

**East Central Bossier Parish Fire District No. 1
Haughton, Louisiana**

Financial Statements With Auditor's Report

As of and For the Year Ended December 31, 2021

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana

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Independent Auditors' Report

Board of Commissioners
East Central Bossier Parish Fire District No. 1
Haughton, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and major fund of East Central Bossier Parish Fire District No. 1, a component unit of the Bossier Parish Police Jury, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the East Central Bossier Parish Fire District No. 1's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of East Central Bossier Parish Fire District No. 1, as of December 31, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of East Central Bossier Parish Fire District No. 1 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about East Central Bossier Parish Fire District No. 1's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a

guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 East Central Bossier Parish Fire District No. 1's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about East Central Bossier Parish Fire District No. 1's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 – 9, budgetary comparison information on pages 35 – 36, the Schedule of Contributions on page 37, and the Schedule of Proportionate Share of Net Pension Liability on page 38, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the East Central Bossier Parish Fire District No. 1's basic financial statements. The accompanying other supplementary information, Schedule of Compensation, Benefits, and Other Payments to Agency Head, shown on page 39, is presented for purposes of additional analysis and is 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. The 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 Compensation, Benefits, and Other Payments to Agency Head, shown on page 39 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 our report dated June 29, 2022, on our consideration of East Central Bossier Parish Fire 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 solely 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 effectiveness of East Central Bossier Parish Fire District No. 1's 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 East Central Bossier Parish Fire District No. 1's internal control over financial reporting and compliance.



Cook & Morehart
Certified Public Accountants
June 29, 2022

EAST CENTRAL BOSSIER PARISH FIRE DISTRICT NO. 1

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of East Central Bossier Parish Fire District No. 1's financial performance provides an overview of the East Central Bossier Parish Fire District No. 1's financial activities for the fiscal year ended December 31, 2021. Please read it in conjunction with the District's financial statements, which begin on page 10.

FINANCIAL HIGHLIGHTS

The East Central Bossier Parish Fire District No. 1's net position increased by \$164,063 or 5%.

The East Central Bossier Parish Fire District No. 1's total general revenues were \$1,640,467 in 2021 compared to \$1,734,145 in 2020.

During the year ended December 31, 2021, the East Central Bossier Parish Fire District No. 1 had total expenses, excluding depreciation, of \$1,517,724, compared to \$1,762,416 in 2020.

The East Central Bossier Parish Fire District No. 1's net pension liability decreased \$905,144 from \$1,822,367, in 2020 to \$917,223, in 2021.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 10 and 11) provide information about the activities of the East Central Bossier Parish Fire District No. 1 as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 12. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the East Central Bossier Parish Fire District No. 1's operations in more detail than the government-wide statements by providing information about the East Central Bossier Parish Fire District No. 1's most significant funds.

The East Central Bossier Parish Fire District No. 1 was determined to be a component unit of the Bossier Parish Police Jury. The police jury is financially accountable for the district because it appoints or ratifies a voting majority of the board and has the ability to impose its will on them. The accompanying financial statements present information only on the funds maintained by the East Central Bossier Parish Fire District No. 1.

Reporting the East Central Bossier Parish Fire District No. 1 as a Whole

Our analysis of the East Central Bossier Parish Fire District No. 1 as a whole begins on page 10. One of the most important questions asked about the East Central Bossier Parish Fire District No. 1's finances is "Is the East Central Bossier Parish Fire District No. 1 as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of

Activities report information about the funds maintained by the East Central Bossier Parish Fire District No. 1 as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual *basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the East Central Bossier Parish Fire District No. 1's *net position* and changes in it. You can think of the East Central Bossier Parish Fire District No. 1's net position – the difference between assets and liabilities – as one way to measure the East Central Bossier Parish Fire District No. 1's financial health, or *financial position*. Over time, *increases* or *decreases* in the East Central Bossier Parish Fire District No. 1's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the District's property tax base, to assess the overall health of the District.

In the Statement of Net Position and the Statement of Activities, we record the funds maintained by the East Central Bossier Parish Fire District No. 1 as governmental activities:

Governmental activities – all of the expenses paid from the funds maintained by the East Central Bossier Parish Fire District No. 1 are reported here which consists primarily of personal services, materials and supplies, travel, repairs and maintenance and other program services. Ad valorem taxes finance most of these activities.

Reporting the District's Most Significant Funds

Our analysis of the major funds maintained by the East Central Bossier Parish Fire District No. 1 begins on page 12. The fund financial statements begin on page 12 and provide detailed information about the most significant funds maintained by the East Central Bossier Parish Fire District No. 1 – not the East Central Bossier Parish Fire District No. 1 as a whole. The East Central Bossier Parish Fire District No. 1's *governmental funds* use the following accounting approaches:

Governmental funds – All of the East Central Bossier Parish Fire District No. 1's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. 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 East Central Bossier Parish Fire District No. 1's general government operations and the expenses paid from those funds. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance certain East Central Bossier Parish Fire District No. 1 expenses. 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 at the bottom of the fund financial statements.

THE EAST CENTRAL BOSSIER PARISH FIRE DISTRICT NO. 1 AS A WHOLE

The East Central Bossier Parish Fire District No. 1's total net position changed from a year ago, increasing from \$3,405,606 to \$3,569,669. Our analysis below will focus on key elements of the total governmental funds for both December 31, 2020 and 2021 years.

Table 1
Statement of Net Position

	Governmental Activities	
	2021	2020
Current and other assets	\$ 5,228,028	\$ 5,007,181
Capital assets	1,138,900	1,292,020
Total Assets	<u>6,366,928</u>	<u>6,299,201</u>
Deferred outflows of resources		
Pension related	<u>531,776</u>	<u>746,757</u>
Current liabilities	60,506	63,682
Long-term liabilities	997,697	1,889,946
Total Liabilities	<u>1,058,203</u>	<u>1,953,628</u>
Deferred inflows of resources		
Pension related	666,498	131,199
Ad valorem taxes	<u>1,604,334</u>	<u>1,555,525</u>
Total Deferred Inflows of Resources	<u>2,270,832</u>	<u>1,686,724</u>
Net Position		
Investment in capital assets	1,138,900	1,292,020
Restricted	186,890	161,613
Unrestricted	<u>2,243,879</u>	<u>1,951,973</u>
Total Net Position	<u>\$ 3,569,669</u>	<u>\$ 3,405,606</u>

Net position of the East Central Bossier Parish Fire District No. 1's governmental activities increased by \$164,063 or 5%, as shown in table 1. Unrestricted net position, the part of net position that can be used to finance East Central Bossier Parish Fire District No. 1 expenses without constraints or other legal requirements, increased from \$1,951,719, at December 31, 2020 to \$2,243,879 at December 31, 2021.

