

FAULK & WINKLER
CPAs - BUSINESS ADVISORS

August 17, 2021

Mr. Michael J. Waguespack
Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

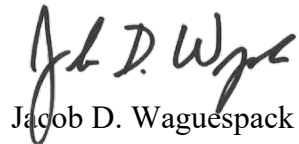
Dear Mr. Waguespack,

Enclosed is our revised audit report for the East Baton Rouge Parish Fire Protection District No. 2 - St. George for the fiscal year ended September 30, 2020. Page 2 of the independent auditors' report was revised to include references to the schedule of expenditures in the other supplemental information paragraphs.

Please feel free to contact me with any questions.

Yours truly,

Faulk & Winkler LLC



Jacob D. Waguespack

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA

ANNUAL FINANCIAL REPORT

For the year ended September 30, 2020

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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INDEPENDENT AUDITORS' REPORT

Honorable Chairman and Members
of the St. George Fire Protection District No. 2
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the General Fund of the **ST. GEORGE FIRE PROTECTION DISTRICT NO. 2 (District)**, of the District as of and for the year ended September 30, 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 responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the General Fund of the District, as of September 30, 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, the schedule of changes in total OPEB liability and related ratios, the schedule of proportionate share of net pension liability, and schedule of pension contributions on pages 3 through 7 and 37 through 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of compensation, benefits, and other payments to agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the basic financial statements.

The supplementary information on page 43 and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditure of federal awards are fairly stated in all material aspects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2021, on our consideration of the District's internal control over financial reporting and 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 the District's internal control over financial reporting and compliance.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
June 24, 2021

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

INTRODUCTION

This section of the St. George Fire Protection District No. 2's (the District) financial report represents our discussion and analysis of the District's financial performance during the fiscal year ended September 30, 2020 with comparative prior year information with explanations of changes between the two years.

The District provides emergency services to an 84 square mile area of East Baton Rouge Parish. The District is located in the southern portion of East Baton Rouge Parish. It includes areas within East Baton Rouge Parish outside of the city limits of Baton Rouge with the parish line being the boundary on the eastern, western and southern ends and Harrell's Ferry Road being the northern boundary. The population of the District is approximately 106,500 and there are approximately 30,000 structures. The District is a separate government body and is governed by an appointed board of five citizens.

The District has a total staff of 212 employees that provide fire protection and related services. This includes nine employees that provide administrative and office services.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of four components: (1) government-wide financial statements, (2) fund financial statements, (3) notes to the financial statements, and (4) required supplemental information. Please read it in conjunction with the District's financial statements which begin on page 8.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between these items reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, the revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, earned but unused sick leave).

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also provides certain required supplementary information including the budgetary comparison schedule and historical information for the net pension liability and the total other postemployment benefit liability.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$32,671,929 (net position - deficit), which represents an 11.9% deficit increase from September 30, 2019 (as restated). The increased deficit in net position was mainly due to net increases in net pension liability and total other postemployment benefit liability. The largest portion of the District's net position reflects its net investment in capital assets.

Certain balances presented in the 2019 column have been restated as reported in Note 16 of the financial statements. These adjustments were necessary due to updated information presented regarding the prior year balances during the current year financial statement preparation.

The following provides a summary of the net position:

	Governmental Activities	
	2020	(As restated) 2019
Current and other assets	\$ 15,158,466	\$ 13,786,122
Capital assets	30,599,896	18,587,676
Total assets	45,758,362	32,373,798
Deferred outflows - resources	14,481,114	10,627,783
Other liabilities	4,424,641	868,629
Long-term liabilities	83,845,577	67,146,943
Total liabilities	\$ 88,270,218	\$ 68,015,572
Deferred inflows - resources	4,641,187	4,177,352
Net Position (Deficit):		
Net investment in capital assets	17,618,890	17,404,912
Unrestricted	(50,290,819)	(46,596,255)
Total net position (deficit)	\$ (32,671,929)	\$ (29,191,343)

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

The following provides a summary of the changes in net position:

