

**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, 2019

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 Financial Statements

We have audited the accompanying 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, 2019, 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.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the East Central Bossier Parish Fire District No. 1 as of December 31, 2019, 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.

Other Matters

Required Supplementary Information

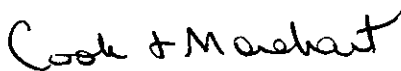
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 – 8, budgetary comparison information on pages 34 – 35, the Schedule of Contributions on page 36, and the Schedule of Proportionate Share of Net Pension Liability on page 37, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 38, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2020, 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 24, 2020

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, 2019. Please read it in conjunction with the District's financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

The East Central Bossier Parish Fire District No. 1's net position decreased by \$145,754 or 3%.

The East Central Bossier Parish Fire District No. 1's total general revenues were \$1,674,706 in 2019 compared to \$1,608,572 in 2018.

During the year ended December 31, 2019, the East Central Bossier Parish Fire District No. 1 had total expenses, excluding depreciation, of \$1,680,067, compared to \$1,367,954 in 2018.

The East Central Bossier Parish Fire District No. 1's net pension liability increased \$356,615 from \$1,180,177, in 2018 to \$1,536,792, in 2019.

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 9 and 10) 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 11. 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 9. 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 11. The fund financial statements begin on page 11 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, decreasing from \$3,695,273 to \$3,549,519. Our analysis below will focus on key elements of the total governmental funds for both December 31, 2018 and 2019 years.

	Governmental Activities	
	2019	2018
Current and other assets	\$ 4,866,635	\$ 4,878,617
Capital assets	1,455,422	1,451,719
Total Assets	6,322,057	6,330,336
 Deferred outflows of resources		
Pension related	555,397	273,547
 Current liabilities	60,084	75,561
Long-term liabilities	1,599,406	1,237,195
Total Liabilities	1,659,490	1,312,756
 Deferred inflows of resources		
Pension related	129,476	115,890
Ad valorem taxes	1,538,969	1,479,964
Total Deferred Inflows of Resources	1,668,445	1,595,854
 Net Position		
Investment in capital assets	1,455,422	1,451,719
Restricted	153,331	136,804
Unrestricted	1,940,766	2,106,750
Total Net Position	\$ 3,549,519	\$ 3,695,273

Net position of the East Central Bossier Parish Fire District No. 1's governmental activities decreased by \$145,754 or 3%, 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, decreased from \$2,106,750, at December 31, 2018 to \$1,940,766 at December 31, 2019.

Table 2
Change in Net Position

	Governmental Activities	
	2019	2018
Revenues		
Operating grants and contributions	65,791	53,251
General Revenues		
Ad valorem taxes	1,452,878	1,420,187
Intergovernmental	126,709	139,019
Interest and dividend income	95,119	49,366
Total revenues	1,740,497	1,661,823
Expenses		
General government	48,963	47,135
Public safety - fire protection	1,837,288	1,533,296
	1,886,251	1,580,431
Increases (decrease) in net position	\$ (145,754)	\$ 81,392

Total revenues increased from total revenues in the year ended December 31, 2018 of \$1,661,823 to total revenues of \$1,740,497 in the year ended December 31, 2019.

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 11) reported a fund balance of \$3,169,987, which is lower than last year's fund balance of \$3,235,021.

General Fund Budgetary Highlights

The District adopted a budget for its General Fund for the year ended December 31, 2019. 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 34. 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 \$3,169,987 reported on page 13 differs from the General Fund's *budgetary* fund balance of \$3,156,336 reported in the budgetary comparison schedule on page 34. This is primarily due to the District budgeting on the cash basis of accounting.