Table 2
Change in Net Position

	Governmental Activities	
	2021	2020
Revenues		
Operating grants and contributions	191,010	73,661
General Revenues		
Ad valorem taxes	1,526,398	1,506,744
Intergovernmental	76,921	132,367
Interest and dividend income	37,148	45,534
Insurance proceeds		49,500
Total revenues	<u>1,831,477</u>	<u>1,807,806</u>
Expenses		
General government	50,975	49,434
Public safety - fire protection	1,616,439	1,902,285
	<u>1,667,414</u>	<u>1,951,719</u>
Increases (decrease) in net position	<u>\$ 164,063</u>	<u>\$ (143,913)</u>

Total revenues increased from total revenues in the year ended December 31, 2020 of \$1,807,806 to total revenues of \$1,831,477 in the year ended December 31, 2021.

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 12) reported a fund balance of \$3,420,412, which is higher than last year's fund balance of \$3,267,159.

General Fund Budgetary Highlights

The District adopted a budget for its General Fund for the year ended December 31, 2021. There were no amendments to the budget during the year. The District's budgetary comparison is presented as required supplementary information and shown on page 35. Highlights for the year are as follows:

- Revenues were higher than anticipated due to high than anticipated property tax collections.
- Expenditures were lower than budgeted due to contingency funds not expended.

The District's General Fund fund balance of \$3,420,412 reported on page 14 differs from the General Fund's *budgetary* fund balance of \$3,394,705 reported in the budgetary comparison schedule on page 35. This is primarily due to the District budgeting on the cash basis of accounting.

CAPITAL ASSETS

At the end of December 31, 2021 and 2020, the East Central Bossier Parish Fire District No. 1 had invested \$1,138,900 and \$1,292,020, respectively, in capital assets. (see table below)

Table 3
Capital Assets At Year End
(Net of Depreciation)

	Governmental Activities	
	2021	2020
Land	\$ 177,019	\$ 177,019
Buildings	354,873	378,841
Equipment	48,642	68,452
Vehicles	520,909	625,197
Building Improvements	37,457	42,511
Total	\$ 1,138,900	\$ 1,292,020

This year's major additions included:

Equipment	\$	25,901
Total	\$	25,901

More detailed information about the capital assets are presented in Note 6 to the financial statements.

DEBT ADMINISTRATION

Long-term liabilities of East Central Fire District #1 are summarized as follows:

Table 4
Long-term Liabilities at Year End

	Governmental Activities 2021	Governmental Activities 2020
Net pension liability	\$ 917,223	\$ 1,822,367
Volunteer incentive program	80,474	67,579
	<u>\$ 997,697</u>	<u>\$ 1,889,946</u>

More detailed information about the long-term liabilities is presented in Note 4 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The East Central Bossier Parish Fire District No. 1's management considered many factors when setting a fiscal year December 31, 2022 budget. Property tax millage will remain at 19 mills. Amounts available for appropriation are expected to remain approximately the same. Expenditures for 2022 are expected to remain consistent with 2021.

It is anticipated that management will consider and monitor the economic uncertainties of COVID-19 and the impact on available financial resources.

CONTACTING THE FIRE DISTRICT NO. 1'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances for those funds maintained by the East Central Bossier Parish Fire District No. 1 and to show the East Central Bossier Parish Fire District No. 1's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the East Central Bossier Parish Fire District No. 1.

East Central Bossier Parish Fire District No. 1
 Haughton, Louisiana
 Statement of Net Position
 December 31, 2021

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 3,213,554
Investments	80,474
Accounts receivable	1,629,334
Prepaid expenses	142,776
Restricted cash and cash equivalents	161,890
Capital assets	
Depreciable (net)	961,881
Non-depreciable	<u>177,019</u>
Total assets	<u>6,366,928</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	<u>531,776</u>
LIABILITIES	
Accounts payable and accrued expenses	60,506
Long-term liabilities:	
Due within one year	80,474
Due within more than one year	<u>917,223</u>
Total liabilities	<u>1,058,203</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue	
Ad Valorem taxes	1,604,334
Pension related	<u>666,498</u>
Total deferred inflows of resources	<u>2,270,832</u>
NET POSITION	
Investment in capital assets	1,138,900
Restricted-Camp Minden	186,890
Unrestricted	<u>2,243,879</u>
Total net position	<u>\$ 3,569,669</u>

See accompanying notes to the basic financial statements.

East Central Bossier Parish Fire District No. 1
 Haughton, Louisiana
 Statement of Activities
 For the Year Ended December 31, 2021

	Governmental Activities
Expenses:	
General government	\$ 50,975
Public Safety - fire protection	1,616,439
Total expenses	1,667,414
Program revenues:	
Operating grants and contributions	141,010
Net program expenses	(1,526,404)
General revenues:	
Ad valorem taxes	1,526,398
Intergovernmental	
Fire insurance rebate	76,921
State of Louisiana	50,000
Interest and dividends	37,148
Total general revenues	1,690,467
Change in net position	164,063
Net position - beginning	3,405,606
Net position - ending	\$ 3,569,669

See accompanying notes to the basic financial statements.

East Central Bossier Parish Fire District No. 1
 Haughton, Louisiana
 Balance Sheet
 Governmental Fund
 December 31, 2021

	<u>General Fund</u>
Assets	
Cash and cash equivalents	\$ 3,213,554
Investments	80,474
Accounts receivable	1,629,334
Restricted cash and cash equivalents	161,890
Total assets	<u>\$ 5,085,252</u>
 Liabilities, Deferred Inflows of Resources, and Fund Balances	
 Liabilities	
Accounts payable and accrued expenses	<u>\$ 60,506</u>
Total liabilities	<u>60,506</u>
 Deferred inflows of resources	
Unavailable revenue	
Ad Valorem taxes	1,604,334
Total deferred inflows of resources	<u>1,604,334</u>
 Fund balances	
Restricted-Camp Minden	186,890
Committed	
Volunteer incentive program	80,474
Capital improvements	1,712,025
Unassigned	1,441,023
Total fund balances	<u>3,420,412</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	 <u><u>\$ 5,085,252</u></u>

See accompanying notes to the basic financial statements.

