

**East Side Fire Protection  
District No. 5**

Baton Rouge, Louisiana

Year Ended December 31, 2020

*Financial Statements  
and Supplementary Information*

William D. Mercer, CPA  
A PROFESSIONAL ACCOUNTING CORPORATION

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**William D. Mercer, APAC**  
CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM D. MERCER, CPA (P.C.)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
East Side Fire Protection District No. 5  
Baton Rouge, Louisiana

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of East Side Fire Protection District No. 5 as of and for the year ended December 31, 2020, 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 an opinion on these financial statements based on our audit. We conducted my 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 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 opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of East Side Fire Protection District No. 5 as of December 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, schedule of funding progress for other post-employment benefits, schedule of the District's proportionate share of the net pension liability, and schedule of District's contributions on pages 8-11 and 40-44 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 my inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the East Side Fire Protection District No. 5's basic financial statements. The schedule of compensation, benefits, and other payments to agency head reported on page 48 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of compensation, benefits, and other payments to agency head reported on page 48 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits, and other payments to agency head on page 48 is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2021, on our consideration of East Side Fire Protection District No. 5's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering East Side Fire Protection District No. 5's internal control over financial reporting and compliance.

*William D Mercer CPA (APAC)*

Baton Rouge, Louisiana  
October 31, 2021

**William D. Mercer, APAC**  
CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM D. MERCER, CPA (P.C.)

MEMBERS OF:  
AMERICAN INSTITUTE  
AND SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

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*

To the Board of Commissioners  
East Side Fire Protection District No. 5  
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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of East Side Fire Protection District No. 6, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise East Side Fire Protection District No. 5's basic financial statements, and have issued our report thereon dated October 31, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered East Side Fire Protection District No. 5's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of East Side Fire Protection District No. 5's internal control. Accordingly, we do not express an opinion on the effectiveness of East Side Fire Protection District No. 5's internal control.

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether East Side Fire Protection District No. 5's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*William D Mercer CPA (APAC)*

Baton Rouge, Louisiana  
October 31, 2021

EAST SIDE FIRE PROTECTION DISTRICT NO. 5  
Baton Rouge, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2020

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Our discussion and analysis of East Side Fire Protection District No. 5's (hereafter referred to as the District) financial performance provides an overview of the District's financial activities for the year ended December 31, 2020.

FINANCIAL HIGHLIGHTS

The financial statements included in this report provide insight into the financial status for the year. Based upon the operations of 2020, the District's net position increased by \$ 1,381,104, and resulted in ending net position deficit of \$616,872.

Total spending for the governmental activity was \$ 3,059,248 for the year, which was \$ 286,221 less than the taxes and the contributions received for this activity, \$ 3,345,469

The interest earned on checking and money market accounts and delinquent tax payments was \$ 11,538 for the year.

USING THIS ANNUAL REPORT

This report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities found on pages 12 and 13-14 provide information about the financial activities of the District and illustrate a longer-term view of the District's finances. Fund financial statements start on page 15. For governmental type activities, these statements illustrate how these services were financed in the short-term and what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's significant funds.

The District's independent auditor attests in their report that the Basic Financial Statements are fairly stated. The auditor is providing varying degrees of assurance regarding the Required Supplementary Information, the levels of which are illustrated in the auditor's report.

REPORTING THE DISTRICT AS A WHOLE, THE STATEMENT OF NET POSITION AND THE STATEMENT OF ACTIVITIES

Our analysis of the District as a whole begins on page 12. These statements help to illustrate the status of the District resulting from the year's activities. The statements include all assets and liabilities using the accrual basis of accounting. In this method, all of the current year's revenues and expenses are taken into account regardless of when cash is paid or received.



The District's net position is determined by examining the difference in assets and liabilities. The two statements report the District's net position and any changes in it. Examining the District's net position is an effective way to determine the financial status of the District. Increases and decreases in net position are an indicator of the District's overall increasing or decreasing financial performance.

In the Statement of Net Position and Statement of Activities, the District reports only governmental type activities. The majority of the District's activities are of this type, and taxes and contributions finance most of the activities.

#### REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS, FUND FINANCIAL STATEMENTS

The analysis of the District's major fund begins on page 15. The fund financial statements provide detailed information about the most significant fund rather than the District as a whole.

The District uses a governmental type fund. Most of the District's services are reported in the governmental fund, which focuses on how money flows into and out of that fund and the balance left at year-end that is available for spending. This fund is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to fund the District's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation immediately following the fund financial statement.

#### NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

#### THE DISTRICT AS A WHOLE

The District's net position increased \$ 1,381,104 as a result of this year's operations, resulting in ending net position deficit of \$616,872. The balance in net position represents the accumulated results of all past years' operations.

**Table 1**  
**Net Position**

	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 3,939,250	\$ 2,806,669
Capital assets	<u>4,423,073</u>	<u>4,142,030</u>
Total assets	<u>8,362,323</u>	<u>6,948,699</u>
Deferred Outflows of Resources	<u>1,009,863</u>	<u>921,418</u>
Current and other liabilities	129,643	251,979
Long-term liabilities	<u>9,577,600</u>	<u>9,353,575</u>
Total liabilities	<u>9,707,243</u>	<u>9,605,554</u>
Deferred Inflows of Resources	<u>281,815</u>	<u>262,538</u>
Net position:		
Invested in capital assets	4,423,073	4,040,369
Unrestricted	<u>( 5,039,945)</u>	<u>( 6,038,344)</u>
Total net position	<u>\$( 616,872)</u>	<u>\$( 1,997,975)</u>

The District's total revenues for the year increased \$ 1,529,546, or 52.7 percent. Total revenues included \$3,345,469 in taxes and service fees, \$ 275,915 in operating and intergovernmental contributions, and \$172,852 in interest income and miscellaneous income. Capital and operating grant funds received during the year totaled \$ 646,116. The total cost of all programs and services was \$3,059,248 with no new programs added this year.