CAPITAL ASSETS

At the end of December 31, 2019 and 2018, the East Central Bossier Parish Fire District No. 1 had invested \$1,455,422 and 1,451,719, respectively, in capital assets. (see table below)

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

	Governmental Activities	
	2019	2018
Land	\$ 177,019	\$ 53,500
Buildings	404,340	429,978
Equipment	74,417	81,469
Vehicles	752,081	862,093
Building Improvements	47,565	24,679
Total	<u>\$1,455,422</u>	<u>\$1,451,719</u>

This year's major additions included:

Vehicles	\$ 47,191	\$ 26,036
Land	123,519	
Building Improvements	26,716	
Equipment	28,695	32,647
Total	<u>\$ 226,121</u>	<u>\$ 58,683</u>

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 2019	Governmental Activities 2018
Net pension liability	\$ 1,536,792	\$ 1,180,177
Volunteer incentive program	62,614	57,018
	\$ 1,599,406	\$ 1,237,195

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, 2020 budget. Property tax millage will remain at 19 mills. Amounts available for appropriation are expected to remain approximately the same. Expenditures for 2020 are expected to remain consistent with 2019.

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, 2019

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 3,014,126
Investments	62,614
Accounts receivable - ad valorem taxes	1,538,969
Prepaid expenses	97,595
Restricted cash and cash equivalents	153,331
Capital assets	
Depreciable (net)	1,278,403
Non-depreciable	177,019
Total assets	6,322,057
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	555,397
LIABILITIES	
Accounts payable and accrued expenses	60,084
Long-term liabilities:	
Due within one year	62,614
Due within more than one year	1,536,792
Total liabilities	1,659,490
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue	
Ad Valorem taxes	1,538,969
Pension related	129,476
Total deferred inflows of resources	1,668,445
NET POSITION	
Investment in capital assets	1,455,422
Restricted-Camp Minden	153,331
Unrestricted	1,940,766
Total net position	\$ 3,549,519

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, 2019

GOVERNMENTAL ACTIVITIES

Expenses:

General government	\$ 48,963
Public Safety - fire protection	<u>1,837,288</u>
 Total expenses	 <u>1,886,251</u>

Program revenues:

Operating grants and contributions - pension related	<u>65,791</u>
 Net program expenses	 <u>(1,820,460)</u>

General revenues:

Ad valorem taxes	1,452,878
Intergovernmental	
Fire insurance rebate	76,709
State of Louisiana	50,000
Interest and dividends	<u>95,119</u>
Total general revenues	<u>1,674,706</u>

Change in net position	(145,754)
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Net position - beginning	<u>3,695,273</u>
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Net position - ending	<u><u>\$ 3,549,519</u></u>
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See accompanying notes to the basic financial statements.

East Central Bossier Parish Fire District No. 1
 Haughton, Louisiana
 Balance Sheet
 Governmental Fund
 December 31, 2019

	General Fund
Assets	
Cash and cash equivalents	\$ 3,014,126
Investments	62,614
Accounts receivable - ad valorem taxes	1,538,969
Restricted cash and cash equivalents	153,331
Total assets	\$ 4,769,040
 Liabilities, Deferred Inflows of Resources, and Fund Balances	
 Liabilities	
Accounts payable and accrued expenses	\$ 60,084
Total liabilities	60,084
 Deferred inflows of resources	
Unavailable revenue	
Ad Valorem taxes	1,538,969
Total deferred inflows of resources	1,538,969
 Fund balances	
Restricted-Camp Minden	153,331
Committed	
Volunteer incentive program	62,614
Capital improvements	1,290,978
Unassigned	1,663,064
Total fund balances	3,169,987
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,769,040

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, 2019

Fund balances - total governmental fund	\$ 3,169,987
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.	1,455,422
The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources - prepaid expenses	97,595
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	555,397
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	(62,614)
Net pension liability	(1,536,792)
Deferred inflows - pension related	(129,476)
	(1,728,882)
Net position of governmental activities	\$ 3,549,519