East Central Bossier Parish Fire District No. 1
 Haughton, Louisiana
 Reconciliation of the Balance Sheet of the Governmental Fund
 to the Statement of Net Position
 December 31, 2021

Fund balances - total governmental fund	\$ 3,420,412
Amounts reported for governmental activities in the statement of activities are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,138,900
The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources - prepaid expenses	142,776
Other long-term amounts are not available to pay for current-period expenditures and therefore are not available in the governmental funds. Deferred outflows - pension related	531,776
Long-term liabilities and other amounts are not due and payable in the current period and therefore are not reported in the funds.	
VIP Program	(80,474)
Net pension liability	(917,223)
Deferred inflows - pension related	(666,498)
	(1,664,195)
Net position of governmental activities	\$ 3,569,669

See accompanying notes to the basic financial statements.

East Central Bossier Parish Fire District No. 1
 Haughton, Louisiana
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Fund
 For the Year Ended December 31, 2021

	General Fund
Revenues	
Ad valorem taxes	\$ 1,526,398
Intergovernmental	
Fire insurance rebate	76,921
State of Louisiana	142,071
Interest and dividends	37,148
Total revenues	1,782,538
Expenditures	
Current:	
General government	50,975
Public Safety	1,593,960
Total expenditures	1,644,935
Excess of revenues over expenditures	137,603
Other financing sources:	
Insurance proceeds	15,650
Total other financing sources	15,650
Net change in fund balance	153,253
Fund balances at beginning of year	3,267,159
Fund balances at end of year	\$ 3,420,412

See accompanying notes to the basic financial statements.

East Central Bossier Parish Fire District No. 1
 Haughton, Louisiana
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in
 Fund Balances of the Governmental Fund to the Statement of Activities
 For the Year Ended December 31, 2021

Net change in fund balances - total governmental fund	\$	153,253
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.		(149,690)
The net effect of various transactions involving capital assets (sales, trade-ins, donated infrastructure, etc.) is to increase net assets.		(3,430)
The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources.		46,961
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		(12,895)
Revenues that are not available to pay current obligations are not reported in the fund financial statements, but they are presented as revenues in the statement of activities.		
Non-employer contributions to cost-sharing pension plan		73,939
State of Louisiana - Camp Minden		(25,000)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.		
Pension expense		<u>80,925</u>
Change in net position of governmental activities	\$	<u><u>164,063</u></u>

See accompanying notes to the basic financial statements.

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Financial Statements
December 31, 2021

INTRODUCTION

The East Central Bossier Parish Fire District No. 1 (the district) was created by the Bossier Parish Police Jury, as authorized by Louisiana Revised Statute (R.S.) 40:1492. The district is governed by a five member board of commissioners appointed by the Bossier Parish Police Jury. The Board of Commissioners received no compensation during 2021. The district is responsible for maintaining and operating fire stations and equipment and providing fire protection within the boundaries of the district.

(1) Summary of Significant Accounting Policies

The East Central Bossier Parish Fire District No. 1's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the East Central Bossier Parish Fire District No. 1 are discussed below.

A. Reporting Entity

The district is a component unit of the Bossier Parish Police Jury, the financial reporting entity. The police jury is financially accountable for the district because it appoints or ratifies a voting majority of the board and has the ability to impose its will on them.

The accompanying financial statements present information only on the funds maintained by the district and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

B. Basic Financial Statements – Government-Wide Statements

The East Central Bossier Parish Fire District No. 1's basic financial statements include both government-wide (reporting the funds maintained by the East Central Bossier Parish Fire District No. 1 as a whole) and fund financial statements (reporting the East Central Bossier Parish Fire District No. 1's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The East Central Bossier Parish Fire District No. 1's general fund is classified as governmental activities. The East Central Bossier Parish Fire District No. 1 does not have any business-type activities.

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables. The East Central Bossier Parish Fire District No. 1's net position is reported in three parts – investment in capital assets, restricted, and unrestricted net position.

(Continued)

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Financial Statements
December 31, 2021
(Continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the East Central Bossier Parish Fire District No. 1's functions. The functions are supported by program revenues and general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by any related program revenues, which must be directly associated with the function. Program revenues of the District consist of nonemployer contributions to cost-sharing pension plan, restricted intergovernmental revenues, and on-behalf payments from the State of Louisiana. The net costs (by function) are normally covered by general revenues.

This government-wide focus is more on the sustainability of the East Central Bossier Parish Fire District No. 1 as an entity and the change in the East Central Bossier Parish Fire District No. 1's net position resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the East Central Bossier Parish Fire District No. 1 are recorded 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, liabilities, reserves, fund equity, revenues and expenditures. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the East Central Bossier Parish Fire District No. 1:

Governmental Funds – the focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the East Central Bossier Parish Fire District No. 1:

- a. General fund is the general operating fund of the East Central Bossier Parish Fire District No. 1. It is used to account for all financial resources except those required to be accounted for in another fund.

The emphasis in fund financial statements is on the major funds in the governmental category. GASB sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

The following major fund is presented in the fund financial statements:

General Fund – accounts for all financial resources except those required to be accounted for in another fund.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

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East Central Bossier Parish Fire District No. 1
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Notes to Financial Statements
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1. Accrual:

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

Revenues of the East Central Bossier Parish Fire District No. 1 consist principally of property taxes, other intergovernmental revenues, donations, and interest income. Property taxes are recorded in the year for which the taxes are levied and budgeted. Property taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The 2020 tax levy is intended to fund the 2021 fiscal year; therefore, the levy has been recorded as a receivable and deferred inflows of resources. Interest income is recorded when earned. Donations and other intergovernmental revenues are recorded when received in cash because they are generally not measurable until actually received.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under 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 rule is that principal and interest on general obligation long-term debt, if any, is recognized when due. Depreciation is not recognized in the governmental fund financial statements.

E. Budgets

The district uses the following budget practices:

1. A preliminary budget for the ensuing year is prepared by the Board of Commissioners prior to December 16 of each year and is made available for public inspection.
2. After completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution.
3. All budgetary appropriations lapse at the end of each fiscal year.
4. The budget is established and controlled by the Board of Commissioners at the object level of expenditure. All changes in the budget must be approved by the board.
5. The budget is adopted on a cash basis for all funds. There were no amendments to the 2021 budget.

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East Central Bossier Parish Fire District No. 1
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Notes to Financial Statements
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F. Cash, Cash Equivalents, and Investments

Cash includes amounts in petty cash, interest-bearing demand deposits, and money market accounts. 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, or money market accounts with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are carried at cost, which approximates market.

G. Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The Federal Government has a reversionary interest in property purchased with federal funds. Its disposition as well as the ownership of any proceeds therefrom is subject to federal regulations.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	12 – 40 years
Vehicles	2 – 22 years
Equipment	4 – 18 years

H. Compensated Absences

Full-time employees of the district earn five days of vacation leave each year. Vacation and sick leave do not accumulate.