**Table 2**  
**Changes in Net Position**

	<u>2020</u>	<u>2019</u>
Revenues:		
Taxes and service fees	\$ 3,345,469	\$ 2,347,171
Operating contributions	236,926	84,250
Capital grants	490,440	-
Other	<u>367,517</u>	<u>468,835</u>
Total revenues	4,440,352	2,900,256
Expenses	<u>3,059,248</u>	<u>3,928,756</u>
Change in net position	\$ <u>1,381,104</u>	\$ <u>( 1,028,500)</u>

#### THE DISTRICT'S FUNDS

As previously mentioned, the District uses funds to help control and manage money for particular purposes. At the completion of the year, the District's governmental fund reported an unassigned fund balance of \$3,847,117. This reflects an increase of \$ 1,158,661 from last year.

## GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget was not amended during the last year.

The actual expenditures were \$ 301,003 more than the budgeted amounts.

Resources available for expenditure were \$ 1,449,664 more than the budgeted amounts.

The District's General Fund balance of \$ 3,847,117 reported on page 15 differs from the General Fund's budgeted fund balance of \$ 2,698,456 reported in the budgetary comparison schedule on page 41.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### *Capital Assets*

At the end of the year, the District has \$ 4,423,073 invested in capital assets, including buildings, furniture, firefighting equipment, and vehicles, net of related obligations. Capital asset additions totaled \$ 547,675 for the year, and disposals of capital assets totaled \$ 38,268. More detailed information about the District's capital assets is presented in Note G of the financial statements.

### *Long-Term Liabilities*

At December 31, 2020, the District's long-term liabilities totaled \$ 9,577,600, which included compensated absences totaling \$ 519,275, net pension liability of \$ 2,113,721, OPEB liability of \$ 6,408,751, and long-term loan obligations of \$ 535,853.

**Table 4**  
**Long-Term Liabilities**

	<u>Balance</u>	<u>Change</u>	<u>% Change</u>
Capital leases	\$ -	\$ ( 99,650)	100.0%
Compensated absences	519,275	120,651	30.3%
Net pension liability	2,113,721	( 43,964)	2.0%
OPEB liability	6,408,751	147,338	2.4%
Community Disaster Loan	<u>535,853</u>	<u>-</u>	<u>-</u>
Total long-term liabilities	\$ <u>9,577,600</u>	\$ <u>124,375</u>	<u>1.3%</u>

See Notes H, I, and L of the financial statements for additional information regarding long-term liabilities.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to S. Dale Hancock, Fire Chief, 15094 Old Hammond Highway, Baton Rouge, Louisiana 70816.

## EAST SIDE FIRE PROTECTION DISTRICT NO. 5

Baton Rouge, Louisiana

## STATEMENT OF NET POSITION

December 31, 2020

ASSETS

Cash and equivalents	\$ 725,452
Due from other governmental units	2,605,362
Ad valorem taxes receivable	577,739
Fire protection service charges receivable	30,697
Capital assets, net of depreciation	<u>4,423,073</u>

TOTAL ASSETS \$ 8,362,323

DEFERRED OUTFLOWS OF RESOURCES

Related to net pension liability \$ 1,009,863

LIABILITIES

Accounts payable	\$ 20,927
Payroll withholdings and accruals	71,206
Accrued interest expense	37,510
Current portion of long-term liabilities	<u>-</u>
Total Current Liabilities	<u>129,643</u>

Obligations under capital leases	-
Obligations under Community Disaster Loan	535,853
Compensated absences payable	519,275
OPEB liability	6,408,751
Net pension liability	<u>2,113,721</u>
Total Long-Term Liabilities	<u>9,577,600</u>

TOTAL LIABILITIES \$ 9,707,243

DEFERRED INFLOWS OF RESOURCES

Related to net pension liability \$ 281,815

## NET POSITION:

Investment in capital assets	\$ 4,423,073
Unrestricted	<u>( 5,039,945)</u>

TOTAL NET POSITION \$(616,872)

The accompanying notes are an integral part of these financial statements.

EAST SIDE FIRE PROTECTION DISTRICT NO. 5  
Baton Rouge, Louisiana

STATEMENT OF ACTIVITIES

Year Ended December 31, 2020

		Program Revenues			Net Revenues (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
	<u>Expenses</u>				
Governmental activities:					
Public safety –fire protection	\$ 2,781,079	\$ 240,493	\$ 236,926	\$ -	\$ ( 2,303,660)
Depreciation	266,631	-	-	490,440	223,809
Interest	<u>11,538</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 11,538)</u>
Total governmental activities	<u>3,059,248</u>	<u>240,493</u>	<u>236,926</u>	<u>490,440</u>	<u>( 2,091,389)</u>
General revenues:					
Ad valorem taxes					3,104,976
Intergovernmental revenues:					
Fire insurance tax					124,665
Other					70,000
Insurance reimbursements					59,164
Interest income					12,935
Miscellaneous					<u>90,203</u>
Total General Revenues					<u>3,461,943</u>

The accompanying notes are an integral part of these financial statements.

EAST SIDE FIRE PROTECTION DISTRICT NO. 5  
Baton Rouge, Louisiana

STATEMENT OF ACTIVITIES (continued)

Year Ended December 31, 2020

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Special items:	
Gain on sale of assets	<u>10,550</u>
Change in net position	1,381,104
Net position, beginning of year	( <u>1,997,976</u> )
Net position, end of year	\$( <u>616,872</u> )

The accompanying notes are an integral part of these financial statements.

EAST SIDE FIRE PROTECTION DISTRICT NO. 5  
Baton Rouge, Louisiana

BALANCE SHEET – GOVERNMENTAL FUND

December 31, 2020

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ASSETS

Cash and equivalents	\$ 725,452
Due from other governmental units	2,605,362
Ad valorem taxes receivable	577,739
Fire protection service charges receivable	<u>30,697</u>

TOTAL ASSETS	<u>3,939,250</u>
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LIABILITIES

Accounts payable	20,927
Payroll withholdings and accruals	<u>71,206</u>

TOTAL LIABILITIES	<u>92,133</u>
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FUND EQUITY

Nonspendable	-
Unassigned	<u>3,847,117</u>

TOTAL FUND EQUITY	\$ <u>3,847,117</u>
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The accompanying notes are an integral part of these financial statements.

