

**CENTRAL FIRE PROTECTION  
DISTRICT NO. 4**  
Baton Rouge, Louisiana

Financial Report

Year Ended December 31, 2019

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# KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA\*  
Victor R. Slaven, CPA\*  
Gerald A. Thibodeaux, Jr., CPA\*  
Robert S. Carter, CPA\*  
Arthur R. Mixon, CPA\*  
Brad E. Kolder, CPA, JD\*  
Stephen J. Anderson, CPA\*  
Christine C. Doucet, CPA  
Wanda F. Arcement, CPA, CVA  
Bryan K. Joubert, CPA  
Matthew E. Margaglio, CPA  
Casey L. Ardoin, CPA, CFE

183 S. Beadle Rd. 11929 Bricksome Ave.  
Lafayette, LA 70508 Baton Rouge, LA 70816  
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.  
Alexandria, LA 71301 New Iberia, LA 70560  
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1234 David Dr. Ste. 203  
Abbeville, LA 70510 Morgan City, LA 70380  
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.  
Ville Platte, LA 70586 Oberlin, LA 70655  
Phone (337) 363-2792 Phone (337) 639-4737

## INDEPENDENT AUDITOR'S REPORT

\* A Professional Accounting Corporation

WWW.KCSRPCAS.COM

Board of Commissioners  
Central Fire Protection District No. 4  
Baton Rouge, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of Central Fire Protection District No. 4 (the District), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Central Fire Protection District No. 4, 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 budgetary comparison schedule, schedule of changes in total OPEB liability and related ratios, schedule of employer's share of net pension liability, and schedule of employer pension contributions on pages 30 through 33 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.

The District has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2020, on our consideration of the District'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 the District'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 the District's internal control over financial reporting and compliance.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Baton Rouge, Louisiana  
May 19, 2020

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS (GWFS)**

CENTRAL FIRE PROTECTION DISTRICT NO. 4  
Baton Rouge, Louisiana

Statement of Net Position  
December 31, 2019

	Governmental Activities
ASSETS	
Cash and interest-bearing deposits	\$ 1,095,020
Receivables, net	914,823
Due from other governmental agencies	2,966,884
Capital assets not being depreciated:	
Land	264,018
Capital assets, net of depreciation	<u>2,688,938</u>
Total assets	<u>7,929,683</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	<u>1,479,083</u>
LIABILITIES	
Accounts and other payables	76,212
Long-term liabilities:	
Portion due or payable within one year	469,627
Portion due or payable after one year	825,807
Other post-employment benefits	2,644,486
Net pension liability	<u>4,668,886</u>
Total liabilities	<u>8,685,018</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	<u>380,956</u>
NET POSITION	
Net investment in capital assets	1,863,900
Unrestricted (deficit)	<u>(1,521,108)</u>
Total net position	<u>\$ 342,792</u>

The accompanying notes are an integral part of the basic financial statements.

CENTRAL FIRE PROTECTION DISTRICT NO. 4  
Baton Rouge, Louisiana

Statement of Activities  
For the Year Ended December 31, 2019

Activities	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenues and change in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions		
Governmental activities:					
Public safety - fire	\$ 5,008,473	\$ 400,320	\$ -	\$ 8,655	\$ (4,599,498)
Interest and fiscal charges	<u>36,350</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(36,350)</u>
Total governmental activities	<u>\$ 5,044,823</u>	<u>\$ 400,320</u>	<u>\$ -</u>	<u>\$ 8,655</u>	<u>(4,635,848)</u>
General revenues:					
Property taxes					3,354,325
State revenue sharing					299,212
State supplemental pay					201,750
Nonemployer pension contributions					199,878
Insurance taxes					121,762
Interest and investment earnings					90,302
Gain on disposition of assets					22,784
Miscellaneous					<u>13,804</u>
Total general revenues					<u>4,303,817</u>
Change in net position					(332,031)
Net position - January 1, 2019					<u>674,823</u>
Net position - December 31, 2019					<u>\$ 342,792</u>

The accompanying notes are an integral part of the basic financial statements.



**FUND FINANCIAL STATEMENTS (FFS)**

CENTRAL FIRE PROTECTION DISTRICT NO. 4  
Baton Rouge, Louisiana

Balance Sheet  
Governmental Fund  
December 31, 2019

	<u>General Fund</u>
ASSETS	
Cash and interest-bearing deposits	\$ 1,095,020
Revenue receivable-	
Ad valorem taxes, net of allowance for uncollectible taxes of \$25,000	654,407
User fees, net of allowance for uncollectible accounts of \$1,000	60,942
State revenue sharing	199,474
Due from other governmental agencies	<u>2,966,884</u>
Total assets	<u>\$ 4,976,727</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ 7,703
Accrued expenses and benefits payable	<u>33,628</u>
Total liabilities	41,331
Deferred inflows of resources:	
Ad valorem taxes, user fees, and intergovernmental revenue	412,540
Fund balance:	
Unassigned	<u>4,522,856</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 4,976,727</u>

The accompanying notes are an integral part of the basic financial statements.