At December 31, 2021, there were no employee leave benefits requiring recognition. The cost of leave privileges is recognized as current-year expenditure when leave is actually taken.

I. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

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East Central Bossier Parish Fire District No. 1
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Notes to Financial Statements
December 31, 2021
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J. Prepaid Items

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

K. Deferred Outflows/Inflows of Resources

The District's governmental activities and governmental funds report a separate section for deferred inflows of resources. This separate financial statement element *deferred inflows of resources* represents 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 item, unavailable revenue, is reported in the governmental funds balance sheet and statement of net position. The District reports unavailable revenue from property taxes and other receipts. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available or the period for which they are levied and budgeted. On the government-wide statement of net position, the District also reports deferred inflows of resources from pension-related amounts.

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has deferred outflows of resources related to pensions reported in the government-wide statement of net position.

L. Net Position

Government-wide net position is divided into three components: Net investment in capital assets consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets. Restricted net position consists of assets that are restricted by the district's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors (less related liabilities and deferred inflows of resources). All other net position is reported as unrestricted net position. When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the district's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

M. Pension Plan

The District is a participating employer in a cost-sharing, multiple-employer, defined benefit pension plans as described in Note 8. 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 each of the plans, and additions to/deductions for the plans fiduciary net position, have been determined on the same basis as they are reported by the plan.

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N. Fund Balance

In the governmental fund financial statements, fund balances are classified as follows:

1. Nonspendable - amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.
2. Restricted – amounts that can be spent only for specific purposes due to constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
3. Committed - amounts that can be used only for the specific purposes as a result of constraints imposed by the board of commissioners (the district's highest level of decision making authority). Committed amounts cannot be used for any other purpose unless the board of commissioners remove those constraints by taking the same type of action (i.e. legislation, resolution, ordinance).
4. Assigned - amounts that are constrained by the district's intent to be used for specific purposes, but are neither restricted nor committed.
5. Unassigned - all amounts not included in other spendable classifications.

The district's policy is to apply expenditures against restricted fund balance and then to other, less-restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

The calculation of fund balance amounts begins with the determination of nonspendable fund balances. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purpose amounts exceeds the positive fund balance for the non-general fund.

O. Fair Value Measurements

Generally accepted accounting principles require disclosure to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 inputs – The valuation is based on quoted market prices for identical assets or liabilities traded in active markets;

(Continued)

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Level 2 inputs – The valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active, and inputs other than quoted prices that are observable for the asset or liability;

Level 3 inputs – The valuation is determined by using the best information available under the circumstances and might include the government’s own data but should adjust those data if (a) reasonably available information indicates that other market participants would use different data or (b) there is something particular to the government that is not available to other market participants.

The asset’s or liability’s fair value measurement level within the fair value hierarchy is based on lowest level of any input that is significant to the fair value measurement.

(2) Levied Taxes

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

	Authorized Millage	Levied Millage	Expiration Date
Operating	19.00	19.00	2028

(3) Cash, Cash Equivalents, and Investments

At December 31, 2021, the District has cash, cash equivalents, and investments (book balances) totaling \$3,455,918, as detailed below:

A. Cash and Cash Equivalents

Cash and cash equivalents at December 31, 2021 (book balances) totaled \$3,375,444, in interest bearing demand deposits and a brokerage account. Included in this amount is \$161,890, which is restricted for Camp Minden activities. 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.

At December 31, 2021, the District had \$1,489,992 in a brokerage account which consisted of money market funds which were backed by U.S. government securities or repurchase agreements backed by U.S. government securities.

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B. Investments

Investments at December 31, 2021, consist of certificates of deposits with initial maturities greater than 90 days. The certificates of deposit are carried at cost, which approximates market. The investments are presented in the financial statements at fair value using level 2 fair value measure.

C. Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of December 31, 2021, \$1,462,025 of the District's bank balances of \$2,020,098 was exposed to custodial credit risk as uninsured deposits protected and collateralized with pledged securities held by the pledging bank's trust department not in the District's name. Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

(4) Long-term Liabilities

Long-term liability activity for the year ended December 31, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Volunteer incentive program	\$ 67,579	\$ 12,895	\$	\$ 80,474	\$ 80,474
Net pension liability	<u>1,822,367</u>	<u> </u>	<u>(905,144)</u>	<u>917,223</u>	<u> </u>
Total long-term liabilities, governmental activities	<u>\$1,889,946</u>	<u>\$ 12,895</u>	<u>\$(905,144)</u>	<u>\$ 997,697</u>	<u>\$ 80,474</u>

(5) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at December 31, 2021, consisted of the following:

Salaries and benefits	\$ 9,531
Accounts	<u>50,975</u>
	<u>\$ 60,506</u>

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(6) Capital Assets

Capital asset activity for the year ended December 31, 2021, was as follows:

	Balance at Jan. 1, 2021	Additions	Deletions	Balance at Dec. 31, 2021
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 177,019	\$ _____	\$ _____	\$ 177,019
Total capital assets, not being depreciated	<u>177,019</u>	<u>_____</u>	<u>_____</u>	<u>177,019</u>
Capital assets, being depreciated:				
Buildings	774,990		(4,343)	770,647
Equipment	474,838		(9,681)	465,157
Vehicles	2,409,633		(11,435)	2,398,198
Building Improvements	88,517			88,517
Total capital assets, being depreciated at historical cost	<u>3,747,978</u>	<u>_____</u>	<u>(25,459)</u>	<u>3,722,519</u>
Less accumulated depreciation:				
Buildings	(396,149)	(23,968)	4,343	(415,774)
Equipment	(406,386)	(19,810)	9,681	(416,515)
Vehicles	(1,784,436)	(100,858)	8,005	(1,877,289)
Building Improvements	(46,006)	(5,054)		(51,060)
Total accumulated depreciation	<u>(2,632,977)</u>	<u>(149,690)</u>	<u>22,029</u>	<u>(2,760,638)</u>
Total capital assets, being depreciated, net	<u>1,115,001</u>	<u>(149,690)</u>	<u>(3,430)</u>	<u>961,881</u>
Governmental activities capital assets, net	<u>\$ 1,292,020</u>	<u>\$(149,690)</u>	<u>\$(3,430)</u>	<u>\$ 1,138,900</u>

Depreciation expense for the year ended December 31, 2021, was \$149,690.

(7) On-behalf Payments

The District received a total of a total of \$61,750 in firemen supplemental pay from the State of Louisiana. The District recognizes this supplemental pay received by the employees as revenues and expenditures of the District. The revenue is reported in the General Fund under intergovernmental revenues and the expenditure is reported as public safety expenditures.