## EAST SIDE FIRE PROTECTION DISTRICT NO. 5

Baton Rouge, Louisiana

RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEET TO  
THE STATEMENT OF NET POSITION

December 31, 2020

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Fund balances – Governmental Fund	\$ 3,847,117
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund. These assets consist of:	
Costs of capital assets	8,463,428
Accumulated depreciation	( 4,040,355)
Certain long-term assets are not reported in the fund financial statements because they are not available to pay certain period expenditures, but they are reported as a component of net position:	
Deferred outflows of resources – pension related	1,009,863
Long-term liabilities, including bonds payable, capital leases, and other long-term liabilities, are not due in the current period and therefore are not reported in the governmental activity in the fund:	
Obligations under Community Disaster Loan	( 535,853)
Compensated absences	( 519,275)
OPEB liability	( 6,408,751)
Net pension liability	( 2,113,721)
Deferred inflows of resources – pension related	( 281,815)
Interest payable on long-term debt is not accrued in governmental funds; rather, it is recognized as an expenditure when due	( <u>37,510</u> )
Net position of governmental entity	\$ <u><u>3,847,117</u></u>

The accompanying notes are an integral part of these financial statements.



## EAST SIDE FIRE PROTECTION DISTRICT NO. 5

Baton Rouge, Louisiana

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

Year Ended December 31, 2020

## REVENUES:

## Taxes:

Ad valorem taxes	\$ 3,104,976
Fire protection service fees	<u>240,493</u>
Total taxes	<u>3,345,469</u>

## Intergovernmental revenues:

State fire insurance rebate	124,665
City-Parish General Fund	70,000
State of Louisiana	<u>81,250</u>
Total intergovernmental revenues	<u>275,915</u>

## Miscellaneous revenue:

Insurance reimbursements	59,164
Interest earned	12,935
Miscellaneous revenue	<u>4,765</u>
Total miscellaneous revenue	<u>76,864</u>

Total Revenues	<u>3,698,248</u>
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## EXPENDITURES:

## Current operations:

## General government:

Legal and professional fees	<u>107,768</u>
Total general government	<u>107,768</u>

## Public safety:

Dues	8,075
Employee benefits	735,875
Food	5,180
Insurance	67,813
Lien removals	335
Maintenance and repairs	89,503
Miscellaneous	31,815
Rent	9,057
Retirement costs – other	107,598
Salaries	1,208,620

The accompanying notes are an integral part of these financial statements.

EAST SIDE FIRE PROTECTION DISTRICT NO. 5  
Baton Rouge, Louisiana

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (continued)

Year Ended December 31, 2020

Supplies	94,377
Telephone	24,635
Training and travel	25,385
Utilities	<u>24,747</u>
Total public safety	<u>2,433,015</u>
Capital outlay:	
Firefighting equipment	<u>547,676</u>
Total capital outlay	<u>547,676</u>
Debt service:	
Principal retirement	101,661
Interest expense	<u>6,133</u>
Total debt service	<u>107,794</u>
Total Expenditures	<u>3,196,253</u>
Excess (deficiency) of revenues over expenditures	<u>501,995</u>
OTHER FINANCING SOURCES (USES):	
Proceeds from sale of assets	10,550
Operating and capital grants received	<u>646,116</u>
Total other financing sources (uses)	<u>656,666</u>
Net change in fund balance	1,158,661
FUND BALANCE, beginning of year	<u>2,688,456</u>
FUND BALANCE, end of year	\$ <u><u>3,847,117</u></u>

The accompanying notes are an integral part of these financial statements.

## EAST SIDE FIRE PROTECTION DISTRICT NO. 5

Baton Rouge, Louisiana

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2020

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Net change in fund balance – governmental fund	\$ 1,158,661
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Amounts reported for governmental activity in the statement of activities  
is different because:

Governmental funds report capital outlays as expenditures. However,  
in the statement of activities, the cost of those assets is allocated over  
their estimated useful lives and reported as depreciation expense

Capital outlay	547,676
Depreciation expense	( 266,631)

The issuance of long-term debt provides current financial resources to  
governmental funds, while the repayment of the principal of long-term  
debt consumes the financial resources of governmental funds. Neither  
transaction, however, has any effect on net position

Loan proceeds	-
Principal payments	101,661

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 governmental funds

Increase in compensated absences payable	( 120,651)
Increase in accrued interest not recognized in fund financial statements	( 5,405)
Change in OPEB liability	( 147,338)
Pension expense	<u>113,131</u>

Change in net position of governmental activity	\$ <u><u>1,381,104</u></u>
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The accompanying notes are an integral part of these financial statements.

EAST SIDE FIRE PROTECTION DISTRICT NO. 5  
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

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NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying basic financial statements of the East Side Fire Protection District No. 5 (“District”) have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments*, issued in June 1999.

Reporting Entity

East Side Fire Protection District No. 5 was created in the Parish of East Baton Rouge by resolution of the Metropolitan Council of Baton Rouge and East Baton Rouge Parish, which created and established the Board of Commissioners (“Board”) for East Side Fire Protection District No. 5. The Board is composed of five members appointed by the Metropolitan Council. The District provides fire protection services to all of the territory situated within its confines.

For financial reporting purposes, in conformity with GASB Codification of Governmental Accounting and Financial Reporting Standards, the District includes all funds and account groups that are controlled by the District.

Basic Financial Statements – Government-Wide Statements

The District’s basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District’s major fund). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District’s general administrative services are classified as governmental type activities.

In the government-wide Statement of Net Position, the business-type column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District’s net position is reported in three parts—invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District’s functions. The net costs by function are normally covered by general revenues.

EAST SIDE FIRE PROTECTION DISTRICT NO. 5  
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

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NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basic Financial Statements – Government-Wide Statements (continued)

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

Basic Financial Statements – Fund Financial Statements

The financial transactions of the District are reported in individual funds in the financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund presented in the financial statements is described as follows:

*Governmental Funds*

*General Fund*

This fund accounts for all or most of the operations of the District. The focus of the governmental fund's measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of current financial resources) rather than upon net income. Expendable assets are assigned to funds according to the purpose for which they may be used. Current liabilities are assigned to funds from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as a fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period operations of the District's office.