CENTRAL FIRE PROTECTION DISTRICT NO. 4  
Baton Rouge, Louisiana

Reconciliation of the Governmental Fund Balance Sheet  
to the Statement of Net Position  
December 31, 2019

Total fund balance for the governmental fund at December 31, 2019		\$4,522,856
Total net position reported for the governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	\$ 264,018	
Depreciable assets, net of \$3,082,796 accumulated depreciation	<u>2,688,938</u>	2,952,956
The deferred outflows of expenditures for pensions are not a use of current resources and, therefore, are not reported in the funds		
		1,479,083
Long term liabilities are not due and payable in the current period and, therefore, not reported in the governmental funds.		
Long-term liabilities at December 31, 2019:		
Capital lease	(329,056)	
Accrued interest	(34,881)	
Note payable	(760,000)	
Compensated absences	(206,378)	
Other post-employment benefits	(2,644,486)	
Net pension liability	<u>(4,668,886)</u>	(8,643,687)
Some of the District's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows of resources at the fund level.		
Ad valorem taxes	191,974	
User fees	21,091	
State revenue sharing	<u>199,475</u>	412,540
The deferred inflows of contributions for the pension are not available resources and, therefore, are not reported in the funds.		
		<u>(380,956)</u>
Total net position of governmental activities at December 31, 2019		<u>\$ 342,792</u>

The accompanying notes are an integral part of the basic financial statements.

CENTRAL FIRE PROTECTION DISTRICT NO. 4  
Baton Rouge, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Fund  
Year Ended December 31, 2019

	<u>General Fund</u>
Revenues:	
Ad valorem taxes	\$ 3,379,287
Charges for services	402,239
Intergovernmental revenues -	
State revenue sharing	298,656
Fire insurance rebate	121,762
State supplemental pay	201,750
State grants	8,655
Interest earnings	90,302
Miscellaneous	13,804
Total revenues	4,516,455
Expenditures:	
Current -	
Public safety - fire	3,933,350
Debt service -	
Principal retirement	241,925
Interest charges	11,752
Capital outlay	142,990
Total expenditures	4,330,017
Excess of revenues over expenditures	186,438
Other financing sources:	
Proceeds from the disposal of assets	27,069
Proceeds from issuance of debt	81,325
Total other financing sources	108,394
Net change in fund balance	294,832
Fund balance, beginning	4,228,024
Fund balance, ending	\$ 4,522,856

The accompanying notes are an integral part of the basic financial statements.

CENTRAL FIRE PROTECTION DISTRICT NO. 4  
Baton Rouge, Louisiana

Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balance of Governmental Fund  
to the Statement of Activities  
For the Year Ended December 31, 2019

Total net change in fund balance for the year ended December 31, 2019 per statement of revenues, expenditures and changes in fund balance		\$ 294,832
Capital outlay which are considered expenditures on the statement of revenues, expenditures, and changes in fund balance	\$ 119,533	
Loss on disposition of assets	(4,285)	
Depreciation expense	<u>(285,430)</u>	(170,182)
Capital lease proceeds are reported as other financing sources in governmental funds and contribute to the increase in fund balance.	(81,325)	
Repayment of debt obligations is an expenditure in the governmental funds but reduces the liability in the statement of net position.	<u>241,925</u>	160,600
Because some revenues are not considered measurable at year end, the are not considered "available" revenues in the governmental funds. Nonemployer pension contributions		199,878
Some of the District's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows of resources at the fund level.		
Ad valorem taxes	(24,962)	
User fees	(1,919)	
State revenue sharing	<u>556</u>	(26,325)
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 governmental funds.		
Accrued interest	(24,598)	
Compensated absences	6,322	
Other post-employment benefits	(300,377)	
Pension expense	<u>(472,181)</u>	<u>(790,834)</u>
Total change in net position for the year ended December 31, 2019 per statement of activities		<u>\$ (332,031)</u>

The accompanying notes are an integral part of the basic financial statements.

CENTRAL FIRE PROTECTION DISTRICT NO. 4  
Baton Rouge, Louisiana

Notes to the Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Central Fire Protection District No. 4 (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

The Central Fire Protection District No. 4 (the District) was formed in 1976 by the City of Baton Rouge, Parish of East Baton Rouge (City/Parish).

The purpose of the District is to provide fire protection rescue and emergency medical service for the citizens of the District. The District serves approximately 35,000 individuals. The District employs permanent full-time employees and part-time employees. It also employs temporary employees as needed. Limited services are provided through volunteers. No value is attributed to the volunteer services in the accompanying financial statements.

A five-member board governs the District. Two board members are appointed by the City/Parish and two are appointed by the Central City Council. The fifth member is appointed by the other board members. No members are compensated.

The Board of Commissioners has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by Section 2100 of the 2011 Governmental Accounting Standards Board ("GASB") *Codification of Governmental Accounting and Financial Reporting Standards*, "Defining the Financial Reporting Entity". There are no component units included within the reporting entity.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net position and statement of activities display information about the reporting government as a whole. They include the fund of the reporting entity, which is considered to be a governmental activity.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients for goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

CENTRAL FIRE PROTECTION DISTRICT NO. 4  
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

Fund Financial Statements (FFS)

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The fund of the District is classified as a governmental fund. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. The District has only one fund, a governmental fund. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

- a. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major fund of the District is described below:

Governmental Fund -

General Fund

The General Fund, as provided by Louisiana Revised Statute 13:781 is the principal fund of the District and is used to account for the operations of the District. General operating expenditures are paid from this fund.

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net position and the statement of activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery) and financial position.

CENTRAL FIRE PROTECTION DISTRICT NO. 4  
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with its activities are reported. Government-wide fund equity is classified as net position. In the fund financial statements, the “current financial resources” measurement focus is used. Only current financial assets and liabilities are generally included on its balance sheet. Their operating statement presents sources and uses of available spendable financial resources during a given period. This fund uses fund balance as its measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide statement of net position and statement of activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues are classified by source and expenditures are classified by function and character. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The District reports deferred inflows of resources on its governmental fund balance sheet. For governmental fund financial statements, deferred inflows arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred inflows also arise when resources are received before the District has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the deferred inflow is removed from the balance sheet and revenue is recognized.