	Governmental Activities	
	(As restated)	
	2020	2019
Revenues:		
Program Revenues:		
Charges for services	\$ 68,005	\$ -
Operating grants and contributions	3,848,903	2,988,230
Capital grants and contributions	24,980	327,735
General Revenues:		
Property taxes	21,623,613	20,955,497
Service charges	1,246,104	1,226,772
Intergovernmental revenues	725,025	714,263
Interest and other revenues	226,835	247,773
Total revenues	27,763,465	26,460,270
Expenses	31,244,051	29,059,777
Change in net position	(3,480,586)	(2,599,507)
Beginning net position, as restated	(29,191,343)	(26,591,836)
Ending net position	\$ (32,671,929)	\$ (29,191,343)

The District receives property tax based on a millage of 13.25 mills for general operations, 1.25 mills for salary and benefits, and 1.50 mills for capital improvements and debt service. These taxes, which represent 77.9% of total revenue, increased by \$668,116 or 3.2% from the period ending September 30, 2019. In addition, the District is allocated a proportion of property taxes withheld by the Sheriff and paid to the Firefighters' Retirement System that is considered a non-employer contribution and is recognized as revenue with the net pension liability adjustment.

The District also receives grants and contributions from the federal government or the State of Louisiana for various grant programs. The operating grants and contributions represents 13.9% of total revenue and increased by \$860,673 or 28.8% from the period ending September 30, 2019. The majority of this increase is a result of the District receiving the Coronavirus Relief Fund Federal grant of \$1,119,666.

The District's expenses increased by \$2,184,274 or 7.5%. The majority of this increase was due to the net adjustments for net pension liability and total other postemployment liability of \$2,317,103.

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

FINANCIAL ANALYSIS OF FUNDS

The following provides a summary of the general fund's revenues, expenditures, and other financing sources for the years ended September 30, 2020 and 2019 (as restated):

	General Fund		
	(as restated)		
	2020	2019	Variance
Revenues	\$ 26,479,426	\$ 25,274,088	\$ 1,205,338
Expenses	40,828,852	27,068,589	13,760,263
Other sources of income (expense)	12,464,582	12,813,631	(349,049)
Change in fund balance	<u>\$ (1,884,844)</u>	<u>\$ 11,019,130</u>	<u>\$ (12,903,974)</u>

Revenues increased by \$1,205,338 largely driven by a Federal Coronavirus Relief Fund grant award of \$1,119,666.

Public safety-fire protection expenses increased by \$13,760,263 due to inflationary cost increases, staff raises, increased cost of healthcare, capital outlay projects, and the purchase of equipment.

BUDGETARY HIGHLIGHTS

The original budget was not amended during the year.

	Original and Final Budget	Actual	Variance with final positive/(negative)
Revenues	\$ 24,793,031	\$ 26,479,426	\$ 1,686,395
Expenses	24,312,230	40,828,852	(16,516,622)
Other sources of income (expense)	-	12,464,582	12,464,582
Change in fund balance	<u>\$ 480,801</u>	<u>\$ (1,884,844)</u>	<u>\$ (2,365,645)</u>

Budget to Actual

Ad Valorem taxes and service charges were \$710,764 less than budgeted due to a decrease in property tax collections for the year.

Supplemental pay revenue exceeded the budget by \$1,093,500 as this revenue was not separately budgeted.

Federal grants exceeded the budget by \$1,113,177 due to the Coronavirus Relief Fund grant and other awards that were not included in the budget estimate.

Personnel services and related benefits exceeded the budget by \$2,746,131 due to salary increases, increased overtime and storm related work.

Capital outlay exceeded the budget by \$12,544,199 due to construction costs related to the campus expansion project and the acquisition of new fire trucks and medical equipment through the issuance of a capital leases. The District did not budget these capital outlay expenditures.

Loan proceeds from the issuance of revenue bonds and capital leases exceeded final budget by \$12,445,132 because the District did not budget loan and capital lease proceeds.

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

CAPITAL ASSETS

At September 30, 2020, the District had \$30,599,896 of capital assets including land, construction in progress, eight fire stations and administrative building and campus, improvements, firefighting and other equipment and furniture and fixtures, net of accumulated depreciation.

LONG-TERM DEBT

The District has several capital leases for the acquisition of fire trucks, and medical and communications equipment with a balance due of \$8,214,461, construction loan with a balance due of \$15,720,000, a retirement payoff loan with a balance of \$782,060 and compensated absences balance of \$2,617,651.