The general fund is the principal fund of the District and accounts for all financial resources, except those required to be accounted for in other funds. The general fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to the District's policies.

Basis of Accounting

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

EAST SIDE FIRE PROTECTION DISTRICT NO. 5  
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

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NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting (continued)

*Accrual:*

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

*Modified Accrual:*

The governmental fund financial statement is presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. “Available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

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 these estimates.

Budget Practices

A proposed operating budget for the General Fund, prepared on the modified accrual basis of accounting, is approved by the Board of Commissioners and adopted in accordance with the Local Government Budget Law. The proposed operating budget is legally adopted and amended, as necessary, by the District. All appropriations lapse at year-end.

Formal budget integration is employed as a management control device. Budget amounts included in the accompanying financial statements include the original budget amounts and all subsequent amendments, if any.

EAST SIDE FIRE PROTECTION DISTRICT NO. 5  
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

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NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. The District has defined cash and cash equivalents to include cash on hand, demand deposits, and time deposits with original maturities of 90 days or less. Under Louisiana Revised Statutes 39:1271 and 33:2955, the District may deposit funds in demand deposits, interest-bearing demand deposits, or certificates of deposit with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Capital Assets

Capital assets purchased or acquired with an original cost of \$ 500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	15 – 50 years
Firefighting equipment	5 – 10 years
Intangible assets	5 years
Office equipment and furniture	10 years

Compensated Absences

All employees accrue vacation and sick leave based on years of service. A cash payment may be made for accumulated sick leave upon termination or separation of employment, not to exceed 168 days. Full-time employees earn vacation at a rate of eighteen to thirty days per year, based on years of service, and there is no limit to the number of days that can be accrued or paid. Compensated absences payable represents the accrued vacation pay and the vested accrued sick pay.

At December 31, 2020, employees of the District had accumulated and vested \$ 398,624 annual leave benefits that was computed in accordance with GASB Statement No. 16.

Encumbrances

Encumbrance accounting, under which contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of that appropriation, is not employed by the District.

EAST SIDE FIRE PROTECTION DISTRICT NO. 5  
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

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NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Equity

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

*Nonspendable* – Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually obligated required to be maintained intact.

*Restricted* – Amounts that can be spent only for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors.

*Committed* – Amounts that can only be used for specific purposes determined by a formal action of the District. These amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed.

*Assigned* – Amounts that are designated as committed by the District but are not spendable until a budget ordinance is passed.

*Unassigned* – All amounts not included in other spendable classifications. The District has not adopted a policy to maintain the general fund's unassigned fund balance above a certain minimum level.

The details of the fund balances are included in the Balance Sheet – Governmental Fund (page 14). As noted above, restricted funds are used first as appropriate. Assigned funds are reduced to the extent that expenditure authority has been budgeted by the District or the assignment has been changed by the District. Decreases in fund balance reduce first unassigned fund balance; in the event that unassigned fund balance becomes zero, then assigned and committed fund balances are used in that order.



EAST SIDE FIRE PROTECTION DISTRICT NO. 5  
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

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NOTE B – CASH

At December 31, 2020, the District had cash and cash equivalents totaling as follows:

Cash in bank – checking	\$ 725,452
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These deposits are stated at cost, which approximates market. Under state law, deposits or the resulting bank balances must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2020, none of the District's deposits were exposed to custodial credit risk because all deposits were insured by FDIC insurance or collateralized by securities held by the Federal Reserve Bank in a three way custodial account.

NOTE C – PROPERTY TAXES

The 1974 Louisiana Constitution (Article 7 Section 18) provided that land and improvements for residential purposes be assessed at 10% of fair market value; other property and electric cooperative properties, excluding land, are to be assessed at 15%; and public service properties, excluding land, are to be assessed at 25% of fair market value. Fair market value is determined by the elected assessor of the parish on all property subject to taxation except public service properties, which are valued by the Louisiana Tax Commission. The correctness of assessments by the assessor is subject to review and certification by the Louisiana Tax Commission. The assessor is required to reappraise all property subject to taxation at intervals of not more than four years.

The Sheriff of East Baton Rouge Parish, as provided by LRS 33:1435, is the official tax collector of general property taxes levied by the Parish and Parish Special Districts. By agreement, the Sheriff is also the tax collector for City property taxes for which he receives a commission of 4.5% of total taxes collected for the City. December tax collections remitted to the District by the Sheriff in January are reported as "Due from other governmental units."

EAST SIDE FIRE PROTECTION DISTRICT NO. 5  
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

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NOTE C – PROPERTY TAXES (continued)

The 2020 property tax calendar is as follows:

Millage rates adopted	May 19, 2020
Levy date	December 1, 2020
Tax bills mailed	December 1, 2020
Due date	December 31, 2020
Lien date	January 1, 2021

State law requires the Sheriff to collect property taxes in the calendar year in which the assessment is made. Property taxes become delinquent January 1 of the following year. If taxes are not paid by the due date, taxes bear interest at the rate of 1.25% per month until the taxes are paid. After notice is given to the delinquent taxpayers, the Sheriff is required by the Constitution of the State of Louisiana to sell the least quantity of property necessary to settle the taxes and interest owed. Therefore, there are no delinquent taxes at year-end.

All property taxes are recorded in governmental funds, and as explained in Note A, revenues in governmental funds are recognized in the accounting period in which they become available and measurable. Property taxes are considered measurable in the calendar year of the tax levy. Accordingly, the entire tax roll less an estimate for uncollectible taxes is recorded as revenue in the current calendar year. Uncollectible taxes are those taxes which, based on past experiences, will not be collected in the subsequent year and are primarily due to subsequent adjustments of the tax rolls. All of the net taxes receivable at the end of the year are considered available. Available means due, or past due and receivable within the current period, and collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. Property taxes are considered available because they are substantially collected within 60 days subsequent to year-end or they are completely available for short-term debt and short-term advances from the tax collector due to time lags between collections and the remittance to the District.

EAST SIDE FIRE PROTECTION DISTRICT NO. 5  
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

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NOTE D – FIRE PROTECTION SERVICE CHARGES

The District is empowered to assess a service fee of \$ 32 for each residential and commercial structure in the District.