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



CENTRAL FIRE PROTECTION DISTRICT NO. 4  
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity

Cash and interest-bearing deposits

For purposes of the statement of net position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the District.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not received.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$2,000 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

	<u>Years</u>
Buildings	7 - 40
Equipment, furniture and fixtures	5 - 15

Employee Benefit Policy

Employees who work 24-hour shifts who have been employed for one to five years earn 11 days of vacation pay; for six to ten years of service, they earn 12 days; for eleven to fifteen, they earn 14 days; over sixteen years and over, they earn 15 days. Employees who work a 40-hour week who have been employed for one to five years earn 15 days of vacation pay; for six to ten years of service, they earn 20 days; for eleven to fifteen, they earn 25 days; over sixteen years and over, they earn 30 days. For all employees up to three days of vacation a year may be carried over to the next year at the Fire Chief's discretion. Unless an exception was approved by the board no employee may carry more than 240 hours at year end. Any employee with over 240 hours may not accumulate more but may use the vacation they earn in the current year without effecting their balance. Employees of the District are not allowed to carry over sick leave and sick pay is not paid upon resignation or retirement.

CENTRAL FIRE PROTECTION DISTRICT NO. 4  
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively. At December 31, 2019, the District recognized \$412,540 of deferred inflows of resources resulting from ad valorem tax collections, user fee collections, and state revenue sharing received more than 60 days after the close of the fiscal year in the fund financial statements. On the government-wide financial statements, the District recognized deferred inflows of resources and deferred outflows of resources attributable to pension benefits.

Equity Classifications

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

- a. Net investment in capital assets – Consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increase by balances of deferred outflows of resources related to those assets.
- b. Restricted net position – Net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the District's debt. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.
- c. Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

In the fund financial statements, governmental fund equity is classified as fund balance. As such, fund balances of the governmental funds are classified as follows.

- a. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

CENTRAL FIRE PROTECTION DISTRICT NO. 4  
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

- c. Committed – amounts that can be used only for specific purposes determined by a formal decision of the Board, which is the highest level of decision-making authority for the District.
- d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes determined by a formal decision of the Board.
- e. Unassigned – all other spendable amounts.

When an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District has provided otherwise in his commitment or assignment actions.

E. Use of Estimates

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

(2) Cash and Interest-Bearing Deposits

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The District may invest in United States bonds, treasury notes, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2019, the District's cash and interest-bearing deposits (book balances) consisted of demand deposits totaling \$1,095,020.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District's deposits may not be recovered or will not be able to recover collateral securities that are in the possession of an outside party. 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 similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the District or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties.

CENTRAL FIRE PROTECTION DISTRICT NO. 4  
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

Deposit balances (bank balances) at December 31, 2019, are secured as follows:

Bank balances	<u>\$ 1,212,371</u>
Secured by:	
Federal deposit insurance	\$ 250,000
Pledged securities	<u>962,371</u>
	<u>\$ 1,212,371</u>

Deposits in the amount of \$962,371 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the District's name. The District does not have a policy for custodial credit risk.

(3) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied in September or October and billed to the taxpayers by the East Baton Rouge Parish Sheriff in November. Billed taxes are based on assessed values determined by the East Baton Rouge Parish Assessor and are collected the East Baton Rouge Parish Sheriff.

For the year ended December 31, 2019, taxes were levied at the rate of 19.25 mills on property with net assessed valuations totaling \$249,904,699. Total taxes levied during 2019 were \$3,410,352, excluding \$1,400,359 due to homestead exemption. Taxes receivable at December 31, 2019 of \$654,407 consisted of \$679,407 gross taxes receivable less an allowance for uncollectible taxes of \$25,000.

(4) User Charges

The District is empowered to assess a user charge of \$32 for each residential and commercial structure in the District. The District has an agreement for the sheriff to place the user charges on the property tax statements. They are subject to the same enforcement procedures as property taxes. Total user charges levied during 2019 were \$399,034. User fees receivable at December 31, 2019 of \$60,942 consisted of \$61,942 gross taxes receivable less an allowance for uncollectible accounts of \$1,000.

(5) Due From Other Governmental Agencies

Amounts due from other governmental agencies consist of the following:

East Baton Rouge Parish Sheriff:	
Ad valorem taxes	\$2,657,271
User charges	309,466
Interest	<u>147</u>
	<u>\$2,966,884</u>

CENTRAL FIRE PROTECTION DISTRICT NO. 4  
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

(6) Capital Assets

Capital asset balances and activity for the year ended December 31, 2019 are as follows:

	Balance 01/01/19	Additions	Deletions	Balance 12/31/19
Land	\$ 264,018	\$ -	\$ -	\$ 264,018
Construction in Progress	-	9,862	-	9,862
Buildings	2,217,947	15,156	-	2,233,103
Equipment, furniture and fixtures	3,514,271	94,515	80,017	3,528,769
Totals	5,996,236	119,533	80,017	6,035,752
Less: accumulated depreciation	2,873,098	285,430	75,732	3,082,796
Capital assets, net of depreciation	\$3,123,138	\$(165,897)	\$ 4,285	\$2,952,956

Depreciation expense of \$285,430 was charged to public safety.