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, 2019

	<u>General Fund</u>
Revenues	
Ad valorem taxes	\$ 1,452,878
Intergovernmental	
Fire insurance rebate	76,709
State of Louisiana	50,000
Interest and dividends	<u>95,119</u>
Total revenues	<u>1,674,706</u>
Expenditures	
Current:	
General government	48,963
Public Safety	1,464,656
Capital outlay	<u>226,121</u>
Total expenditures	<u>1,739,740</u>
Excess of revenues over (under) expenditures	(65,034)
Fund balances at beginning of year	<u>3,235,021</u>
Fund balances at end of year	<u><u>\$ 3,169,987</u></u>

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, 2019

Net change in fund balances - total governmental fund \$ (65,034)

Amounts reported for governmental activities in the statement of activities
 are different because:

Governmental funds report capital outlays as expenditures. However,
 in the statement of activities, the cost of those assets is allocated over
 their estimated useful lives and reported as depreciation expense.
 This is the amount by which capital outlays of \$226,121 exceeded
 depreciation expense of \$206,184 in the current period. 19,937

The net effect of various transactions involving capital assets (sales,
 trade-ins, donated infrastructure, etc.) is to increase net assets. (16,234)

The nonallocation method of accounting for prepayments is used in the
 fund statements, since the prepayment does not provide expendable
 financial resources. 9,524

Long-term liabilities are not due and payable in the current period
 and therefore are not reported in the funds. (5,596)

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 65,791

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 (154,142)

Change in net position of governmental activities \$ (145,754)

See accompanying notes to the basic financial statements.

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Financial Statements
December 31, 2019

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 2019. 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, 2019
(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. 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.

(Continued)

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Financial Statements
December 31, 2019
(Continued)

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 2019 tax levy is intended to fund the 2020 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 2019 budget.

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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, 2019, 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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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 7. 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;

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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, 2019, the District has cash, cash equivalents, and investments (book balances) totaling \$3,230,071 as detailed below:

A. Cash and Cash Equivalents

Cash and cash equivalents at December 31, 2019 (book balances) totaled \$3,167,457, in interest bearing demand deposits and a brokerage account. Included in this amount is \$153,331, 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, 2019, the District had \$1,683,367 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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East Central Bossier Parish Fire District No. 1
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B. Investments

Investments at December 31, 2019, 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, 2019, \$1,076,044 of the District's bank balances of \$1,638,658 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, 2019, was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Volunteer incentive program	\$ 57,018	\$ 5,596	\$	\$ 62,614	\$ 62,614
Net pension liability	<u>1,180,177</u>	<u>356,615</u>	<u> </u>	<u>1,536,792</u>	<u> </u>
Total long-term liabilities, governmental activities	<u>\$ 1,237,195</u>	<u>\$ 362,211</u>	<u>\$</u>	<u>\$ 1,599,406</u>	<u>\$ 62,614</u>

(5) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at December 31, 2019, consisted of the following:

Salaries and benefits	\$ 11,121
Accounts	<u>48,963</u>
	<u>\$ 60,084</u>

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 Notes to Financial Statements
 December 31, 2019
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(6) Capital Assets

Capital asset activity for the year ended December 31, 2019, was as follows:

	Balance at Jan. 1, 2019	Additions	Deletions	Balance at Dec. 31, 2019
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 53,500	\$ 123,519	\$	\$ 177,019
Total capital assets, not being depreciated	<u>53,500</u>	<u>123,519</u>	<u></u>	<u>177,019</u>
Capital assets, being depreciated:				
Buildings	774,990			774,990
Equipment	435,240	28,695	(14,998)	448,937
Vehicles	2,451,521	47,191	(59,636)	2,439,076
Building Improvements	61,801	26,716		88,517
Total capital assets, being depreciated at historical cost	<u>3,723,552</u>	<u>102,602</u>	<u>(74,634)</u>	<u>3,751,520</u>
Less accumulated depreciation:				
Buildings	(345,012)	(25,638)		(370,650)
Equipment	(353,771)	(35,747)	14,998	(374,520)
Vehicles	(1,589,428)	(140,969)	43,402	(1,686,995)
Building Improvements	(37,122)	(3,830)		(40,952)
Total accumulated depreciation	<u>(2,325,333)</u>	<u>(206,184)</u>	<u>58,400</u>	<u>(2,473,117)</u>
Total capital assets, being depreciated, net	<u>1,398,219</u>	<u>(103,582)</u>	<u>(16,234)</u>	<u>1,278,403</u>
Governmental activities capital assets, net	<u>\$ 1,451,719</u>	<u>\$ 19,937</u>	<u>\$(16,234)</u>	<u>\$ 1,455,422</u>

Depreciation expense for the year ended December 31, 2019, was \$206,184.