The District recognizes its proportionate share of net pension liability for participating in two pension plans. The liability recorded as of September 30, 2020 is \$32,080,190. In addition, the District recorded total other postemployment benefit liability of \$24,431,215 that represents the actuarial determined liability for the District offering continuing health benefits for retirees.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, 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 Gerard C. Tarleton, Fire Chief, St. George Fire Protection District located at 14100 Airline Highway, Baton Rouge, La. 70817.

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

Statement A

ASSETS

Cash and cash equivalents	\$ 13,662,496
Receivables:	
Property taxes and service charges	37,568
Federal grants	1,313,260
Deposits and prepaids	145,142
Capital assets	
Non-depreciable	13,765,070
Depreciable, net	16,834,826
Total assets	45,758,362

DEFERRED OUTFLOWS OF RESOURCES

Related to net pension liability	9,829,135
Related to total other postemployment benefit liability	4,651,979
Total deferred outflows of resources	14,481,114

LIABILITIES

Accounts payable	3,459,145
Salary and benefits payable	623,764
Accrued interest	341,732
Long-term liabilities:	
Bonds, capital leases, debt and compensated absences:	
Due within one year	2,501,865
Due in more than one year	24,832,307
Net pension liability:	
Due in more than one year	32,080,190
Total other postemployment benefit liability:	
Due within one year	318,450
Due in more than one year	24,112,765
Total liabilities	88,270,218

DEFERRED INFLOWS OF RESOURCES

Related to net pension liability	2,508,609
Related to total other postemployment benefit liability	2,132,578
Total deferred inflows of resources	4,641,187

NET POSITION (DEFICIT)

Net investment in capital assets	17,618,890
Unrestricted	(50,290,819)
Total net position (deficit)	\$ (32,671,929)

The accompanying notes are an integral part of this statement.

**ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Statement B

EXPENSES:	PROGRAM REVENUES				TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
Public safety - fire protection	\$ 29,129,932	\$ 68,005	\$ 3,848,903	\$ 24,980	\$ 25,188,044
Depreciation	1,368,341	-	-	-	1,368,341
Interest	745,778	-	-	-	745,778
Total governmental activities	31,244,051	68,005	3,848,903	24,980	27,302,163
GENERAL REVENUES:					
Ad valorem taxes					21,623,613
Service charges					1,246,104
State revenue sharing					342,767
Fire insurance tax					382,258
Interest income					217,041
Miscellaneous					7,982
Net gain on disposal of assets					1,812
Total general revenues					23,821,577
Change in net position					(3,480,586)
Net position (deficit):					
Beginning of the year, as restated					(29,191,343)
End of the year					\$ (32,671,929)

The accompanying notes are an integral part of this statement.

**ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA
GOVERNMENTAL FUND BALANCE SHEET
SEPTEMBER 30, 2020**

Statement C

	<u>GENERAL FUND</u>
ASSETS	
Cash and cash equivalents	\$ 13,662,496
Receivables:	
Property taxes and service charges	37,568
Federal grants	1,313,260
Deposits and prepaids	<u>145,142</u>
Total Assets	<u><u>15,158,466</u></u>
 LIABILITIES	
Accounts payable	3,459,145
Salary and benefits payable	<u>623,764</u>
Total liabilities	<u><u>4,082,909</u></u>
 FUND BALANCES	
Nonspendable	145,142
Restricted for capital outlay	10,953,455
Unassigned	<u>(23,040)</u>
Total fund balance	<u><u>11,075,557</u></u>
 Total Liabilities and Fund Balance	 <u><u>\$ 15,158,466</u></u>

The accompanying notes are an integral part of this statement.

**ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA
RECONCILIATION OF THE GOVERNMENT FUND BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2020**

		Statement D
Total fund balances - governmental funds (Statement C)		\$ 11,075,557
Cost of capital assets	41,635,223	
Less: Accumulated depreciation	<u>(11,035,327)</u>	30,599,896
Deferred outflows and inflows of resources are not available to pay current period expenditures and, therefore are not reported in the governmental fund.		
Deferred outflow of resources - related to net pension liability	9,829,135	
Deferred outflow of resources - total other post-employment benefit liability	<u>4,651,979</u>	14,481,114
Deferred inflow of resources - related to net pension liability	(2,508,609)	
Deferred inflow of resources - total other post-employment benefit liability	<u>(2,132,578)</u>	(4,641,187)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term, are reported in the Statement of Net Position.		
Balances at September 30, 2020 are:		
Interest payable		(341,732)
Long-term liabilities		
Retirement payoff loan	(782,060)	
Revenue bonds	(15,720,000)	
Compensated absences payable	(2,617,651)	
Capital leases	(8,214,461)	
Net pension liability	(32,080,190)	
Total other post-employment benefit liability	<u>(24,431,215)</u>	<u>(83,845,577)</u>
Net Position (Statement A)		<u>\$ (32,671,929)</u>

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Statement E
	GENERAL FUND
REVENUES:	
Ad valorem taxes	\$ 21,623,613
Service charges	1,246,104
State revenue sharing	342,767
Fire insurance tax	382,258
Supplemental pay	1,093,500
Federal grants	1,473,177
State and other grants	57,182
Interest income	217,041
Miscellaneous	43,784
Total revenues	26,479,426
EXPENDITURES:	
Personnel services and related benefits	20,222,291
Contractual services	1,234,365
Insurance	703,698
Legal and professional	225,924
Office supplies	330,923
Rental	195,788
Repairs and maintenance	645,380
Supplies	775,089
Telecommunications	220,775
Training	426,875
Utilities	179,887
Capital outlay	13,398,199
Debt service:	
Principal	1,707,260
Interest and other charges	562,398
Total expenditures	40,828,852
Excess (deficiency) of revenues over (under) expenditures	(14,349,426)
Other financing sources (uses):	
Proceeds from sale of assets	19,450
Proceeds from issuance of revenue bonds	4,500,000
Proceeds from issuance of capital leases	7,945,132
Total other financing sources (uses)	12,464,582
Net change in fund balance	(1,884,844)
Fund balance:	
Beginning of the year, as restated	12,960,401
End of the year	\$ 11,075,557

The accompanying notes are an integral part of this statement.

**ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Statement F

Net change in fund balances-total governmental funds (Statement E)	\$ (1,884,844)
Amounts reported for governmental activities in the statement of activities (Statement B) are different as follows:	
Capital Assets:	
Capital outlay	13,398,199
Depreciation expense	(1,368,341)
Loss on disposition of capital assets	(17,638)
Change in prepaid assets	(115,444)
Long Term Liabilities:	
Proceeds from issuance of revenue bonds	(4,500,000)
Proceeds from issuance of capital leases	(7,945,132)
Change in accrued interest payable	(183,380)
Principal paid on revenue bonds and capital leases	1,707,260
Change in compensated absences payable	(254,163)
Change in total OPEB liability and associated deferrals	(1,197,083)
Change in net pension liability and associated deferrals	(1,120,020)
Change in net position	<u><u>\$ (3,480,586)</u></u>

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA

Notes to the Financial Statements
As of and for the Year ended September 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Introduction

On December 31, 1993, the Metropolitan Council of the City of Baton Rouge and Parish of East Baton Rouge (City/Parish) created the Advisory Board as a Board of Commissioners that governs the St. George Fire Protection District (the District) pursuant to Louisiana Revised Statutes 40:1491-1508 effective January 1, 1994. Article VI, Sections 15 and 19 of the Louisiana Constitution of 1974, authorized the Metropolitan Council to appoint 5 members to the Board of Commissions.

The District provides emergency services to a 84 square mile area of East Baton Rouge Parish. The District is located in the southern portion of East Baton Rouge Parish. It includes East Baton Rouge Parish outside of the city limits of Baton Rouge with the parish line being the boundary on the eastern, western and southern ends and Harrell's Ferry Road being the northern boundary.

The District presently has eight stations to provide fire protection within their district. The District has approximately 212 employees.

B. Reporting Entity

As the governing authority of the parish, for reporting purposes, the City/Parish is the financial reporting entity. GASB Codification section 2100 established criteria for determining which component units should be considered part of the City/Parish for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. The criteria include:

1. Legal status of the potential component unit
2. Fiscal accountability
 - a. The primary government appointing a voting majority of the potential component unit's governing body (and) has ability of the to impose its will on the potential component unit (or)
 - b. When a potential component unit is fiscally dependent on the primary government regardless of whether the organization has separate elected officials or boards.
3. Financial benefit/burden relationship between the primary government and potential component unit.
4. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature of significance of the relationship.