(7) Accounts and Other Payables

Accounts and other payables consist of the following at December 31, 2019:

Accounts	\$ 7,703
Payroll and related liabilities	33,628
Interest	34,881
	\$ 76,212

(8) Long-Term Liabilities

Note Payable – On January 25, 2017, the District entered into a note agreement with the Federal Emergency Management Agency (FEMA) for a Community Disaster Loan in the amount of \$779,500 bearing interest of 2% per annum. The principal and interest are due on January 24, 2022 and may be canceled pursuant to Section 417 of the Stafford Disaster Relief and Emergency Assistance Act. At December 31, 2019, the outstanding balance was \$760,000 and \$19,500 was available to draw on the note payable.

Capital Lease – On April 19, 2013, the District entered into an equipment lease purchase agreement, maturing on April 1, 2020, annual payments of \$254,423, including interest of 2.4%, secured by vehicles with a book value of \$897,141 (net of \$725,828 accumulated depreciation). At December 31, 2019, the outstanding balance was \$247,731.

Capital Lease – On August 27, 2019, the District entered into an equipment lease purchase agreement, maturing on September 1, 2021, annual payments of \$42,612, including interest of 3.18%, secured by radios with a book value of \$78,421 (net of \$2,905 accumulated depreciation). At December 31, 2019, the outstanding balance was \$81,325.

CENTRAL FIRE PROTECTION DISTRICT NO. 4  
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

During the year ended December 31, 2019, the following changes occurred in long-term liabilities:

	<u>1/1/2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2019</u>	<u>Due within one year</u>
Compensated absences	\$ 212,700	\$ 181,870	\$ 188,192	\$ 206,378	\$181,870
Capital lease	489,656	81,325	241,925	329,056	287,757
Note payable	<u>760,000</u>	<u>-</u>	<u>-</u>	<u>760,000</u>	<u>-</u>
Totals	<u>\$ 1,462,356</u>	<u>\$ 263,195</u>	<u>\$ 430,117</u>	<u>\$ 1,295,434</u>	<u>\$469,627</u>

The annual debt service to maturity at December 31, 2019 are as follows:

<u>Year Ending December 31,</u>	<u>Capital Lease</u>		<u>Note Payable</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 287,757	\$ 8,532	\$ -	\$ 15,200	\$ 287,757	\$ 23,732
2021	41,299	1,313	-	15,200	41,299	16,513
2022	-	-	-	15,200	-	15,200
2023	<u>-</u>	<u>-</u>	<u>760,000</u>	<u>15,200</u>	<u>760,000</u>	<u>15,200</u>
Total	<u>\$ 329,056</u>	<u>\$ 9,845</u>	<u>\$ 760,000</u>	<u>\$60,800</u>	<u>\$ 1,089,056</u>	<u>\$ 70,645</u>

(9) Other Post-Employment Benefits

**Plan Description:**

*Plan Description* – District administers a single-employer defined benefit healthcare plan. The plan provides health insurance benefits to eligible retirees and their spouses. Benefits provisions are established and may be amended by the Board of Commissioners. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board (GASB) Statement No. 75. The Plan does not issue a publicly available report.

*Benefits Provided* - Retirees may continue their coverage paying approximately 50% of premiums and receiving the same benefits as they did prior to their retirement. Current employees pay approximately 35%.

*Employees Covered by Benefit Terms* – At December 31, 2019, there were 36 active members and 1 retiree covered by the medical plan terms.

**Total OPEB Liability**

The District's total OPEB liability of \$2,644,486 was measured as of December 31, 2019 and was determined by using an Alternative Measurement Method in place of an actuarial valuation.

CENTRAL FIRE PROTECTION DISTRICT NO. 4  
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

*Actuarial Assumptions and other inputs* – The total OPEB liability was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified. The bond yield was based on a 20-year tax exempt municipal bond.

Age Adjustment Factor	2.816450
Average Retirement Age	60
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Assets Backing OPEB Liability	None
Plan Asset Return	0.00%
Bond Yield	2.75%
Discount Rate	2.75%
Prior Year Discount Rate	5.00%
Projected Salary Increases	3.00%
Amortization Period	20
Percentage Participation	100%
NOL and ADC	Calculated Using the Alternative Measurement Method in accordance with GASB methodology.
Mortality Table	RP2000 Mortality Table for Males and Females Projected 18 years.
Turnover Assumption	Derived from data maintained by the U.S. Office of Personnel Management regarding the most recent experience of the employee group covered by the Federal Employees Retirement System.

CENTRAL FIRE PROTECTION DISTRICT NO. 4  
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

**Changes in the Total OPEB Liability**

Balance at December 1, 2019	<u>\$ 2,344,109</u>
Changes for the year:	
Service cost	\$ 73,849
Interest	120,868
Difference between expected and actual experience	-
Changes in assumptions	106,863
Benefit payments and net transfers	<u>(1,203)</u>
Net changes	<u>300,377</u>
Balance at December 31, 2019	<u><u>\$2,644,486</u></u>

*Sensitivity of the total OPEB liability to changes in the discount rate* – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.750%) or 1-percentage-point higher (2.750%) than the current discount rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>1.75%</u>	<u>2.75%</u>	<u>3.75%</u>
Total OPEB liability	\$ 3,082,529	\$ 2,644,486	\$ 2,288,183

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates* – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (3.70%) or 1-percentage-point higher (5.70%) than the current healthcare trend rates:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>3.70%</u>	<u>4.70%</u>	<u>5.70%</u>
Total OPEB liability	\$ 2,205,805	\$ 2,644,486	\$ 3,194,354

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended December 31, 2019, the District recognized OPEB expense of \$300,377. At December 31, 2019, there were no deferred inflows or outflows of resources related to OPEB.

