increase <u>8.40%</u>
District's proportionate share of the Net Pension Liability	\$ 31,327,659	\$ 21,801,323	\$ 13,793,068

Retirement System Audit Report

Firefighters' Retirement System issued a stand-alone audit report on its financial statements for the year ended June 30, 2017. Access to the audit report can be found on the System's website: www.lafirefightersret.com or on the Office of Louisiana Legislative Auditor's official website: www.lla.state.la.us.

(9) OTHER POSTEMPLOYMENT BENEFITS

The District provides group major medical, group dental and group life insurance coverage to its retirees under the provisions of a defined contribution plan adopted as a resolution of its Board of Commissioners during 2008. The plan can be amended by a resolution of the Board of Commissioners. Under the provisions of the plan, the Fire District limits its contribution for the premium for these policies to \$3,000 annually per retiree who elects to participate in the group plan, paid in monthly installments of \$250. The retiree is responsible for the remaining premium. For the years ended December 31, 2017 and 2016, contributions made by plan members totaled \$244,345 and \$222,585, respectively, and contributions made by the District totaled \$116,500 and \$114,500, respectively.

(10) CONSTRUCTION COMMITMENT

On May 11, 2017, the District entered into a \$2,845,678 contract for construction of a new headquarters and fire station. As of December 31, 2017, \$877,871 of the contract was completed. Payables outstanding related to the contract were \$274,564 at December 31, 2017, including \$43,894 of retainage payables. As of December 31, 2017, the balance to finish the project including retainage was \$2,011,700.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(11) RISK MANAGEMENT

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

(12) RESTATEMENT OF FUND BALANCE

In prior years, deferred revenues were not presented net of uncollectible taxes and fees. Beginning fund balance was therefore restated by \$1,390,741 to properly reflect deferred revenues as of December 31, 2016. There was no effect on net position or change in net position due to this restatement.

(13) NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 75, "*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.*" The requirements of this Statement will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire OPEB liability and a more comprehensive measure of OPEB expense. This Statement is effective for fiscal years beginning after June 15, 2017. The District plans to adopt this Statement as applicable by the effective date.

The GASB has issued Statement No. 85, "*Omnibus 2017.*" The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The District plans to adopt this Statement as applicable by the effective date.

REQUIRED SUPPLEMENTAL INFORMATION

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
SLIDELL, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	General Fund					
	Budgeted Amounts	Amended Amounts	Actual Amounts	Adjustments to Budgetary Basis	Non-GAAP Budgetary Basis	Variance Favorable (Unfavorable)
<u>GENERAL REVENUES:</u>						
Property taxes	\$ 16,735,841	\$ 17,712,119	\$ 19,168,257	\$ (1,327,452)	\$ 17,840,805	\$ 128,686
Parcel fee	1,126,599	1,122,660	1,215,768	(46,971)	1,168,797	46,137
Fire insurance rebate	355,903	404,418	404,418	-	404,418	-
State revenue sharing	450,403	490,820	493,643	-	493,643	2,823
State supplemental pay	-	-	901,300	(901,300)	-	-
Interest income	260,000	350,000	363,007	-	363,007	13,007
Miscellaneous	47,104	152,042	132,934	-	132,934	(19,108)
Total general revenues	18,975,850	20,232,059	22,679,327	(2,275,723)	20,403,604	171,545
<u>EXPENDITURES/EXPENSES:</u>						
Current for fire protection:						
Salaries and related expenses	14,530,943	14,547,198	14,558,874	(901,300)	13,657,574	889,624
Repairs and maintenance	1,089,700	1,089,700	1,140,332	-	1,140,332	(50,632)
Deduction from ad valorem taxes for pension	-	-	540,787	(540,787)	-	-
Fire fighting equipment, supplies and related expenses	617,000	617,000	659,289	-	659,289	(42,289)
Legal and professional services	476,400	476,650	417,518	-	417,518	59,132
Insurance	287,974	287,974	395,763	-	395,763	(107,789)
Office supplies	80,000	80,000	96,169	-	96,169	(16,169)
Telephone and utilities	188,000	188,000	154,617	-	154,617	33,383
Training expenses	205,800	205,800	205,001	-	205,001	799
Miscellaneous	69,000	69,000	75,108	-	75,108	(6,108)
Total current fire protection expenditures/expenses	17,544,817	17,561,322	18,243,458	(1,442,087)	16,801,371	759,951
Capital outlay	4,332,568	4,332,568	3,007,206	-	3,007,206	1,325,362
Debt service:						
Principal	315,000	315,000	334,371	-	334,371	(19,371)
Interest	47,776	47,776	47,776	-	47,776	-
Total debt service expenditures/expenses	362,776	362,776	382,147	-	382,147	(19,371)
Total expenditures/expenses	22,240,161	22,256,666	21,632,811	(1,442,087)	20,190,724	2,065,942
Excess/(deficiency) of revenues over expenditures	(3,264,311)	(2,024,607)	1,046,516	(833,636)	212,880	(2,237,487)
Net change in fund balance	(3,264,311)	(2,024,607)	1,046,516	(833,636)	212,880	(2,237,487)
Beginning of the year, as restated	28,284,218	28,284,218	28,284,218	-	28,284,218	
End of the year	\$ 25,019,907	\$ 26,259,611	\$ 29,330,734	\$ (833,636)	\$ 28,497,098	