Although the Metropolitan Council appoints the members of the Board of Commissions, the District did not meet the remaining criteria to be considered a component unit of the City/Parish. Also, the District has no component units, as defined by the GASB or other legally separate organizations for which the District is financially accountable.

C. Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA

Notes to the Financial Statements
As of and for the Year ended September 30, 2020

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

C. Basis of Presentation (continued)

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the District. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange or exchange-like transactions should be recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from non-exchange transactions should be recognized in accordance with the requirements of GASB Codification Section N50. 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 the specific function. Program revenues include (a) charges for services (b) operating grants and contributions consist of grants or contributions received from federal, state or other sources including the non-employer contributions proportion allocated by pension plans, and (c) capital grants and contributions consist of grants are restricted to meeting capital requirements of a specific program. Revenues that are not classified as program revenues, including all taxes, interest income and miscellaneous revenues are presented as general revenues.

Fund Financial Statements

The fund financial statements provide reports on its financial condition and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

Funds of the District are classified as governmental funds. Governmental funds account for the District's general activities, including the collection and disbursement of specific or legally restricted monies. Governmental funds of the District include:

General Fund - the General Fund is the operating fund of the District and accounts for all financial resources.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-wide financial statements (GWFS) use the economic resources measurement focus and the accrual basis of accounting in the preparation of the Statement of Net Position and the Statement of Activities. Revenues are recorded using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements (FFS) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers non-exchange transactions such as property taxes and service charges reported in the governmental funds when levied but subject to being available which generally means collected within sixty days after year end. Revenue from grants, entitlements and donations are recognized in the year in which all eligibility requirements have been satisfied and the availability criteria met which means twelve months.

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Notes to the Financial Statements
As of and for the Year ended September 30, 2020

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

C. Basis of Presentation (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Expenditures are recorded when the related fund liability is incurred, if measurable, except for unmatured principal and interest on long-term debt which is recognized when due. Compensated absences and claims and judgments are reported in the governmental fund only if the claims are due and payable.

D. Accounts Receivable

An allowance for uncollectable accounts is not being determined to record accounts receivable. Instead, it has been determined by management that recording the collections of taxes and service charges that are made up two months subsequent to year end is a reasonable amount based on historical collections.

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

F. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits that mature within 90 days after year end and other investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or under the laws of the United States.

In addition, under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days. However, if the original maturities are 90 days or less, they are classified as cash equivalents.

G. Deferred Outflows/Inflows of Resources

The statement of net position reports a separate section for deferred inflows and outflows of resources. Deferred outflows of resources is a consumption of net assets by the government that is applicable to a future reporting period while deferred inflows of resources is an acquisition of net assets by the government that is applicable to the future reporting period.

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Notes to the Financial Statements
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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Compensated Absences

Employees of the District earn vacation hours at various amounts on a sliding scale that range from 160 hours per year with 1 to 10 years of service to 360 hours per year with more than 21 years of service and also varies based one of three personnel categories, staff, line or communications. An employee begins accruing the vacation time after completing one year of service with the hours prorated from the anniversary date to the end of the calendar year. All other vacation is earned on January 1. Employees can also accrue compensated leave time in lieu of cash payments for overtime work based on the discretion of the Fire Chief. Per L.S.A. R.S. 33:1995, each employee is entitled to 52 weeks of continuous paid leave to recuperate for any illness of injury that is not brought about by the employees own negligence of culpable indiscretion. Upon termination of employment, employees are paid for accrued vacation and compensated leave. The cost of leave privileges is recognized as a current-year expenditure in the General Fund as leave is taken. The cost of leave privileges not requiring current resources is recorded as a long-term debt as a governmental activity in the Statement of Net Position.

