

Exhibit A

St. Tammany Fire Protection District No. 1

Restricted Funds

The BOC wishes to identify each restricted fund and to explain the purpose of each fund and the circumstances in which the restricted funds can be spent:

Debt-Service Fund

The purpose of this fund is for payment of principal and interest on any debt incurred by the district, as well as any fees related to this debt. The monies restricted to this fund are to be used solely for the above-mentioned debt and related fees, plus a minimal balance to keep the account open. The amount restricted to this fund changes annually due to interest.

Rolling Stock, Facilities and Equipment Fund

This fund is broken up into three sub-funds – Rolling Stock and Equipment, Facilities, and Radio Project.

- The purpose of the Rolling Stock and Equipment sub-fund is for the replacement of Apparatus and Equipment and Staff Vehicles. The monies restricted to this sub-fund are to be used solely for the replacement of the above-mentioned Rolling Stock, as well as other miscellaneous Rolling Stock and Equipment purchases pursuant to our five-year strategic plan. This fund receives \$500,000 of restricted funds annually at the beginning of each year.
- The purpose of the Facilities sub-fund is for funding new station construction, existing station remodels, and other miscellaneous facility projects. The monies restricted to this sub-fund are to be used solely for the above-mentioned facility projects pursuant to our five-year strategic plan; for example, Station 11 rebuild budgeted at \$3,500,000, and Station 19 new construction budgeted at \$750,000. This fund receives \$200,000 of restricted funds annually at the beginning of each year, as well as the remainder of any year end surplus.
- The purpose of the Radio Project sub-fund is for payment of the radio system per the schedule provided to us by the St. Tammany Parish Sheriff's Office. The monies restricted to this sub-fund are to be used solely for the above-mentioned radio system. This fund receives \$100,000 of restricted funds annually at the beginning of each year.

Disaster/Crisis Fund

The purpose of this fund is to provide funding to the department in the event of natural disasters or other crises during which expenditures can increase and tax revenue can be reduced. The monies restricted to this fund are to be used on disaster/crisis related expenses, for example supplies and personnel costs for overtime when a state of emergency has been declared by authorities. The total amount of restricted funding used on disaster related expenses in a year is reimbursed to the fund at year end from the general fund surplus, if applicable.

Reserve Fund

This fund is broken up into two sub-funds – Contingencies and Employer Sponsored Insurance Benefit.

- The purpose of the Contingencies sub-fund is to adhere Louisiana Legislative Auditor guidance to have reserves on hand for 3 to 6 months of cash flow needed for operations, in the event the district does not receive budgeted tax revenues. The monies restricted to this sub-fund are to be used to sustain the general fund when revenues are not received timely or any other unforeseen reductions in tax revenue. For example, the contingencies sub-fund could be used in January to cover operating costs in the General Fund until tax revenues are received.
- The purpose of the Employer Sponsored Insurance Benefit sub-fund is to help offset the rising costs of insurance within the general fund. The monies restricted to this sub-fund are to be used solely as an offset to the general fund for the above-mentioned matter. This fund receives annual funding at year end from the general fund surplus, in the amount of the balance remaining from “Deductible Self Insurance Fund” account, if applicable.