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(7) 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 they 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, 2019, employer and employee contribution rates for members above the poverty line were 26.50% and 10.0%, respectively. The employer and employee contribution rates for those members below the poverty line were 28.50% and 8.0%, respectively. The District's contributions to the System for the years ended December 31, 2019, 2018, and 2017 were \$175,859, \$132,466, and \$125,067, 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, 2019 and were excluded from pension expense. Non-employer contributions received by the System and attributable to the District during the year ended December 31, 2019 were \$65,791.

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PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At December 31, 2019, the District reported a liability of \$1,536,792 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2019 as compared to the total of all combined contributions to the System during the fiscal year ended June 30, 2019. At June 30, 2019, the District's proportion was .24542%, which was an increase of .04025% from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the District recognized pension expense of \$333,195, plus employer's amortization of change in proportionate share and the difference between employer contributions and proportionate share of contributions, \$(3,194).

At December 31, 2019, 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	\$	\$ 110,855
Changes of assumptions	139,811	112
Net difference between projected and actual earnings on pension plan investments	103,345	
Changes in proportion and differences between employer contributions and proportionate share of contributions	222,827	18,509
Employer contributions subsequent to the measurement date	89,414	
Total	<u>\$ 555,397</u>	<u>\$ 129,476</u>

(Continued)

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The District reported a total of \$89,414 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2019, which will be recognized as a reduction in net pension liability in the year ended December 31, 2020.

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>
2020	\$ 90,810
2021	25,873
2022	70,291
2023	72,161
2024	38,015
2025	39,357
Total	<u>\$ 336,507</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.

In February of 2017, the Board of Trustees adopted a recommendation to reduce the long-term rate of return assumption. The recommendation was formed after 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 consultants, New England Pension Consultants. Based on this analysis and after discussions with the Board, a plan was approved to reduce the 7.50% valuation interest rate in effect for Fiscal 2016 actuarial funding valuation to 7.00% over the coming five actuarial valuations with reductions of 0.10% each year.

The fiscal year 2019 actuarial valuation was scheduled to be run at a 7.20% valuation interest rate. However, prior to the completion of this valuation, a review of the valuation interest rate for fiscal year 2019 was performed based upon an update to the G. S. Curran & Company Consultant Average Capital Market Assumptions for 2019 and an update to the actuary's reasonable range for the assumed rate of return. To determine the reasonable range, the actuary computed an expected long-term portfolio return and standard deviation based upon the system's target asset allocation and a thirty-year time horizon. Based upon the results of this study, ten thousand stochastic trials were run to determine a reasonable range around the plan's expected long-term portfolio rate of return. The review found that the scheduled rate of 7.20% was no longer inside the reasonable range. Therefore, the assumed rate of return for the fiscal year 2019 valuation was further reduced to 7.15%, which was found to lie within the actuary's reasonable range.

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 (Continued)