I. Revenues

General revenues

Property taxes and the service charges are assessed each calendar year and are recorded on the modified accrual basis and, therefore, recorded when they are both measurable and available. These revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the fiscal year. The calendar of events for the 2020, ad valorem tax calendar was as follows:

	Service charges and Ad valorem taxes
Assessment date	January 1, 2019
Levy date	May 16, 2019
Tax roll completed by	November 15, 2019
Collection date	December 31, 2019

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. State revenue sharing revenues and the 2% fire insurance tax protection rebate are recorded when the District is entitled to the funds.

Program Revenues

The Statement of Activities presents three categories of program revenues - (1) charges for services, (2) operating grants and contributions, and (3) capital grants and contributions. Charges for services are revenues from exchanges or exchange-like transactions with external parties that purchase, use or directly benefit from the programs goods, services, or privileges. These revenues include fees charged for specific services, and operating special assessment, and include payments from exchange transactions with other governments.

Grants and contributions whether operating or capital in nature, are revenues arising from receipts that are reserved for a specific use.

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PARISH OF EAST BATON ROUGE, LOUISIANA

Notes to the Financial Statements
As of and for the Year ended September 30, 2020

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

J. Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Compensated absences are recognized as expenditures when leave is actually taken or when the employees (or heirs) are paid for accrued leave upon termination or death, while the cost of leave privileges not requiring current resources are recorded as a long-term liability in the Statement of Net Position.

K. Other Financing Sources (Uses)

Proceeds from the sale of fixed assets and debt acquired for the construction and purchase of capital assets are accounted for as other financing sources and are recognized when received. Capital assets acquired through capital leases are recorded as other financing sources at the time of issuance of the contract and expenditures at the time of acquisition.

L. Capital Assets

Assets used in operations with an initial useful life that extends beyond one year are capitalized. Equipment, furniture and fixtures, leasehold improvements, and buildings are depreciated over their estimated useful lives. Depreciation is not calculated on land, land improvements or construction in progress. Accumulated depreciation is recorded at net of depreciable assets in the Statement of Net Position.

Capital assets purchased in excess of \$5,000 are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). Estimated useful life is management's estimate of how long the asset is estimated to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

Buildings	10-40 years
Furniture	5-40 years
Equipment	5-40 years
Vehicles	5-15 years

M. Budget Practices

The proposed budget for 2019 - 2020 was made available for public inspection on September 13, 2019. The proposed budget, prepared on the modified accrual basis of accounting, was published in the official journal at least (10) days prior to the public hearing, which was held at the St. George Fire Station on 14100 Airline Highway on September 26, 2019, for the comments from taxpayers. The budget is legally adopted and amended, as necessary, by the Board of Commissioners.

All expenditure appropriations lapse at year end. Unexpended appropriations and any excess revenues over expenditures are carried forward to the subsequent year as beginning fund balance.

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

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
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PARISH OF EAST BATON ROUGE, LOUISIANA

Notes to the Financial Statements
As of and for the Year ended September 30, 2020

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

N. Equity Classifications

Government-Wide Statements:

1. Net investment in capital assets - Consists of net capital assets reduced the outstanding balance of any related debt obligations and deferred inflows of resources and increased by any balances of unspent debt proceeds and deferred outflows of resources attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net position - Net position is considered restricted if their use is constrained to a particular purpose. Restrictions can be imposed by either external organization such as creditors (such as debt covenants), grants, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.
3. Unrestricted net position(deficit)- All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

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.

Fund Financial Statements:

GASB Statement No. 54 establishes standards for five fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in government funds. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in dependable form-prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

Restricted Fund Balance - This classification reflects the constraints imposed on resources either (a) externally by creditors, granters, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance - These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Commission - the highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual requirements.

Assigned Fund Balance- These are amounts that are constrained by the Commission's *intent* to be used for specific purposes, but are neither restricted nor committed. The board's management has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

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Notes to the Financial Statements
As of and for the Year ended September 30, 2020

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

N. Equity Classifications (continued)

Fund Financial Statements:

Unassigned Fund Balance - This fund balance is the residual classification for the General Fund. This represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use externally restricted resources first, then unrestricted resources - committed, assigned, and unassigned - in order as needed.

O. Post-Employment Health Care and Dental Insurance Benefits

The District provides certain continuing health care and dental benefits for its retired employees. The District recognized the cost of providing these retiree benefits as expenditure in the General Fund when paid during the year. The Statement of Net Position records these health care benefits based on an actuarial valuation prepared by the District's actuary with the details of this liability reported in Note 9 as total other postemployment benefit liability.