The service fees are recorded in the governmental fund, and as explained in Note A, revenues in governmental funds are recognized in the accounting period in which they become available and measurable. Service fees are considered measurable in the calendar year of the assessment. Accordingly, the entire assessment less an estimate for uncollectible service fee is recorded as revenue in the current calendar year. All of the net service fees receivable at the end of the year are considered available. Available means due, or past due and receivable within the current period, and collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period.

NOTE E – RECEIVABLES

Property taxes and fire protection service charges receivable and estimated uncollectible for the District as of December 31, 2020, are as follows:

Ad valorem taxes:	
Amounts receivable	\$ 608,146
Estimated uncollectible	<u>30,407</u>
	\$ <u>577,739</u>
Fire protection service charges:	
Amounts receivable	\$ 32,313
Estimated uncollectible	<u>1,616</u>
	\$ <u>30,697</u>

EAST SIDE FIRE PROTECTION DISTRICT NO. 5  
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

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NOTE F – DUE FROM OTHER GOVERNMENTAL UNITS

The amounts due from other governmental units as of December 31, 2020, are as follows:

East Baton Rouge Parish Sheriff	\$ <u>2,605,362</u>
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NOTE G – CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2020, follows:

	Balance, January 1, <u>2020</u>	<u>Additions</u>	<u>Deletions</u>	Balance, December 31, <u>2020</u>
Land	\$ 469,784	\$ -	\$ -	\$ 469,784
Buildings	3,923,354	-	-	3,923,354
Equipment	3,088,444	547,675	-	3,636,119
Furniture	35,624	-	-	35,624
Intangible assets	12,750	-	-	12,750
Vehicles	<u>424,065</u>	<u>          </u>	<u>38,268</u>	<u>385,797</u>
	7,954,021	547,675	38,268	8,463,428
Less accumulated depreciation	<u>3,811,991</u>	266,631	38,268	<u>4,040,355</u>
Capital assets, net	\$ <u>4,142,030</u>			\$ <u>4,423,073</u>

EAST SIDE FIRE PROTECTION DISTRICT NO. 5  
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

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NOTE H – PENSION PLANS

*Plan Description.* The District contributes to the Firefighters' Retirement System (FRS). The plan is a cost-sharing, multiple-employer defined-benefit pension plan. The plan is administered by a board of trustees. The plan provides retirement benefits and annual cost-of-living adjustments to plan members and beneficiaries.

*Benefits provided* – All full time employees of the District become a member of the Retirement System. The pension plan provides retirement benefits, as well as death and disability benefits. The benefits of the Firefighters Retirement System are available to members with 12 years of creditable service who may retire at age 55, members with 20 or more years of service who have attained age 50, or members with 25 years of service may retire regardless of age, provided they have been a member of the system for at least one year. Benefits equal to 3-1/3% of the employees' average compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 100%. Under the provisions of R.S. 11:246 and 11:2260A(7), retired members and widows/widowers of members receive an annual cost of living increase of up to 3% of their current benefit and all retired members and widows/widowers who are 65 years of age and older a 2% increase.

*Survivor spouse benefits*- Under the Firefighters Retirement System, survivor spouses are entitled to an annual benefit equal to two-thirds of the deceased member's compensation if the member's death is in the line of duty. If a member dies from a cause not in the line of duty, the surviving spouse is entitled to an annual benefit of 3% of the deceased member's average compensation multiplied by their total years of creditable service. In no event is the annual benefit less than 40% or more than 60% of the deceased member's average final compensation. The surviving spouse of a member who is on disability retirement at the time of death receives a benefit of \$200 per month. When the member takes disability retirement, he/she may, in addition, take an actuarially reduced benefit, in which case the member's surviving spouse receives 50% of the disability benefit being paid immediately prior to the death of the disability retiree.

*Deferred Retirement Option Plan (DROP)* – After completing 20 years of creditable service and age 50, or 25 years at any age, a member may elect to participate in the deferred retirement option plan (DROP) for up to 36 months.

The employer and employee contributions to the System cease for anyone participating in the DROP plan. The monthly retirement benefit that would have been payable is paid into the deferred retirement option plan account. If an employee that is participating in the program is terminated, they shall receive, at their option, a lump sum payable from the account of an annuity based on the deferred retirement option plan account balance in addition to their regular monthly benefit.

EAST SIDE FIRE PROTECTION DISTRICT NO. 5  
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

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NOTE H – PENSION PLANS (continued)

If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to the System. No payments may be made from the DROP account until the participant retires.

*Contributions* – The Firefighters' Retirement System contribution rates are under the provision of R.S. 11:62, 11:103, and 22:1476A(3), and is financed by a combination of employee contributions, employer contributions, and insurance premium taxes. The employee contribution rate is set by R.S. 11:62 and cannot be less than 8% or more than 10%. Plan members of the Firefighters' Retirement System are required by the plan to contribute 10% effective January 1, 2012, and 8% for prior years. The employer contribution rate effective July 1, 2020 and 2019, was 32.25% 27.75%; respectively, of the annual covered payroll. The contributions paid by the District and plan participants for the years ended December 31, 2020, 2019, and 2018, were \$ 313,979, \$ 313,608, and \$ 300,514, which equaled the required contributions for each year.

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

At December 31, 2019, the District reported a liability of \$2,113,721 for its proportionate share of the net pension liability for the Firefighters' Retirement System. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of the Firefighters' Retirement System, actuarially determined. At June 30, 2020, the District's proportion was 0.304942%, which was a decrease from its proportion measured as of June 30, 2019.

EAST SIDE FIRE PROTECTION DISTRICT NO. 5  
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

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NOTE H – PENSION PLANS (continued)

*Actuarial assumptions* – A summary of the actuarial methods and assumptions used in determining the total pension liability as of the respective years shown below are as follows:

Valuation date	June 30, 2020
Actuarial cost method	Entry Age Normal Cost
Actuarial value of assets	Market value
Discount rate	7.00%
Expected long-term rate of return	7.00%
Municipal bond rate	N/A
Inflation	2.50%
Investment rate of return – net of pension plan investment expense, including inflation	7.00%
Expected remaining service lives	7 years

Employee mortality was set based on the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees, annuitant and beneficiary mortality was set based on the Pub-2010 Public Retirement Plans Mortality Table for Safety Below -Median Healthy Retirees, and disabled lives mortality was set based on the Pub-201 Public Retirement Plans Mortality Table for Safety Disabled Retirees. In all cases the base table was multiplied by 105% for males and 110% for females.