The System's reductions in the valuation interest have been in part based upon a reduction in the expected long-term inflation rate. Therefore, the assumed long-term inflation rate has also been reduced over the same period. For fiscal year 2019, an assumed rate of inflation of 2.50% was implicit in the assumed rate of return. After reviewing the cumulative reductions in the valuation interest rate over the past three years (i.e. 0.35%) and considering the recommendation that the fiscal year 2019 actuarial valuation be run at a valuation interest rate lower than the Board's original reduction schedule, a decision was made to perform an interim review of the plan's salary scale assumption. Based upon this review, it was determined that it would be appropriate to reduce the plan's salary scale by 0.25% at each duration until a complete review is performed in the System's next experience study scheduled for the upcoming fiscal year. The remaining actuarial assumptions utilized for this report are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014, unless otherwise specified in this report. Additional details are given in the actuary's complete Experience Report for fiscal years 2010 through 2014.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2019 are as follows:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal Cost
Estimated Remaining Service Life	7 years, closed period
Investment Rate of Return	7.15% per annum (net of investment expenses, including inflation) (decreased from 7.3% in 2018)
Inflation Rate	2.50% per annum (decreased from 2.70% in 2018)
Salary increases	Vary from 14.75% in the first two years of service to 4.5% after 25 years; includes inflation and merit increases
Cost of Living Adjustments	Only those previously granted

The mortality rate assumption used was set based upon an experience study performed on plan data for the period July 1, 2009 through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. The RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2031 using Scale AA were selected for employee, annuitant, and beneficiary mortality. The RP-2000 Disabled Lives Mortality Table set back five years for males and set back three years for females was selected for disabled annuitants. Setbacks in these tables were used to approximate mortality improvement.

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The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation, 2.75%. The resulting long term expected arithmetic nominal rate of return was 7.94% as of June 30, 2019. Best estimates of arithmetic real rates of return for each major asset class included in System's target asset allocation as of June 30, 2019 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	31%	2.17%
Equity		
US Equity	21.5%	5.98%
Non-US Equity	17.5%	7.52%
Global Equity	10%	6.59%
Alternatives		
Real Estate	6%	4.14%
Private Equity	4%	10.52%
Other		
Global Tactical Asset Allocation	5%	4.37%
Risk Parity	5%	4.67%
Totals	<u>100%</u>	

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

SENSITIVITY TO CHANGES IN DISCOUNT RATE

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.15%, 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 6.15% or one percentage point higher 8.15% than the current rate as of June 30, 2019.

	<u>Changes in Discount Rate</u>		
	1% Decrease <u>6.15%</u>	Current Discount Rate <u>7.15%</u>	1% Increase <u>8.15%</u>
Net Pension Liability	\$ 2,225,378	\$ 1,536,792	\$ 958,844

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CHANGE IN NET PENSION LIABILITY

The changes in the net pension liability for the year ended June 30, 2019 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.

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

(Continued)

East Central Bossier Parish Fire District No. 1
 Haughton, Louisiana
 Notes to Financial Statements
 December 31, 2019
 (Continued)

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, 2019. Access to these reports can be found on the Louisiana Legislative Auditor's website, www.lla.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, 2019. Access to the audit report can be found on the System's website: www.lafirefightersret.com or on the Office of Louisiana Legislative Auditor's official website: www.lla.la.gov.

(8) Leases

For the year ended December 31, 2019, 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, 2019 were \$2,315. The minimum annual commitments under non-cancelable operating leases are as follows:

<u>Year Ending December 31,</u>	
2020	\$ 2,315
2021	2,315
2022	2,315
2023	<u>2,122</u>
	<u>\$ 9,067</u>

(9) Tax Abatement

As of December 31, 2019, 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 \$63,928 for the year.

(Continued)

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Financial Statements
December 31, 2019
(Continued)

(10) 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.

(11) Subsequent Events

Subsequent events have been evaluated through June 24, 2020, the date the financial statements were available to be issued.

In January 2020, the District sustained damage from a tornado. Damages as a result of the tornado were estimated to be approximately \$30,000. The District expects these damages will be covered by insurance, and will result in minimal costs to the District.

In May 2020, the District approved the purchase of a tractor and related equipment totaling approximately \$26,000.