**Payables to the Plan**

At December 31, 2019, the District did not have any amounts payable to the plan.



CENTRAL FIRE PROTECTION DISTRICT NO. 4  
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

(10) Employee Retirement Systems

The District participates in a cost-sharing defined benefit plan, administered by a public employee retirement system. Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of the plan administered by the public employee retirement system to the State Legislature. The plan is not closed to new entrants. Substantially all District employees participate in the following retirement system:

**Plan Description:**

State of Louisiana – Firefighters’ Retirement System (FRS) provides retirement, disability, and survivor benefits to eligible employees and their beneficiaries as defined in LRS 11:2251-2254 and 11:2256.

The system’s financial statements are prepared using the accrual basis of accounting. Employer and employee contributions are recognized in the period in which the employee is compensated for services performed. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Interest income is recognized when earned.

**Plan Description (Continued):**

A brief summary of eligibility and benefits of the plan is provided in the following table:

Final average salary	Highest 36 months
Years of service required and/or age eligible for benefits	25 years of any age 20 years age 50 12 years age 55
Benefit percent per years of service	3.33%

**Contributions**

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer’s portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems’ Actuarial Committee. For the year ended December 31, 2019, the contribution percentages for employees and employer were 10.0% and 27.75%, respectively. The amounts contributed from non-employer contributing entities and from the District for the year ended December 31, 2019 were \$199,878 and \$506,487, respectively.

CENTRAL FIRE PROTECTION DISTRICT NO. 4  
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

**Net Pension Liability**

The District's net pension liability at December 31, 2019 of \$4,668,886 is comprised of its proportionate share of the net pension liability relating to the cost-sharing plan in which the District is a participating employer. The District's net pension liability for the plan was measured as of the plan's measurement date (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 proportionate share of the net pension liability for the plan in which it participates was based on the District's required contributions in proportion to total required contributions for all employers.

As of the most recent measurement date, the District's proportion for the plan was 0.745601% and the change in proportion from the prior measurement date was an increase of 0.026007%.

Since the measurement date of the net pension liability was June 30, 2019, the net pension liability is based upon fiduciary net position for the plan as of that date. Detailed information about the pension plan's assets, deferred outflows, deferred inflows, and fiduciary net position that was used in the measurement of the District's net pension liability is available in the separately issued plan financial report which may be accessed on their website at <http://www.lafirefightersret.com>.

**Actuarial Assumptions**

The following table provides information concerning actuarial assumptions used in the determination of the total pension liability for the defined benefit plan in which the District is a participating employer:

Date of experience study on which significant assumptions are based	7/1/2009 - 6/30/2014
Expected remaining service lives	7
Inflation Rate	2.500%
Projected salary increases	4.50% - 14.75%
Projected benefit changes including COLAs	None
Source of mortality assumptions	(1), (2)

- (1) RP-2000 Disabled Lives Mortality Table for disabled annuitants set back 5 years for males and 3 years for females.
- (2) RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Table Projected to 2031 using Scale AA.

CENTRAL FIRE PROTECTION DISTRICT NO. 4  
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

**Cost of Living Adjustments**

The pension plan in which the District participates has the authority to grant cost-of-living adjustments (COLAs) on an ad hoc basis.

Pursuant to LRS 11:242(B), the power of the Board of Trustees of the statewide system (FRS) to grant a COLA is effective in calendar years that the legislature fails to grant a COLA, unless in the legislation granting a COLA, the legislature authorizes the Board of Trustees to provide an additional COLA.

The authority to grant a COLA by the Board is subject to the funded status and interest earnings. The effects of the benefit changes made as a result of the COLAs is included in the measurement of the total pension liability as of the measurement date at which the ad hoc COLA was granted and the amount is known and reasonably estimable.

**Discount Rate**

The discount rate used to measure the District's total pension liability for the plan and the significant assumptions used in the determination of the discount rate for the plan are as follows:

Discount rate	7.15%
Change in discount rate from prior valuation	-0.15%
Plan cash flow assumptions	(1)
Rates incorporated in the Discount Rate:	
Long-term Rate of Return	7.15%
Periods applied	All
Municipal Bond Rate	N/A

**\*Plan Cash Flow Assumptions:**

- 1) Plan member contributions will be made at the current contributions rates and sponsor contributions will be made at the actuarially determined rates.

The discount rate used to measure the District's total pension liability for the plan is equal to the long-term expected rate of return on pension plan investments that are expected to be used to finance the payment of benefits. The long-term expected rate of return for the plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses 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 and an adjustment for the effect of rebalancing/diversification.

CENTRAL FIRE PROTECTION DISTRICT NO. 4  
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized for the plan in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rates of Return
Domestic Equity	21.50%	5.98%
International Equity	17.50%	7.52%
Global Equity	10.00%	6.59%
Fixed Income	31.00%	2.17%
Real Estate	6.00%	4.14%
Private Equity	4.00%	10.52%
Global Tactical Asset Allocation	5.00%	4.37%
Risk Parity	<u>5.00%</u>	4.67%
Total	<u>100%</u>	

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

Changes in the net pension liability may either be reported in pension expense in the year the change occurred or recognized as a deferred outflow of resources or a deferred inflow of resources in the year the change occurred and amortized into pension expense over a number of years. For the year ended December 31, 2019, the District recognized \$978,668 in pension expense related to the defined benefit plan in which it participates.