P. Pension Plans

The District is a participating employer in two cost-sharing multiple-employer defined benefit pension plan as described in Note 8. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Firefighters' Retirement System (FRS) and the City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System (CPERS) and additions to/deductions from FRS's and CPERS's fiduciary net position have been determined on the same basis as they are reported by FRS and CPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value in the plan.

2. **CASH AND DEPOSITS WITH FINANCIAL INSTITUTIONS**

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposits. All deposits are carried at cost plus accrued interest. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The depository bank places approved pledged securities for safekeeping and trust with the District in an amount sufficient to protect the District's funds on a day-to-day basis. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposits Insurance Corporation (FDIC) Insurance.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. As of September, 30 2020, St. George Fire District No. 2's bank balance totaled \$13,715,966. Of this balance, \$750,000 was insured by federal deposit insurance and \$10,232,879 was collateralized with securities held by the pledging financial institutions' trust department or agent in St. George Fire Protection District No. 2's name; while \$2,733,087 was not secured by the pledge of securities owned by the financial institution.

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Notes to the Financial Statements
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3. LEVIED TAXES AND CHARGES

The following table details each of the District's 2019 assessment roll's ad valorem tax millage rates, levied millage and expiration date of each along with the assessed service charge and expiration date.

	Authorized Millage/Rate	Levied Millage	Expiration Date
Ad valorem taxes:			
Property taxes	4.00	4.00	2023
Property taxes	6.00	6.00	2027
Property taxes	2.00	2.00	2034
For salaries and related benefits	1.25	1.25	2021 ^a
Capital improvements	1.25	1.25	2034
Capital improvements and debt service	1.50	1.50	2021 ^a
Service charge (maximum rate)	\$32.00		2021 ^a

^a Tax was renewed in an election held on December 5, 2020 for 10 years.

4. CAPITAL ASSETS

Capital assets as of September 30, 2020 are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 2,382,730	\$ -	\$ -	\$ 2,382,730
Construction in progress	645,899	10,799,110	62,669	11,382,340
Total non-depreciable	<u>3,028,629</u>	<u>10,799,110</u>	<u>62,669</u>	<u>13,765,070</u>
Building	11,904,821	49,070	19,049	11,934,842
Furniture and appliances	295,897	-	78,054	217,843
Vehicle	883,931	-	-	883,931
Equipment	12,775,603	2,612,688	554,754	14,833,537
Total depreciable	<u>25,860,252</u>	<u>2,661,758</u>	<u>651,857</u>	<u>27,870,153</u>
Building	2,723,117	313,689	3,499	3,033,307
Furniture and appliances	225,276	20,677	78,054	167,899
Vehicle	645,955	91,032	-	736,987
Equipment	6,706,857	942,943	552,666	7,097,134
Accumulated depreciation	<u>10,301,205</u>	<u>1,368,341</u>	<u>634,219</u>	<u>11,035,327</u>
Depreciable, net	<u>15,559,047</u>	<u>1,293,417</u>	<u>17,638</u>	<u>16,834,826</u>
Capital assets, net	<u>\$ 18,587,676</u>	<u>\$ 12,092,527</u>	<u>\$ 80,307</u>	<u>\$ 30,599,896</u>

The above equipment balance includes communication equipment, fire trucks, and medical equipment under capital lease with a net book value of \$6,965,101.

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Notes to the Financial Statements
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5. SHORT-TERM DEBT

The District borrowed money during the year to finance expenditures for the general operations that are budgeted evenly throughout the year, which are expected to be paid with ad-valorem taxes and service fees. The borrowing was advanced to the District through a certificate of indebtedness bearing interest at 2.25%.