The long-term expected rate of return on pension plan investments 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 expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the following table:

EAST SIDE FIRE PROTECTION DISTRICT NO. 5  
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE H – PENSION PLANS (continued)

<u>Asset class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity:		
U.S. equity	26.00%	5.72%
Non-U.S. equity	12.00%	6.24%
Global equity	10.00%	6.23%
Emerging market equity	6.00%	8.61%
Fixed Income	31.00%	4.40%
Alternatives:		
Real estate	6.00%	4.20%
Private equity	9.00%	10.29%
Multi-asset strategies:		
Global tactical asset allocation	0.00%	4.22%
Risk parity	<u>0.00%</u>	4.22%
 Inflation	 100.00%	

*Discount rates* – The discount rate used to measure the total pension liability was 7.0% for the Firefighters’ Retirement System. The projection of cash flows used to determine the discount rate assumed that contributions for plans members will be made at the current contribution rates and that contributions from participating employers and non-employer entities will be made at the actuarially determined rates approved by the Board of Trustees and the Public Retirement Systems’ Actuarial Committee, taking into consideration the recommendations of the Firefighters’ Retirement System actuary. Based on those assumptions, Firefighters’ Retirement System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.



EAST SIDE FIRE PROTECTION DISTRICT NO. 5  
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

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NOTE H – PENSION PLANS (continued)

*Sensitivity of the Net Pension Liability to changes in the discount rate* – The following presents the net pension liability using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate of 1 percent point lower (6.00%) or 1 percent point higher (8.00%) than the current rate:

	<u>1% decrease</u>	<u>Current discount rate</u>	<u>1% increase</u>
Rates	6.00%	7.00%	8.00%
District's share of NPL	\$ 3,053,248	\$ 2,113,721	\$ 1,329,492

*Pension plan fiduciary net position* – Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report. The Firefighters' Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Firefighters' Retirement System, 3100 Brentwood Drive, Baton Rouge, Louisiana, or by calling (225) 925-4060. This financial report can also be obtained online.

NOTE I – LONG-TERM OBLIGATIONS

During 2010, the District entered into a lease purchase agreement to purchase a fire truck. This lease for \$214,148 requires annual installments of \$ 27,000 with the final payment of \$ 106,744 being paid in October 2020. The installments included interest at 5%.

During 2017, the District borrowed funds under a Community Disaster Loan program administered by the U.S. Department of Homeland Security and the Federal Emergency Management Agency (FEMA). This loan is for the repair of facilities damaged by flooding in August 2016. This loan accrues interest at 2.0% annually until paid. The entire obligation, plus any accrued interest, is due in January 2022, unless the terms of the note are extended at the sole discretion of FEMA or is canceled pursuant to Section 417 of the Stafford Disaster Relief and Emergency Assistance Act. This loan, plus accrued interest, was forgiven as a result of congressional action taken in October 2021. The effect of forgiveness of this loan is not reflected in the balances shown in the accompanying financial statements as of December 31, 2020.

EAST SIDE FIRE PROTECTION DISTRICT NO. 5  
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE I – LONG-TERM OBLIGATIONS (continued)

The following is a summary of the long-term obligation transaction and balances during the year ended December 31, 2020:

	Balance, January 1, <u>2020</u>	<u>Additions</u>	Deductions/ <u>repayments</u>	Balance, December 31, <u>2020</u>
Compensated absences	\$ 398,624	\$ 120,651	\$ -	\$ 519,275
Community Disaster Loan	535,853	-	-	535,853
Capital leases	<u>101,661</u>	<u>-</u>	<u>101,661</u>	<u>-</u>
Totals	\$ <u>1,036,138</u>	\$ <u>120,651</u>	\$ <u>101,661</u>	\$ <u>1,055,128</u>

Annual payments on long-term obligations outstanding at December 31, 2020, adjusted for the forgiven SBA loan discussed above, are as follows:

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ -	\$ -
2022	-	-	-
2023	-	-	-
2024	-	-	-
2025 and later	<u>-</u>	<u>-</u>	<u>-</u>
Totals	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

NOTE J – SUPPLEMENTAL PAY

The statement of activities reflects income and program expenses of \$ 81,250 for supplemental pay from the State of Louisiana paid directly to the covered employees. This amount was recorded in revenue and an offsetting expenditure was recorded in payroll and related expenses.

EAST SIDE FIRE PROTECTION DISTRICT NO. 5  
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

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NOTE K – DEFERRED COMPENSATION PLAN

The District participates in The National Association of Counties (NACO) Deferred Compensation Program, which is a cost-sharing multiple-employer public employee deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all District employees, permits them to defer a portion of their salary until future periods. Participation in the plan is optional. The deferred compensation is not available to employees until termination, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts are held in trust for the exclusive benefit of the participants and their beneficiaries. Participants' rights under the plan are equal to the fair market value of their deferred accounts.

It is the opinion of the State's Attorney General that the District has no liability for losses under the plan, but does have the duty of due care that would be required of an ordinary investor. The plan's trustee, who provides certain options, manages investments. The participants make the choice of investment options.

NOTE L – OTHER POST-EMPLOYMENT BENEFITS

*Plan Description*

The East Side Fire Protection District No. 5 OPEB plan is a single-employer defined benefit "substantive plan" as understood by the employer and its employees. The plan provides health insurance benefits to eligible retirees and their spouses. There is no written plan that exists or is sanctioned by law. The OPEB plan is reported based on communications to plan members. The OPEB plan does not issue a stand-alone financial report.

There are currently 13 active members and 1 retiree receiving benefits.

Retirees with at least 10 years of service maintain the same benefits as current employees. The individual is entitled to one year of health benefits for every full year served.