At December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$336,787
Changes of assumptions	424,755	340
Net difference between projected and actual earnings on pension plan investments	313,970	-
Change in proportion and differences between employer contributions and proportionate share of contributions	481,109	43,829
Employer contributions subsequent to the measurement date	<u>259,249</u>	-
Total	<u>\$ 1,479,083</u>	<u>\$380,956</u>

CENTRAL FIRE PROTECTION DISTRICT NO. 4  
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

Deferred outflows of resources of \$259,249 resulting from the employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability during the year ending December 31, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions to be recognized in pension expense are as follows:

Year Ended December 31	Net Amount Recognized in Pension Expense
2020	\$ 244,983
2021	76,739
2022	223,792
2023	198,055
2024	59,274
Thereafter	36,035
	\$ 838,878

**Sensitivity of the District’s Proportional Share of the Net Pension Liabilities to Changes in the Discount Rate:**

The following presents the District’s proportionate share of the net pension liabilities of the plan, calculated using its respective discount rate, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 6.15%	Current Discount Rate 7.15%	1% Increase 8.15%
Employer's proportionate share of the net pension liability	\$ 6,760,863	\$ 4,668,886	\$ 2,913,040

**Payables to the Pension Plan**

At December 31, 2019, the District did not have any contractually required contributions payable to the plan.

(11) Risk Management

The District is exposed to risks of loss in the areas of auto and property liability and surety bonds. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year, nor have settlements exceeded coverage for the past three years.

CENTRAL FIRE PROTECTION DISTRICT NO. 4  
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

(12) Litigation

As of December 31, 2019, the District is not involved in any litigation.

(13) Board of Commissioners

The District is governed by a Board of Commissioners. The members receive no compensation or per diem allowances for their service.

(14) Compensation, Benefits, and Other Payments to Agency Head

The schedule of compensation, benefits, and other payments to the District's agency head is as follows:

Purpose:	<u>Stephen Branscum, Fire Chief</u>
Salary	\$ 86,893
Benefits - insurance	20,040
Benefits - retirement	25,202
State supplemental pay	<u>6,000</u>
Total	<u>\$ 138,135</u>

(15) Tax Abatement

The District is subject to industrial tax abatements granted by the Board of Commerce and Industry. The Louisiana Industrial Ad Valorem Tax Exemption Program is a state incentive program which offers an attractive tax incentive for manufacturers who make a commitment to jobs and payroll in the state. The program provides an 80% property tax abatement for an initial term of five years and the option to renew for five additional years. As a result of this program, the District's ad valorem tax revenues were reduced by approximately \$5,132 for the year ended December 31, 2019.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

CENTRAL FIRE PROTECTION DISTRICT NO. 4  
Baton Rouge, Louisiana

Budgetary Comparison Schedule  
General Fund  
Year Ended December 31, 2019

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Ad valorem taxes	\$ 3,222,105	\$ 3,222,105	\$ 3,379,287	\$ 157,182
Charges for services	390,000	390,000	402,239	12,239
<b>Intergovernmental</b>				
State revenue sharing	300,000	300,000	298,656	(1,344)
Fire insurance rebate	130,000	130,000	121,762	(8,238)
State supplemental pay	245,000	245,000	201,750	(43,250)
State grants	15,500	15,500	8,655	(6,845)
Interest earnings	8,500	8,500	90,302	81,802
Miscellaneous	1,000	1,000	13,804	12,804
<b>Total revenues</b>	<u>4,312,105</u>	<u>4,312,105</u>	<u>4,516,455</u>	<u>204,350</u>
<b>Expenditures:</b>				
<b>Public safety -</b>				
Salaries	2,318,105	2,318,105	2,287,145	30,960
Employee benefits	980,750	980,750	975,007	5,743
Contractual services	553,750	526,648	525,724	924
Supplies	166,500	166,500	145,474	21,026
<b>Debt service -</b>				
Principal retirement	241,925	241,925	241,925	-
Interest charges	12,575	12,575	11,752	823
Capital outlay	38,500	146,927	142,990	3,937
<b>Total expenditures</b>	<u>4,312,105</u>	<u>4,393,430</u>	<u>4,330,017</u>	<u>63,413</u>
<b>Excess (deficiency) of revenues over expenditures</b>	-	(81,325)	186,438	267,763
<b>Other financing sources:</b>				
Proceeds from the disposal of assets	-	-	27,069	27,069
Proceeds from issuance of debt	-	81,325	81,325	-
<b>Total other financing sources</b>	<u>-</u>	<u>81,325</u>	<u>108,394</u>	<u>27,069</u>
<b>Net changes in fund balance</b>	-	-	294,832	294,832
Fund balance, beginning	<u>4,228,024</u>	<u>4,228,024</u>	<u>4,228,024</u>	<u>-</u>
Fund balance, ending	<u>\$ 4,228,024</u>	<u>\$ 4,228,024</u>	<u>\$ 4,522,856</u>	<u>\$ 294,832</u>



CENTRAL FIRE PROTECTION DISTRICT NO. 4  
Baton Rouge, Louisiana

Schedule of Changes in Total OPEB Liability and Related Ratios  
For the Year Ended December 31, 2019

	2019	2018
<b>Total OPEB Liability</b>		
Service cost	\$ 73,849	\$ 71,297
Interest	120,868	105,124
Changes in benefit terms	-	-
Differences between expected and actual experience	-	-
Changes in assumptions	106,863	137,027
Benefit payments and net transfers	(1,203)	(1,051)
Net Changes	300,377	312,397
Total OPEB liability - beginning	2,344,109	2,031,712
Total OPEB liability - ending	\$ 2,644,486	\$ 2,344,109
Covered employee payroll	\$ 1,958,915	\$ 1,944,228
Total OPEB liability as a percentage of covered-employee payroll	135.00%	120.57%