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(8) Pension Plan

The District participates in the State of Louisiana Firefighters' Retirement System (System), a cost-sharing multiple-employer defined benefit pension plan established by Act 434 of 1979 to provide retirement, disability and survivor benefits to firefighters in Louisiana.

PLAN DESCRIPTION

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 RS 11:2252 on and after January 1, 1980 shall become a member as a condition of employment. Members in the System consist full-time firefighters, eligible employees of the retirement system, or any person in a position as defined in the municipal fire and police civil service system that earns at least \$375 per month, excluding state supplemental pay, and is employed by a fire department of any municipality, parish, or fire district of the State of Louisiana, except for Orleans Parish and the City of Baton Rouge.

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 this 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 this System, or for any other purpose in order to attain eligibility or increase the amount of service credit in this System.

Retirement Benefits

Employees with 20 or more years of service who have attained age 50, or employees who have 12 years of service who have attained age 55, or 25 years or service at any age are entitled to annual pension benefits equal to 3.333% of their average final compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 100%. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity.

If employees terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to their employer's contributions.

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Benefits are payable over the retirees' lives in the form of a monthly annuity. A member may elect an unreduced benefit or any of seven options at retirement.

See R.S. 11:2256(A) for additional details on retirement benefits.

Disability Benefits

A member who acquires a disability, and who files for disability benefits while in service, and who upon medical examination and certification as provided for in Title 11, is found to have a total disability solely as the result of injuries sustained in the performance of his official duties, or for any cause, provided the member has at least five years of creditable service and provided that the disability was incurred while the member was an active contributing member in active service, shall be entitled to disability benefits under the provisions of R.S. 11:2258(B).

Death Benefits

Benefits shall be payable to the surviving eligible spouse or designated beneficiary of a deceased member as specified in R.S. 11:2256(B) and (C).

Deferred Retirement Option Plan

After completing 20 years of creditable service and attaining the age of 50 years, 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. Upon termination of employment, a participant in the program has several options to receive their DROP benefit. A member may (1) elect to roll over all or a portion of their DROP balance into another eligible qualified plan, (2) receive a lump-sum payment from the account, (3) receive single withdrawals at the discretion of the member, (4) receive monthly or annual withdrawals, or (5) receive an annuity based on the deferred retirement option plan account balance. These withdrawals are 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 withdrawals 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.

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Cost of Living Adjustments (COLAs)

Under the provisions of R.S. 11:246 and 11:2260(A)(7), the board of trustees is authorized to grant retired members and widows of members who have retired an annual cost of living increase of up to 3% of their current benefit, and all retired members and widows who are 65 years of age and older a 2% increase in their original benefit. In order for the board to grant either of these increases, the System must meet certain criteria detailed in the statute related to funding status and interest earnings (R.S. 11:243). In lieu of these COLAs, pursuant to R.S. 11:241, the board may also grant an increase based on a formula equal to up to \$1 times the total number of years of credited service accrued at retirement or at death of the member or retiree plus the number of years since retirement or since death of the member or retiree to the system's fiscal year end preceding the payment of the benefit increase. If there are not sufficient funds to fund the benefit at the rate of one dollar per year for such total number of years, then the rate shall be reduced in proportion to the amount of funds that are available to fund the cost-of-living adjustment.

CONTRIBUTIONS

Contribution requirements for employers, non-employer contributing entities, and employees are established and may be amended in accordance with Title 11 and Title 22 of the Louisiana Revised Statutes.

Employer and Employee Contributions

According to State statute, employer contributions are actuarially determined each year. For the year ended June 30, 2021, employer and employee contribution rates for members above the poverty line were 32.25% and 10.0%, respectively. The employer and employee contribution rates for those members below the poverty line were 34.25% and 8.0%, respectively. The District's contributions to the System for the years ended December 31, 2021, 2020, and 2019 were \$213,002, \$194,394, and \$175,859, respectively.

Non-employer contributions

According to state statute, the System receives insurance premium tax funds from the state of Louisiana. The tax is considered support from a non-employer contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue during the year ended June 30, 2021 and were excluded from pension expense. Non-employer contributions received by the System and attributable to the District during the year ended December 31, 2021 were \$73,939.

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East Central Bossier Parish Fire District No. 1
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PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At December 31, 2021, the District reported a liability of \$917,223 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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 historical employer contributions. The employer's proportion was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The allocation percentages were used in calculating each employer's proportionate share of the pension amounts.

The allocation method used in determining each employer's proportion was based on the combined contributions to the System during the year ended June 30, 2021 as compared to the total of all combined contributions to the System during the fiscal year ended June 30, 2021. At June 30, 2021, the District's proportion was .258821%, which was a decrease of .00408% from its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the District recognized pension expense of \$134,270, plus employer's amortization of change in proportionate share and the difference between employer contributions and proportionate share of contributions, \$(2,193).

At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 13,089	\$ 82,369
Changes of assumptions	198,756	
Net difference between projected and actual earnings on pension plan investments		556,625
Changes in proportion and differences between employer contributions and proportionate share of contributions	211,689	27,504
Employer contributions subsequent to the measurement date	<u>108,242</u>	
Total	<u>\$ 531,776</u>	<u>\$ 666,498</u>

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The District reported a total of \$108,242 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2021, which will be recognized as a reduction in net pension liability in the year ended December 31, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

<u>Year</u>	<u>Amount</u>
2022	\$ (44,192)
2023	(42,563)
2024	(77,778)
2025	(117,275)
2026	28,337
2027	<u>10,507</u>
Total	<u>\$ (242,964)</u>

ACTUARIAL METHODS AND ASSUMPTIONS

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

For each year, the actuary determines the reasonable range of the actuarial valuation interest rate, an expected long-term portfolio rate of return and standard deviation based upon the System's target asset allocation and a thirty-year time horizon. These rates were based on an analysis of the System's portfolio along with expected long-term rates of return, standard deviations of return, and correlations between asset classes collected from a number of investment consulting firms in addition to the System's investment consultant, NEPC, L.L.C. Using these values and assuming that future portfolio returns are normally distributed, ten thousand trials of returns over the upcoming thirty years was performed. The results of these trials were organized into percentiles and a reasonable range equal to the 40th through 60th percentiles was set. For the fiscal year ended June 30, 2021, the reasonable range was set at 6.19% through 7.33% and the Board of Trustees elected to set the System's assumed rate of return at 6.90% for Fiscal 2021. For the fiscal year ended June 30, 2020, the reasonable range was set at 5.99% through 7.06% and the Board of Trustees elected to set the System's assumed rate of return at 7.00% for Fiscal 2020. The actuarial valuation interest rates selected by the board, which were within the reasonable range, were 6.90% and 7.00% for fiscal years 2021 and 2020, respectively.