*Funding Policy*

The health plan is funded with employer payment of the premiums. The employer portion of pay-as-you-go OPEB insurance premiums are allocated over all participants in the OPEB plan.

EAST SIDE FIRE PROTECTION DISTRICT NO. 5  
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

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NOTE L – OTHER POST-EMPLOYMENT BENEFITS (continued)

*Annual OPEB cost and net OPEB obligation*

The District's total OPEB liability of \$ 6,408,751 was measured as of December 31, 2020, and was determined by an actuarial valuation date as of December 31, 2020.

*Actuarial Assumptions*

The total OPEB liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

The individual entry age-actuarial cost method was used for the December 31, 2020 actuarial valuation. Because the District currently funds OPEB using a pay-as-you-go approach, the discount rate of 1.70% is based on the historical (and expected) investments that are expected to be used in financing the payment of benefits. The actuarial assumptions included a 2% investment rate of return, an inflation rate of 4.0%, and an annual medical cost trend rate of 4.6% initially, increased to an ultimate rate of 4.7% after ten years. Life expectancies were based on the RP2000 Mortality Table set forward ten years. Turnover rates were based on standard turnover assumptions. The agency's unfunded actuarial accrued liability is being amortized using a level percentage of payroll with an amortization period of 30 years.

*Changes in the Total OPEB Liability*

Changes in the total OPEB liability for the year ended December 31, 2020, were as follows:

Balance, January 1, 2020	\$ 6,261,413
Service cost	37,086
Interest on OPEB liability	122,489
Effect of economic/demographic gains or losses	( 53,536)
Effect of assumptions changes	391,174
Employer contributions	( 349,875)
 Balance, December 31, 2020	 \$ <u>6,408,751</u>

Total OPEB expense for the year ended December 31, 2020, was \$ 497,212, and no deferred outflows of resources or deferred inflows of resources were recognized.

EAST SIDE FIRE PROTECTION DISTRICT NO. 5  
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

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NOTE L – OTHER POST-EMPLOYMENT BENEFITS (continued)

*Sensitivity of OPEB liability*

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 one percentage point higher or one percentage point higher than the current discount rate:

	<u>1% decrease</u>	<u>Current discount rate</u>	<u>1% increase</u>
Rates	0.70%	1.70%	2.70%
District's share of OPEB liability	\$ 7,995,117	\$ 6,408,751	\$ 5,225,967
Change from baseline	\$ 1,586,367	\$ -	\$( 1,182,784)

The following presents the total OPEB liability of the District as well as what the District's total OPEB liability if it were calculated using a different healthcare trend rate than the current assumed rate:

	<u>1% decrease</u>	<u>Current trend rate</u>	<u>1% increase</u>
District's share of OPEB liability	\$ 5,043,618	\$ 6,408,751	\$ 8,249,121
Change from baseline	\$( 1,365,133)	\$ -	\$ 1,840,370

NOTE M – LEASE COMMITMENTS

Annual rental fees of fire hydrants totaled \$ 9,057 for the year ended December 31, 2020. The leasing of this equipment is mandated by the City-Parish of Baton Rouge in an agreement with the local water companies.

NOTE N – EVALUATION OF SUBSEQUENT EVENTS

Subsequent events were evaluated through October 31, 2021, which is the date the financial statements were available to be issued.

EAST SIDE FIRE PROTECTION DISTRICT NO. 5  
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

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NOTE O – COMPENSATION PAID TO COMMISSION MEMBERS

The following is a list of commission members appointed for the year ended December 31, 2020. The commission members did not receive any compensation for their service on the board of East Side Fire Protection District No. 5 during the year ended December 31, 2020.

Oscar LeJeune, President  
David Roppolo, Secretary  
Johnny Kovalcik, Commissioner  
Bill Pedneau, Commissioner  
C. W. Streat, Commissioner

## REQUIRED SUPPLEMENTARY INFORMATION

## EAST SIDE FIRE PROTECTION DISTRICT NO. 5

Baton Rouge, Louisiana

## BUDGETARY COMPARISON SCHEDULE – GENERAL FUND

Year Ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES:				
Taxes:				
Ad valorem taxes	\$ 2,150,000	\$ 2,150,000	\$ 3,104,976	\$ 954,976
Fire protection service fees	<u>240,000</u>	<u>240,000</u>	<u>240,493</u>	<u>493</u>
Total taxes	<u>2,390,000</u>	<u>2,390,000</u>	<u>3,345,469</u>	<u>955,469</u>
Intergovernmental revenues:				
State fire insurance rebate	120,000	120,000	124,665	4,665
City-Parish General Fund	<u>56,000</u>	<u>56,000</u>	<u>70,000</u>	<u>14,000</u>
Total intergovernmental funds	<u>176,000</u>	<u>176,000</u>	<u>194,665</u>	<u>18,665</u>
Miscellaneous revenue:				
Interest earned	8,000	8,000	12,935	4,935
Miscellaneous revenues	<u>250,000</u>	<u>250,000</u>	<u>63,929</u>	<u>( 186,071)</u>
Total miscellaneous revenue	<u>258,000</u>	<u>258,000</u>	<u>76,864</u>	<u>( 181,136)</u>
Total Revenue	<u>2,824,000</u>	<u>2,824,000</u>	<u>3,616,998</u>	<u>792,998</u>
EXPENDITURES:				
Current operations:				
General government:				
Legal and professional	<u>95,000</u>	<u>95,000</u>	<u>107,768</u>	<u>( 12,768)</u>
Total general government	<u>95,000</u>	<u>95,000</u>	<u>107,768</u>	<u>( 12,768)</u>
Public safety:				
Dues	5,000	5,000	8,075	( 3,075)
Employee benefits	828,000	828,000	735,875	92,125
Food	4,000	4,000	5,180	( 1,180)
Insurance	115,000	115,000	67,813	47,187
Lien removals	1,000	1,000	335	665
Maintenance and repairs	85,000	85,000	89,503	( 4,503)
Miscellaneous	25,000	25,000	31,815	( 6,815)
Public service	6,000	6,000	-	6,000
Rent	11,000	11,000	9,057	1,943
Retirement costs – other	80,000	80,000	107,598	( 27,598)

See auditor's report on supplementary information.