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

CENTRAL FIRE PROTECTION DISTRICT NO. 4  
Baton Rouge, Louisiana

Schedule of Employer's Share of Net Pension Liability  
Firefighters' Retirement System  
For the Year Ended December 31, 2019

Plan Fiscal Year	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2019	0.745601%	\$ 4,668,886	\$1,867,204	250.0%	73.96%
6/30/2018	0.719594%	4,139,161	1,721,751	240.4%	73.55%
6/30/2017	0.691389%	3,962,936	1,719,787	230.4%	73.55%
6/30/2016	0.618324%	4,044,398	1,492,046	271.1%	68.16%
6/30/2015	0.600954%	3,243,416	1,362,664	238.0%	72.45%

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

CENTRAL FIRE PROTECTION DISTRICT NO. 4  
Baton Rouge, Louisiana

Schedule of Employer Contributions  
Firefighters' Retirement System  
For the Year Ended December 31, 2019

<u>Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
2019	\$506,487	\$506,487	\$ -	\$ 1,867,204	27.13%
2018	456,264	456,264	-	1,721,751	26.50%
2017	444,995	444,995	-	1,719,787	25.88%
2016	391,662	391,662	-	1,492,046	26.25%
2015	371,326	371,326	-	1,362,664	28.25%

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

CENTRAL FIRE PROTECTION DISTRICT NO. 4  
Baton Rouge, Louisiana

Notes to the Required Supplementary Information

(1) Budgets and Budgetary Accounting

The budget for the General Fund for fiscal year ending December 31, 2019 were prepared on the modified accrual basis of accounting, consistent with generally accepted accounting principles (GAAP).

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Prior to January 1, the Fire Chief submits to the Board a proposed budget for the ensuing year. The operating budget includes proposed expenditures and the means of financing them.
- b. A public hearing is held on the proposed budget at least ten days after publication of the call for a hearing.
- c. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.
- d. All budgetary appropriations lapse at the end of each fiscal year.
- e. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts included in the accompanying financial statements are as originally adopted or as finally amended by the Fire District.

(2) Pension Plan

Changes of assumptions about future economic or demographic factors or of other outputs 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 were provided with pensions through the pension plan. These assumptions include the rate of investment return, mortality of plan members, rate of salary increase, rates of retirement, rates of termination, rates of disability, and other various factors that have an impact on the cost of the plan.

(3) Other Postemployment Benefits

Significant key assumptions used in the valuation are turnover and retirement rates, healthcare trend and claims costs assumptions, mortality assumption, and discount rate assumptions. There were no changes of benefit terms or signification changes in assumptions used in the calculation.

**INTERNAL CONTROL,  
COMPLIANCE  
AND OTHER MATTERS**

# KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA\*  
Victor R. Slaven, CPA\*  
Gerald A. Thibodeaux, Jr., CPA\*  
Robert S. Carter, CPA\*  
Arthur R. Mixon, CPA\*  
Brad E. Kolder, CPA, JD\*  
Stephen J. Anderson, CPA\*  
Christine C. Doucet, CPA  
Wanda F. Arcement, CPA, CVA  
Bryan K. Joubert, CPA  
Matthew E. Margaglio, CPA  
Casey L. Ardoin, CPA, CFE

183 S. Beadle Rd. 11929 Bricksome Ave.  
Lafayette, LA 70508 Baton Rouge, LA 70816  
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.  
Alexandria, LA 71301 New Iberia, LA 70560  
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1234 David Dr. Ste. 203  
Abbeville, LA 70510 Morgan City, LA 70380  
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.  
Ville Platte, LA 70586 Oberlin, LA 70655  
Phone (337) 363-2792 Phone (337) 639-4737

INDEPENDENT AUDITOR'S  
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*

\* A Professional Accounting Corporation

WWW.KCSRPCAS.COM

Board of Commissioners  
Central Fire Protection District No. 4  
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Central Fire Protection District No. 4 (the District), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which comprise the District's basic financial statements and have issued our report thereon dated May 19, 2020.

## Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as item 2019-001 that we consider to be a material weakness.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under *Government Auditing Standards*.

## **The District's Response to Findings**

The District's response to the findings identified in our audit is described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan. We did not audit the District's response and, accordingly, we express no opinion on it.

## **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. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Baton Rouge, Louisiana  
May 19, 2020

CENTRAL FIRE PROTECTION DISTRICT NO. 4  
Baton Rouge, Louisiana

Summary Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
Year Ended December 31, 2019

Part I. Current Year Findings and Management's Corrective Action Plan

A. Compliance Findings-

There were no findings reported under this section.

B. Internal Control Findings-

**2019-001 Inadequate Segregation of Accounting Functions**

Fiscal year initially occurred: 2017

CRITERIA: The District should have a control policy according to which no person should be given responsibility for more than one related function.

CONDITION: The District did not have adequate segregation of functions within the accounting system.

CAUSE: Due to the size of the District, there are a limited number of available employees.

EFFECT: The District has employees that are performing more than one related function.

RECOMMENDATION: The District should establish and monitor mitigating controls over functions that are not completely segregated.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Due to the size of the operations and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Part II. Prior Year Findings

A. Compliance Findings-

There were no findings reported under this section.