The remaining actuarial assumptions utilized for this report are based on the results of an actuarial experience study completed September 24, 2020, for the period July 1, 2014 – June 30, 2019, unless otherwise specified in this report. Additional details are given in the actuary's complete 2020 Experience Report for the period July 1, 2014 – June 30, 2019 which can be obtained from the Firefighters' Retirement System website at www.ffret.com under the Finance tab, Actuarial Valuations section. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021, are as follows:

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Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal Cost
Estimated Remaining Service Life	7 years, closed period
Investment Rate of Return	6.90% per annum (net of investment expenses, including inflation) (decreased from 7.00% in 2020)
Inflation Rate	2.50% per annum
Salary increases	14.10% in the first two years of service and 5.20% with 3 or more years of service; includes inflation and merit increases
Cost of Living Adjustments	For the purpose of determining the present value of benefits, COLAs were deemed not to be substantively automatic and only those previously granted were included.

For the June 30, 2021 valuation, assumptions for mortality rates were based on the following:

- For active members, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees.
- For annuitants and beneficiaries, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees.
- For disabled retirees, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees.
- In all cases the base table was multiplied by 105% for males and 115% for females, each with full generational projection using the appropriate MP-2019 scale.

The long-term expected real rate of return is an important input into the actuary's determination of the reasonable range for the discount rate which is used in determining the total pension liability. The actuary's method incorporates information from multiple consultants and investments firms regarding future expected rates of return, variances, and correlation coefficients for each asset class. The change integrates data from multiple sources to produce average values thereby reducing reliance on a single data source.

The June 30, 2021, estimated long-term expected rate of return on pension plan investments was determined by the System's actuary using the System's target asset allocation as of January 2021 and the G.S. Curran & Company Consultant Average study for 2021. The Consultant Average Study included projected nominal rates of return, standard deviations of returns, and correlations of returns for a list of common asset classes collected from a number of investment consultants and investment

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management firms. Each consultant's response included nominal expected long term rates of return. In order to arrive at long-term expected arithmetic real rates of return, the actuary normalized the data received from the consultant's responses in the following ways. Where nominal returns received were arithmetic, the actuary simply reduced the return assumption by the long-term inflation assumption. Where nominal returns were geometric, the actuary converted the return to arithmetic by adjusting for the long-term standard deviation and then reduced the assumption by the long-term inflation assumption. Using the target asset allocation for the System and the average values for expected real rates of return, standard deviation of returns, and correlation of returns, an arithmetic expected nominal rate of return and standard deviation for the portfolio was determined. Subsequent to the actuary's calculation of the long term expected real rate of return in January 2021, the Board voted to amend the target asset allocation. These changes include an increase to target weight in public equity, a decrease in the target weight in fixed income, and the inclusion of a target weight in private real assets. The changes to the target asset allocation are reflected in the table below. The System's long-term assumed rate of inflation of 2.50% was used in this process for the fiscal year ended June 30, 2021.

Best estimates of arithmetic real rates of return for each major class included in the System's target asset allocation as of June 30, 2021, are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rates of Return</u>
Fixed income		
U.S. Core Fixed Income	18.00%	.97%
U.S. TIPS	3.00%	.40%
Emerging Market Debt	5.00%	2.75%
Equity		
US Equity	27.50%	5.86%
Non-US Equity	11.50%	6.44%
Global Equity	10.00%	6.40%
Emerging Market Equity	7.00%	8.64%
Multi-Asset Strategies		
Global Tactical Asset Allocation	0.00%	4.17%
Risk Parity	0.00%	4.17%
Alternatives		
Real Estate	6.00%	5.31%
Real Assets	3.00%	0.00%
Private Equity	9.00%	9.53%
Totals	<u>100%</u>	

(Continued)

East Central Bossier Parish Fire District No. 1
 Haughton, Louisiana
 Notes to Financial Statements
 December 31, 2021
 (Continued)

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates, and that contributions from participating employers and non-employer contributing entities will be made at the actuarially-determined rates approved by the Board of Trustees and by the Public Retirement Systems' Actuarial Committee taking into consideration the recommendation of the System's actuary. Based on these assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

SENSITIVITY TO CHANGES IN DISCOUNT RATE

The following presents the net pension liability of the participating employers calculated using the discount rate of 6.90%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.90% or one percentage point higher 7.90% than the current rate as of June 30, 2021.

	Changes in Discount Rate		
	1% Decrease <u>5.90%</u>	Current Discount Rate <u>6.90%</u>	1% Increase <u>7.90%</u>
Net Pension Liability	\$ 1,759,625	\$917,223	\$ 214,669

CHANGE IN NET PENSION LIABILITY

The changes in the net pension liability for the year ended June 30, 2020 were recognized in the current reporting period as pension expense except as follows:

Differences between Expected and Actual Experience:

The differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized as pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

Differences between Projected and Actual Investment Earnings:

The differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period.

Changes of Assumptions:

The changes of assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

(Continued)

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Financial Statements
December 31, 2021
(Continued)

Change in Proportion:

Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan.

CONTRIBUTIONS - PROPORTIONATE SHARE

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of employer amounts due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

PLAN FIDUCIARY NET POSITION

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's plan fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily related to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated amounts. The Plan's fiduciary net position has been determined on the same basis as that used by the plan. Detailed information about the fiduciary net position is available in a stand-alone audit report on their financial statements for the year ended June 30, 2021. Access to these reports can be found on the Louisiana Legislative Auditor's website, www.la.la.gov.

RETIREMENT SYSTEM AUDIT REPORT

Firefighters' Retirement System issued a stand-alone audit report on its financial statements for the year ended June 30, 2021. 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.la.la.gov.

(9) Accounts Receivable

Accounts receivable at December 31, 2021, consisted of the following:

Ad Valorem	\$ 1,604,334
State of Louisiana-Camp Minden	<u>25,000</u>
Total	<u>\$ 1,629,334</u>

(Continued)

East Central Bossier Parish Fire District No. 1
 Haughton, Louisiana
 Notes to Financial Statements
 December 31, 2021
 (Continued)

(10) Leases

For the year ended December 31, 2021, the district had an operating lease on equipment that is utilized by the district. Lease payments on the lease for the year ended December 31, 2021 were \$2,195. The minimum annual commitments under non-cancelable operating leases are as follows:

<u>Year Ending December 31,</u>	
2022	\$ 1,980
2023	1,815
	<u>\$ 3,795</u>

(11) Tax Abatement

As of December 31, 2021, the District is subject to tax abatement agreements which were entered into by the State of Louisiana through the Industrial Tax Exemption Program (ITEP). The agreements allows localities to abate property taxes for a variety of economic development purposes, including job creation, as well as business relocation, retention, and expansion. The District has not made any commitments as part of the agreements other than to reduce taxes.