## EAST SIDE FIRE PROTECTION DISTRICT NO. 5

Baton Rouge, Louisiana

## BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (continued)

Year Ended December 31, 2020

	Budgeted Original	Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Salaries	1,235,00	1,235,000	1,127,370	107,630
Supplies	94,000	94,000	94,377	( 377)
Telephone	23,000	23,000	24,635	( 1,635)
Training and travel	20,000	20,000	25,385	( 5,385)
Utilities	30,000	30,000	24,747	5,253
Total public safety	<u>2,562,000</u>	<u>2,562,000</u>	<u>2,351,765</u>	<u>210,235</u>
Capital outlay:				
Firefighting equipment	5,000	5,000	547,676	( 542,676)
Vehicles	<u>45,000</u>	<u>45,000</u>	<u>-</u>	<u>45,000</u>
Total capital outlay	<u>50,000</u>	<u>50,000</u>	<u>547,676</u>	<u>( 497,676)</u>
Debt service:				
Principal retirement	107,000	107,000	101,661	5,339
Interest expense	<u>-</u>	<u>-</u>	<u>6,133</u>	<u>( 6,133)</u>
Total debt service	<u>107,000</u>	<u>107,000</u>	<u>107,794</u>	<u>( 794)</u>
Total Expenditures	<u>2,814,000</u>	<u>2,814,000</u>	<u>3,115,003</u>	<u>( 301,003)</u>
OTHER FINANCING SOURCES (USES):				
Operating and capital grants	-	-	646,116	646,116
Proceeds from asset sales	<u>-</u>	<u>-</u>	<u>10,550</u>	<u>10,550</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>656,666</u>	<u>656,666</u>
Net change in fund balance	10,000	10,000	1,158,661	1,148,661
Fund balance, beginning of year	<u>2,688,456</u>	<u>2,688,456</u>	<u>2,688,456</u>	<u>-</u>
Fund balance, end of year	\$ <u>2,698,456</u>	\$ <u>2,698,456</u>	\$ <u>3,847,117</u>	\$ <u>1,148,661</u>

See auditor's report on supplementary information.

EAST SIDE FIRE PROTECTION DISTRICT NO. 5  
Baton Rouge, Louisiana

SCHEDULE OF CHANGES IN DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS

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		<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$	37,086	37,086	37,086
Interest on OPEB liability		122,489	92,746	95,796
Economic/demographic gains/losses		( 53,536)	1,322,111	1,268,041
Change in assumptions		391,174	369,837	( 1,217,532)
Employer contributions		( 319,875)	( 319,585)	( 351,994)
Net change in OPEB liability		177,338	1,512,195	( 168,603)
Total OPEB liability - beginning		6,261,413	4,759,218	4,927,821
Total OPEB liability - ending	\$	6,408,751	6,261,413	4,759,218
Covered employee payroll	\$	1,036,569	973,960	1,036,202
Total OPEB liability as a percentage of covered employee payroll		618%	643%	459%

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

See auditor's report on supplementary information.

## EAST SIDE FIRE PROTECTION DISTRICT NO. 5

Baton Rouge, Louisiana

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY

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Year ended December 31,	Employer's Proportionate Share of the Net Pension Liability (Assets)	Employer's Proportion of the Net Pension Liability (Assets)	Employer's Covered- Employee Payroll	Employer's Proportionate Share of Net Pension Liability (Assets) as % of Covered- Employee Payroll	Plan Fiduciary Net Position As a Percentage of Total Pension Liability
2020	0.304042%	\$ 2,113,7215	\$ 1,017,966	207.65%	72.61%
2019	0.344573%	\$ 2,157,685	\$ 973,960	221.54%	73.97%
2018	0.323763%	\$ 1,862,310	\$ 940,919	197.93%	74.76%
2017	0.284071%	\$ 1,628,252	\$ 731,578	222.57%	73.55%
2016	0.305924%	\$ 2,001,020	\$ 870,611	229.84%	68.16%
2015	0.303051%	\$ 1,635,600	\$ 666,253	245.49%	72.45%

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

EAST SIDEFIRE PROTECTION DISTRICT NO. 5  
Baton Rouge, Louisiana

SCHEDULE OF DISTRICT'S CONTRIBUTIONS

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Year ended December 31,	Contractually required contribution	Contributions in relation to contractually required contributions	Contributions deficiency (excess)	Contributions as a % of covered-employee payroll
2019	\$ 313,979	\$ 313,979	\$ 0	32.20%
2019	\$ 313,608	\$ 313,608	\$ 0	32.20%
2018	\$ 356,056	\$ 356,056	\$ 0	37.84%
2017	\$ 289,448	\$ 289,448	\$ 0	39.56%
2016	\$ 252,483	\$ 252,483	\$ 0	29.00%
2015	\$ 254,425	\$ 254,425	\$ 0	38.19%

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

EAST SIDE FIRE PROTECTION DISTRICT NO. 5  
Baton Rouge, Louisiana

SCHEDULE OF FINDINGS

Year Ended December 31, 2020

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

EAST SIDE FIRE PROTECTION DISTRICT NO. 5  
Baton Rouge, Louisiana

SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended December 31, 2020

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There were no findings for the year ended December 31, 2019, noted in the prior audit report dated October 31, 2020.

## SUPPLEMENTARY INFORMATION

EAST SIDE FIRE PROTECTION DISTRICT NO. 5  
Baton Rouge, Louisiana

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS  
TO AGENCY HEAD  
Year Ended December 31, 2020

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Agency Head: S. Dale Hancock, Fire Chief

<b>Purpose:</b>	<b>Amount:</b>
Salary	\$ 163,635
Benefits – insurance	\$ 34,954
Benefits – retirement	\$ 62,960
Benefits – payroll taxes	\$ 2,487
Car allowance	None
Vehicle provided by government	None
Per diem	None
Reimbursements	None
Travel	None
Registration fees	None
Conference travel	None
Continuing professional education fees	None
Housing	None
Unvouchered expenses	None
Special needs	None

See auditor's report on supplementary information.