B. Internal Control Findings-

**2018-001 Qualified Staff Person**

Fiscal year finding initially occurred: 2015

CONDITION: The District did not have a staff person with the necessary qualifications and training to apply GAAP in recording their financial transactions or to prepare their financial statements and related notes.



CENTRAL FIRE PROTECTION DISTRICT NO. 4  
Baton Rouge, Louisiana

Summary Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
Year Ended December 31, 2019

RECOMMENDATION: The District should evaluate the cost-benefit of establishing internal controls over the preparation of the financial statements and related notes in accordance with GAAP.

CURRENT STATUS: Resolved.

**2018-002 Inadequate Segregation of Accounting Functions**

Fiscal year initially occurred: 2017

CONDITION: The District did not have adequate segregation of functions within the accounting system.

RECOMMENDATION: The District should establish and monitor mitigating controls over functions that are not completely segregated.

CURRENT STATUS: Unresolved (See finding 2019-001).

**CENTRAL FIRE PROTECTION DISTRICT NO. 4**  
Baton Rouge, Louisiana

Agreed-Upon Procedures Report

Year Ended December 31, 2019

# KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA\*  
Victor R. Slaven, CPA\*  
Gerald A. Thibodeaux, Jr., CPA\*  
Robert S. Carter, CPA\*  
Arthur R. Mixon, CPA\*  
Brad E. Kolder, CPA, JD\*  
Stephen J. Anderson, CPA\*  
Christine C. Doucet, CPA  
Wanda F. Arcement, CPA, CVA  
Bryan K. Joubert, CPA  
Matthew E. Margaglio, CPA  
Casey L. Ardoin, CPA, CFE

183 S. Beadle Rd.  
Lafayette, LA 70508  
Phone (337) 232-4141

11929 Bricksome Ave.  
Baton Rouge, LA 70816  
Phone (225) 293-8300

1428 Metro Dr.  
Alexandria, LA 71301  
Phone (318) 442-4421

450 E. Main St.  
New Iberia, LA 70560  
Phone (337) 367-9204

200 S. Main St.  
Abbeville, LA 70510  
Phone (337) 893-7944

1201 David Dr.  
Morgan City, LA 70380  
Phone (985) 384-2020

434 E. Main St.  
Ville Platte, LA 70586  
Phone (337) 363-2792

332 W. Sixth Ave.  
Oberlin, LA 70655  
Phone (337) 639-4737

\* A Professional Accounting Corporation

WWW.KCSRCPAS.COM

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Members of  
Central Fire Protection District No. 4  
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by Central Fire Protection District No. 4 (District) 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. The District's 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 and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) ***Disbursements***, including processing, reviewing, and approving
  - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- 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 Statute 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 disclosure/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.

***Board or Finance Committee***

**(The following procedures were not performed due to no exceptions on testing in the prior year.)**

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

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

### ***Bank Reconciliations***

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- 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:
  - 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);
  - 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
  - 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.

### ***Collections (excluding EFTs)***

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- 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).
- 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.
- 6. Inquire of management that all employees who have access to cash are covered by a bond or 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). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* 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.

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

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**(The following procedures were not performed due to no exceptions on testing in the prior year.)**

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).
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.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); should not be reported.])
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.

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

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- 11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- 12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
  - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]
  - b) Observe that finance charges and late fees were not assessed on the selected statements.
- 13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

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

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**(The following procedures were not performed due to no exceptions on testing in the prior year.)**

- 14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
  - a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

### ***Contracts***

**(The following procedures were not performed due to no exceptions on testing in the prior year.)**

- 15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
  - a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
  - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
  - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

### ***Payroll and Personnel***

**(The following procedures were not performed due to no exceptions on testing in the prior year.)**

- 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.
- 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). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
  - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative 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.
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.

### *Ethics*

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20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
  - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

### *Debt Service*

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**(The following procedures were not performed due to no exceptions on testing in the prior year.)**

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

### *Other*

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**(The following procedures were not performed due to no exceptions on testing in the prior year.)**

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

**Exceptions:**

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No exceptions were found as a result of applying the procedures listed above except:

**Written Policies:**

1. The District does not have written policies addressing how vendors are added to the vendor list.
2. The District does not have written policies addressing how receipts are to be recorded.
3. The District does not have written policies addressing payroll and personnel.
4. The District does not have written policies addressing contracts
5. The District does not have written policies addressing debt service.

*Management's response:* Management concurs with the above exceptions and are working to address the deficiencies identified.

**Cash Collection:**

6. The District's employees that have access to cash are not bonded.
7. The District's employee that is responsible for collecting cash is also responsible for making bank deposits.

*Management's response:* Management will evaluate the amount of cash accessible to employees to determine the appropriate course of action.

**Credit Cards/Debit Cards/Fuel Cards/P-Cards:**

8. Of the 5 cards selected for testing, 5 of the 5 cards did not have written evidence that the monthly statement or combined statement and supporting documentation was reviewed or approved, in writing, by someone other than the authorized card holder.

*Management's response:* Management is reviewing and reconciling the monthly credit card activity to approved supporting documents; however, written evidence of this approval is not documented on the credit card statement. Management will provide written approval on the monthly statements.

9. Of the 5 cards selected for testing with a total of 15 transactions tested, 2 transactions did not have written documentation business/public purpose.

*Management's response:* Management updated their policies and procedures due to exceptions noted during the testing of the prior year SAUPs. These exceptions are due to transactions that occurred prior to this date. Management does not anticipate further exceptions.

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.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Baton Rouge, Louisiana  
May 19, 2020