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, 2019

	<u>Budgeted Amounts</u> <u>Original & Final</u>	<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance- Favorable (Unfavorable)</u>
Revenues			
Ad valorem taxes	\$ 1,405,966	\$ 1,452,878	\$ 46,912
Intergovernmental-fire insurance rebate	80,000	76,709	(3,291)
Miscellaneous	200		(200)
Interest income	10,000	40,470	30,470
	<u>1,496,166</u>	<u>1,570,057</u>	<u>73,891</u>
Total revenues			
Expenditures			
Current:			
General government	61,461	47,135	14,326
Public Safety	2,476,971	1,374,923	1,102,048
Capital outlay	277,000	226,121	50,879
	<u>2,815,432</u>	<u>1,648,179</u>	<u>1,167,253</u>
Total expenditures			
Net change in fund balance	(1,319,266)	(78,122)	1,241,144
Fund balances at beginning of year	<u>1,319,266</u>	<u>3,234,458</u>	<u>1,915,192</u>
Fund balances at end of year	<u>\$</u>	<u>\$ 3,156,336</u>	<u>\$ 3,156,336</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, 2019

The District's budget is adopted on a cash basis for all funds. There were no amendments to the 2019 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)	\$(78,122)
Adjustments:	
Revenue accruals – net	104,648
Expenditure accruals – net	<u>(91,560)</u>
Excess of revenues and other sources over expenditures and other uses (GAAP basis)	<u>\$(65,034)</u>

East Central Bossier Parish Fire District No. 1
 Haughton, Louisiana
 Schedule of Contributions
 For the Year Ended December 31, 2019

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>
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, 2019

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
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, 2019

Agency Head: Robert Roe, Fire Chief

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 77,752
State supplemental pay	6,000
Benefits-insurance	10,023
Benefits-retirement	22,717
Reimbursements	1,091
Registration fees	535
Conference travel	686
Continuing professional education fees	520

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CERTIFIED PUBLIC ACCOUNTANTS

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, 2019, 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 24, 2020.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 may exist that have not been identified.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 24, 2020

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Summary Schedule of Audit Findings
December 31, 2019

Summary Schedule of Prior Audit Findings

There were no findings for the prior year audit for the year ended December 31, 2018.

Corrective Action Plan for Current Year Audit Findings

There are no findings for the current year audit for the year ended December 31, 2019.

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, which were agreed to by the East Central Bossier Parish Fire District No. 1, and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019. East Central Bossier Parish Fire District No. 1's (District) management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - 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***, 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.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- 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, 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 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read 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) **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.

Management provided written policies and procedures addressing all of the above.

Board (or Finance Committee, if applicable)

Testing not required for this area for the fiscal period January 1, 2019 through December 31, 2019, due to no exceptions being noted in prior year.

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 seventeen (17) outstanding checks totaling \$2,923.18, on the bank reconciliations 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 cash 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. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

All employees are covered by a blanket insurance policy for 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).
- 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 "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.

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

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 that the disbursement matched the related original invoice/billing statement.
- 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 and included evidence of segregation of duties, except as noted below:

Exception: The employee who is responsible for processing payments can also mail the checks out to vendors.

Management's Response: The District will consider allowing a person outside of the processing of payments to mail checks to vendors.

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

Testing not required for this area for the fiscal period January 1, 2019 through December 31, 2019, due to no exceptions being noted in prior year.

Travel and Expense Reimbursement

Testing not required for this area for the fiscal period January 1, 2019 through December 31, 2019, due to no exceptions being noted in prior year.

Contracts

Testing not required for this area for the fiscal period January 1, 2019 through December 31, 2019, due to no exceptions being noted in prior year.

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/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, District maintained written leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records,

and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

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

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Management provided representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers compensation premiums have been paid and associated forms have been filed by the required deadlines.

Ethics (excluding nonprofits)

Testing not required for this area for the fiscal period January 1, 2019 through December 31, 2019, due to no exceptions being noted in prior year.

Debt Service (excluding nonprofits)

Testing not required for this area for the fiscal period January 1, 2019 through December 31, 2019, due to no exceptions being noted in prior year.

Other

Testing not required for this area for the fiscal period January 1, 2019 through December 31, 2019, due to no exceptions being noted in prior year.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, 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.

The purpose of this report is 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 24, 2020