(See Independent Auditors' Report)

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
NOTES TO THE BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2017

The District published the proposed budget for the General Fund in the St. Tammany Farmer on October 27, November 3, and November 10, 2016. A public hearing was held on November 15, 2016 and the board adopted the budget on November 21, 2016. The budget is prepared using the cash basis of accounting. All appropriations lapse at year end. Formal budget integration within the accounting records is employed as a management control device during the year. The board also reviews budget versus actual reports on a monthly basis. Changes or amendments are made upon approval of the board.

The Actual on Budgetary Basis amounts reflect the modified accrual basis of accounting, except that state supplemental pay for fire fighters (\$901,300) is not treated as budgeted revenues and expenditures in the General Fund.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2017*

	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
<u>Louisiana Firefighters' Retirement System</u>				
District's Proportion of the Net Pension Liability	3.803541%	3.753668%	3.838968%	3.693880%
District's Proportionate Share of the Net Pension Liability	\$ 21,801,323	\$ 24,552,382	\$ 20,719,342	\$ 16,437,446
District's Covered-Employee Payroll	\$ 8,875,186	\$ 8,476,204	\$ 8,162,706	\$ 7,614,345
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	245.64%	289.66%	253.83%	215.87%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.55%	68.16%	72.45%	76.02%

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

**The amounts presented have a measurement date of June 30, 2017, 2016, 2015, and 2014, respectively.*

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
SCHEDULE OF CONTRIBUTIONS - RETIREMENT PLAN
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
<u>Louisiana Firefighters' Retirement System</u>				
Contractually Required Contribution	\$ 2,309,511	\$ 2,278,318	\$ 2,338,762	\$ 2,302,838
Contributions in Relation to the Contractually Required Contribution	<u>(2,309,511)</u>	<u>(2,277,038)</u>	<u>(2,337,342)</u>	<u>(2,302,812)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ 1,280</u>	<u>\$ 1,420</u>	<u>\$ 26</u>
District's Covered-Employee Payroll	\$ 8,927,750	\$ 8,681,369	\$ 8,280,390	\$ 8,008,458
Contributions as a Percentage of Covered-Employee Payroll	25.87%	26.23%	28.23%	28.75%

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
DECEMBER 31, 2017

(1) PENSION PLAN SCHEDULES

Changes of Benefit Terms

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

Changes of Assumptions

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

There were no changes of assumptions during 2016.

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

OTHER SUPPLEMENTAL INFORMATION

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS
FOR THE YEAR ENDED DECEMBER 31, 2017

Board members serve without compensation

(See Independent Auditors' Report)

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2017

Chief Chris Kaufmann

Salary	\$ 119,931
Benefits - insurance (health, life, and dental)	6,283
Benefits - retirement FFRS	17,461
Travel and conferences	135
Cell phone allowance	929
Reimbursements	125
Membership dues	<u>200</u>
 Total compensation, benefits, and other payments	 \$ <u><u>145,064</u></u>



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

To the Board of Commissioners
St. Tammany Parish Fire Protection District No. 1
Slidell, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of St. Tammany Parish Fire Protection District No. 1 (the District), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the St. Tammany Parish Fire Protection District No. 1's basic financial statements, and have issued our report thereon dated April 25, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered St. Tammany Parish Fire Protection District No. 1's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of St. Tammany Parish Fire Protection District No. 1's internal control. Accordingly, we do not express an opinion on the effectiveness of the St. Tammany Parish Fire Protection District No. 1's internal control.