Industrial Tax Exemption (ITEP):

The Louisiana Industrial Ad Valorem Tax Exemption Program (ITEP) is an original state incentive program which offers an attractive tax incentive for manufacturers within the state. The program abates, up to ten years, local property taxes (Ad Valorem) on a manufacturer's new investment and annual capitalized additions related to the manufacturing site with the approval of the Governor. The legal authority is Article 7, Section 21(F) of the Louisiana Constitution.

Gross Dollar Amount by Which the District's Tax Revenues Were Reduced: The District estimates property tax revenues have been reduced by \$61,675 for the year.

(12) Risk Management

The District purchases commercial insurance to provide workers compensation coverage and general liability and property insurance. There were no significant reductions in insurance coverage from the prior year.

(13) Subsequent Events

Subsequent events have been evaluated through June 29, 2022, the date the financial statements were available to be issued.

(14) Uncertainty

As a result of the COVID-19 Coronavirus, economic uncertainties have arisen which are likely to negatively impact financial resources. While the duration on the economic impact is expected to be temporary, there is considerable uncertainty around the duration. The related financial impact and duration cannot be reasonably estimated at this time.

East Central Bossier Parish Fire District No. 1
 Haughton, Louisiana
 Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Budget (Cash Basis) and Actual
 General Fund
 For the Year Ended December 31, 2021

	<u>Budgeted Amounts</u> <u>Original & Final</u>	<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance- Favorable</u> <u>(Unfavorable)</u>
Revenues			
Ad valorem taxes	\$ 1,435,876	\$ 1,526,398	\$ 90,522
Intergovernmental-fire insurance rebate	80,000	76,921	(3,079)
Miscellaneous	200		(200)
Interest income	10,000	36,828	26,828
	<u>1,526,076</u>	<u>1,640,147</u>	<u>114,071</u>
Total revenues			
Expenditures			
Current:			
General government	61,459	49,434	12,025
Public Safety	2,730,559	1,422,522	1,308,037
	<u>2,792,018</u>	<u>1,471,956</u>	<u>1,320,062</u>
Total expenditures			
Net change in fund balance	(1,265,942)	168,191	1,434,133
Fund balances at beginning of year	<u>1,265,942</u>	<u>3,226,514</u>	<u>1,960,572</u>
Fund balances at end of year	<u>\$</u>	<u>\$ 3,394,705</u>	<u>\$ 3,394,705</u>

The accompanying notes are an integral part of this statement.

East Central Bossier Parish Fire District No. 1
 Haughton, Louisiana
 Notes to Required Supplementary Information
 December 31, 2021

The District's budget is adopted on a cash basis for all funds. There were no amendments to the 2021 budget. Budget comparison statements included in the accompanying financial statements include the original and adopted budget. The schedule below reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on the budget basis with GAAP basis:

	<u>General Fund</u>
Excess of revenues and other sources over expenditures and other uses (budget basis)	\$ 168,191
Adjustments:	
Revenue accruals – net	96,291
Expenditure accruals – net	<u>(111,229)</u>
Excess of revenues and other sources over expenditures and other uses (GAAP basis)	<u>\$ 153,253</u>

East Central Bossier Parish Fire District No. 1
 Haughton, Louisiana
 Schedule of Contributions
 For the Year Ended December 31, 2021

State of Louisiana Firefighters' Retirement System

<u>Year Ended December 31</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in relation to the statutorily required contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered-employee payroll</u>	<u>Contributions as a percentage of covered-employee payroll</u>
2021	\$ 213,002	\$ 213,002	\$	\$ 631,957	33.71%
2020	194,394	194,394		647,920	30.00%
2019	175,859	175,859		648,419	27.12%
2018	132,466	132,466		502,109	26.38%
2017	125,067	125,067		483,206	25.88%
2016	123,646	123,646		471,067	26.25%
2015	119,836	119,836		424,366	28.24%

*Amounts presented were determined as of the end of the fiscal year (December 31).

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

East Central Bossier Parish Fire District No. 1
 Haughton, Louisiana
 Schedule of Proportionate Share of Net Pension Liability
 For the Year Ended December 31, 2021

State of Louisiana Firefighters' Retirement System

Year Ended June 30	Proportion of the net pension liability	Proportionate share of the net pension liability	Covered-employee payroll	Proportionate share of the net pension liability as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.25882%	\$ 917,223	\$ 644,663	142.27%	86.78%
2020	0.26291%	1,822,367	645,772	282.20%	72.61%
2019	0.24542%	1,536,792	563,398	272.77%	73.96%
2018	0.20517%	1,180,177	488,488	241.60%	74.76%
2017	0.20323%	1,164,889	474,517	245.49%	73.55%
2016	0.19541%	1,278,125	438,407	291.54%	68.16%
2015	0.20417%	1,101,907	433,892	253.96%	72.45%

*Amounts presented were determined as of the measurement date (June 30).

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

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2021

Agency Head: Robert Roe, Fire Chief

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 81,626
State supplemental pay	6,000
Benefits-insurance	10,005
Benefits-retirement	28,914
Clothing allowance	350
Conference travel	420
Continuing professional education fees	520

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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 Auditors' Report

Board of Commissioners
East Central Bossier Parish Fire District No. 1

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 major fund of the East Central Bossier Parish Fire District No. 1 as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the East Central Bossier Parish Fire District No. 1's basic financial statements, and have issued our report thereon dated June 29, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the East Central Bossier Parish Fire District No. 1's internal control over financial reporting (internal control) as a basis for designing 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 East Central Bossier Parish Fire District No. 1's internal control. Accordingly, we do not express an opinion on the effectiveness of the East Central Bossier Parish Fire 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 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether East Central Bossier Parish Fire 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 financial statements. 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Cook & Morehart
Certified Public Accountants
June 29, 2022

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Summary Schedule of Audit Findings
December 31, 2021

Summary Schedule of Prior Audit Findings

There were no findings for the prior year audit for the year ended December 31, 2020.

Corrective Action Plan for Current Year Audit Findings

There are no findings for the current year audit for the year ended December 31, 2021.

COOK & MOREHART

Certified Public Accountants

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Independent Accountants' Report on Applying Agreed-Upon Procedures

To the Board of Commissioners
East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. The East Central Bossier Parish Fire District No. 1's management is responsible for those C/C areas identified in the SAUPs.