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

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



To the Board of Commissioners
St. Tammany Parish Fire Protection District No. 1
April 25, 2018

Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. Tammany Parish Fire Protection District No. 1'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. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

April 25, 2018
Mandeville, Louisiana

Erickson Krentel LLP

Certified Public Accountants

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2017

SECTION I SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of the St. Tammany Parish Fire Protection District No. 1.
2. No significant deficiencies in internal control relating to the audit of the financial statements were reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the St. Tammany Parish Fire Protection District No. 1 were reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
4. No management letter was issued for the year ended December 31, 2017.

SECTION II FINANCIAL STATEMENT FINDINGS

There were no findings related to the financial statements for the year ended December 31, 2017.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2017

SECTION II FINANCIAL STATEMENT FINDINGS

There were no findings related to the financial statements for the year ended December 31, 2016.

ST. TAMMANY PARISH FIRE
PROTECTION DISTRICT NO. 1
SLIDELL, LOUISIANA
AGREED-UPON PROCEDURES
FOR THE YEAR ENDED
DECEMBER 31, 2017



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS



INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the St. Tammany Parish Fire Protection District No. 1
Slidell, Louisiana

We have performed the procedures enumerated below, which were agreed to by the St. Tammany Parish Fire Protection District No. 1 and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the agreed upon procedures for the year ended December 31, 2017 in accordance with Act 774 of 2014 Regular Legislative Session. The St. Tammany Parish Fire Protection District No. 1's management is responsible for those C/C areas identified in the agreed upon procedures. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

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

This agreed-upon procedures engagement was 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 perform and did not perform an audit, the objective of which would be the expression of an opinion or conclusion, respectively, on C/C areas identified in the agreed upon procedures. 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 the specified parties and is not intended to be and should not be used by anyone other than those specified parties. The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the agreed upon procedures, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

May 18, 2018
Mandeville, Louisiana

Ericksen Krentel LLP

Certified Public Accountants

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
AGREED-UPON PROCEDURES
JANUARY 1, 2017 TO DECEMBER 31, 2017

Ethics (follow up)

1. **Procedures:** Obtain the entity's written policies and procedures on ethics and report whether those written policies and procedures address the following:
 - Requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Results: The entity's written policies and procedures on ethics require that all employees annually attest through signature verification that they have read the entity's ethics policy.

Capital Assets

1. **Procedures:** Obtain the entity's written policies and procedures over capital assets (or report that the entity does not have any written policies and procedures over capital assets) and report whether those written policies and procedures address the process for tagging assets, performing an annual inventory, and disposing of assets.

Results: The entity's written policies and procedures on capital assets address the process for tagging assets and disposing of assets. The policies and procedures require daily, weekly, and monthly inventory counts for the entity's major classes of assets such as vehicles and firefighting equipment.

2. **Procedures:** Report the last date on which assets were inventoried.

Results: Certain assets are inventoried daily, others are inventoried weekly or monthly. The IT department tracks when each item is inventoried and by whom using a dedicated computer program and phone application.

3. **Procedures:** Obtain a listing of capital assets and obtain management's representation that the listing is complete. Randomly select 25 assets from the listing, locate the assets, and report whether the asset is tagged and whether information on the listing matches the location, description, manufacturer, model, and serial number of the asset.

Results: All assets tested had asset tags or were tracked by serial number or vin number if asset tagging was not practical. Information on the listing matched the assets.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2017 TO DECEMBER 31, 2017

4. **Procedures:** Randomly select 10 physical assets meeting the asset capitalization threshold, in two physical locations (if applicable). Report whether the asset is tagged, trace to the listing from #3 above for completeness, and report whether the asset is included on the listing.

Results: All ten assets tested were tagged or tracked by serial number if tagging was not practical and were included in the capital asset listing.

Contracts

1. **Procedures:** Obtain the entity's written policies and procedures over contracting (or report that the entity does not have any written policies and procedures over contracting) and report whether those written policies and procedures address (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

Results: The entity updated its written policies over contracting during 2018 to address the types of services requiring written contracts, the standard terms and conditions, the legal review, the approval process, and the monitoring process.

2. **Procedures:** Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Results: No exceptions noted.

3. **Procedures:** Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:
- a. Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
 - b. Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2017 TO DECEMBER 31, 2017

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
- c. Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
- d. Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
- e. Obtain/ review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Results: A formal written contract supported the services and the amount paid for each vendor tested. For payments tested which were subject to bid law, bids or quotes were obtained as applicable. One of the contracts tested was amended to extend terms and adjust the locations served. Another contract was amended to lower the payment the District was required to make under it. Both original contracts had language contemplating amendments. The remaining contracts were not amended. All invoices tested and payments made complied with the terms and conditions of the contracts.