East Central Bossier Parish Fire District No. 1 has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledges that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b) ***Purchasing***, including (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; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving.
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collection for each type of revenue or agency fund additions (including periodic confirmation with outside

parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statutes (R.S.)42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosures/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Management provided written policies and procedures addressing all of the above, except as noted below.

Exception: District sexual harassment policy does not address mandatory annual employee training and annual reporting requirements.

Management response: The District will amend its sexual harassment policy to include mandatory annual employee training and annual reporting.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

The Board of Commissioners of the District met on a monthly basis.

b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

The minutes of the board of commissioners referenced and included budget to actual comparisons on the general fund.

c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

The district did not have a negative unassigned fund balance in the prior year audit report.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

Management provided the requested information, along with management's representation that the listing is complete.

a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Bank reconciliations selected included evidence that they were prepared within 2 months of the related statement closing date

b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Bank reconciliations selected included evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.

c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Exception: There were ten (10) outstanding checks totaling \$221.97, on one bank reconciliation selected for testing that were more than 12 months old. There was no indication that management had researched these outstanding items.

Management's Response: Management will research and follow up on old outstanding items.

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Management provided the requested information, along with management's representation that the listing is complete.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Management provided the requested information, along with management's representation that the listing was complete.

Exception: The individual responsible for collecting cash is also responsible for making deposits and for recording the transactions in the general ledger.

Management's Response: Due to few administrative staff, the same individual performs the duties of collecting funds, making deposits, and recording transactions in the general ledger. Funds received are via check. No currency is received. A separate individual reconciles the bank accounts. The District will explore the possibility of other administrative staff being utilized in performing some of these functions.

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

The District has a crime policy which includes coverage for employee theft.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe drawer).
- e) Trace the actual deposit per the bank statement to the general ledger.

The District does not write receipts for collections because the District does not have any actual cash collections. For the deposits selected for testing, the deposit slip total was located on the bank statement, and the actual deposit was traced to the general ledger.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5). Management provided the requested information, along with management's representation that the listing is complete.
- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Exception: The Chief is responsible for initiating, approving, and placing an order. The Chief is also authorized to add new vendors to the vendor list and is also responsible for processing payments, and mailing signed checks. The Chief is not authorized to sign checks.

Management's Response: The District will consider controls whereby the same individual does not initiate and approve purchases and mail signed checks. All purchases are approved by management and a member of the Board of Commissioners prior to payment being made. All disbursements require the signatures of two board members.

- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Management provided the requested information, along with management's representation that the listing is complete. For the transactions selected for testing, the disbursement matched the related original invoice, included supporting documentation indicating deliverables were received by the District, and included evidence of segregation of duties, except as noted below:

Exception: The Chief is responsible for initiating, approving, and placing an order. The chief is also authorized to add new vendors to the vendor list and is also responsible for processing payments and mailing signed checks. The Chief is not authorized to sign checks.

Management's Response: The District will consider controls whereby the same individual does not initiate and approve purchases and mail signed checks. All purchases are approved by management and a member of the Board of Commissioners prior to payment being made. All disbursements require the signatures of two board members.

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (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.

Management provided the requested information, along with management's representation that the listing is complete.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), 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.].

For each card selected for testing, there were attributes indicating that someone other than the authorized card holder reviewed and approved the monthly statements and supporting documentation for the items selected for testing.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

None of the statements selected for testing contained finance charges and or late fees.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny. For each transaction, report whether the transaction is supported by:

- 1) An original itemized receipt (i.e., identifies precisely what was purchased)

Transactions tested were supported by original itemized receipts.

- 2) Written documentation of the business/public purpose.

Transactions tested were supported with the business purpose documentation

- 3) Documentation of the individuals participating in meals (for meal charges only).

None of the transactions selected for testing were for meal charges.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

- b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

- c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

- d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Management provided the requested information, along with management's representation that the listing is complete. The District does not utilize a per diem system. The reimbursements selected for testing were for actual costs and were supported by an original itemized receipt that identified what was purchased, supported by documentation of business purpose, and was reviewed and approved, in writing, by someone other than the person receiving the reimbursement

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

There were no contracts initiated or renewed during the fiscal period for testing

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Management provided the requested information, along with management's representation that the listing is complete. For the 5 employees selected for testing, the paid salaries agreed with the authorized salaries/pay rates in the personnel files.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

Daily attendance and leave was documented for the employees selected for testing.

b) Observe that supervisors approved the attendance and leave of the selected employees or officials.

For the transactions selected for testing, supervisors approved the attendance and leave.

c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

For the transactions selected for testing, leave taken was reflected in the District's cumulative leave records.

d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

For the transactions selected for testing, the rate of pay to the employees agreed to the authorized salary/pay rate found within the personnel file.

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

The District did not pay out any termination payments during the fiscal period.

19. Obtain management's representation that employer and employee portions of third party payroll related amounts (e.g. payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc) have been paid, and any associated forms have been filed, by required deadlines.

Management provided representation that employer and employee portions of third party payroll related amounts, including payroll taxes, retirement contributions, health insurance premiums, garnishments, and workers' compensation premiums, have been paid, and any associated forms have been filed, by required deadlines.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

- a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

The District maintained documentation to demonstrate that required ethics training was completed.

- b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

The District did not make any changes to the ethics policy during the fiscal period.

Debt Service

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.

The District did not issue any debt during the fiscal period.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

The District did not have any outstanding debt during the fiscal period.

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

The District's management represented that there were no misappropriations of public funds and assets during the fiscal period.

24. Observe the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds

We observed the District has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud waste, or abuse of public funds.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."

a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedures and discussed the results with management.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

Exception: Employees of the District did not obtain the required sexual harassment training.

Management's Response: The District will implement procedures for ensuring that employees obtain sexual harassment training in the future.

27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

Exception: The District does not have a sexual harassment policy and complaint procedure on its website.

Management's Response: The District will post its sexual harassment policy and complaint procedure on its website.

28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

a) Number and percentage of public servants in the agency who have completed the training requirements;

b) Number of sexual harassment complaints received by the agency;

c) Number of complaints which resulted in a finding that sexual harassment occurred;

d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

e) Amount of time it took to resolve each complaint.

Exception: The District did not complete the required report for the current fiscal period.

Management's Response: The District will complete the required report.

We were engaged by East Central Bossier Parish Fire District No. 1, to perform this agreed-upon procedures engagement and conducted our engagement 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 engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. 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.

We are required to be independent of East Central Bossier Parish Fire District No. 1, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, 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.

Cook & Morehart
Certified Public Accountants
June 29, 2022