Short-term debt activity for the year ended September 30, 2020, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Certificate of indebtedness	\$ -	\$ 6,000,000	\$ 6,000,000	\$ -

6. LONG-TERM LIABILITIES

The following is a summary of the long-term obligations during the year ended September 30, 2020:

	Beginning Balance (as restated)	Additions	Deletions	Ending Balance	Amounts Due Within One Year
<u>Government Activities</u>					
Compensated absences	\$ 2,363,488	\$ 1,496,955	\$ 1,242,792	\$ 2,617,651	\$ 1,273,900
Direct placement debt					
Retirement payoff loan	795,887	-	13,827	782,060	15,028
Bank Note - Series 2012	390,000	-	390,000	-	-
Construction Loan	12,000,000	4,500,000	780,000	15,720,000	810,000
Equipment leases:					
Fire Vehicles	-	7,770,217	-	7,770,217	86,964
Medical Equipment	-	174,915	11,661	163,254	34,983
Motorola Software & Equipment	552,084	-	271,094	280,990	280,990
Motorola Radio Tower	114,381	-	114,381	-	-
2013 Rescue & Tanker	126,297	-	126,297	-	-
	\$ 16,342,137	\$ 13,942,087	\$ 2,950,052	\$ 27,334,172	\$ 2,501,865

Direct Placement Debt:

A loan that totaled \$16,500,000 was obtained on September 28, 2018, for constructing and equipping a fire station, a special service building, a training facility, and a communications center on Airline Highway and constructing and equipping a fire station on Bluebonnet Boulevard with an interest rate of 3.6% that matures November 1, 2034. There is an annual payment on November 1 of each year starting in 2019 with graduated principal payments starting at \$780,000 in 2020 to \$1,320,000 in 2035, plus interest. Security for this loan is all revenues of the two (2) mills ad valorem tax levied on May 2, 2015 and renewed on April 28, 2018 by the voters for a 10-year period up to and including the year 2034. The loan agreement contains a requirement that, in the event of default, that the interest rate will be adjusted to be the rate applicable on the loan plus 2%.

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
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Notes to the Financial Statements
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6. LONG-TERM LIABILITIES (continued)

The retirement payoff loan was enacted by Act 365 of the 2013 Regular Louisiana Legislative Session created an upgrade of accrual rate applied to transfer service for certain firefighters from the St. George Fire Department into the Firefighters' Retirement System (FRS) as of December 1, 2013. The actuary calculated a liability of \$961,141 payable over a 30-year period with an annual payment of \$73,628 due July 1 of each year. These payments are for the total increase of present value of future benefits of certain employees of St George whose increased benefit accrual rate is treated as being merged into FRS, as of December 1, 2013. The loan agreement does not contain any specific events of default requirement other than the continuance of interest accrual on the loan and FRS can recover amounts due by action of court decision.

An equipment lease was obtained on June 1, 2018 to purchase radio equipment in the amount of \$813,631 with 3 annual payments of \$291,245 starting June 1, 2019 with an interest rate of 3.65%. The lease is collateralized with the leased equipment. In the event of default, the remaining balance of the agreement will become due or the equipment will be returned to the lessor.

An equipment lease was obtained on April 16, 2020 to purchase 12 fire trucks in the amount of \$7,770,217 with an interest rate of 2.49% and 10 annual payments starting in February of 2021. The first and second payments will be in the amount of \$250,000 and \$525,000, respectively. The remaining 8 payments will be in the amount of \$1,026,104.

An equipment lease was obtained on March 30, 2020 to purchase medical equipment in the amount of \$174,915 with 60 monthly payments of approximately \$2,915.

The annual principal and interest payments on loans and capital leases outstanding at September 30, 2020, are as follows:

Year Ending	Principal Payments			Interest			
	Loans	Capital Leases	Total	Loans	Capital Leases	Total	Total
2021	\$ 825,028	\$ 402,937	\$ 1,227,965	\$ 608,464	\$ 173,292	\$ 781,756	\$ 2,009,721
2022	856,155	366,530	1,222,685	577,718	193,453	771,171	1,993,856
2023	887,366	875,981	1,763,347	545,813	185,105	730,918	2,494,265
2024	918,518	897,156	1,815,674	512,889	163,930	676,819	2,492,493
2025	955,058	907,204	1,862,262	478,412	142,222	620,634	2,482,896
2026-2030	5,310,086	4,764,653	10,074,739	1,831,092	365,866	2,196,958	12,271,697
2031-2035	6,359,731	-	6,359,731	758,592	-	758,592	7,118,323
2036-2040	258,028	-	258,028	110,382	-	110,382	368,410
2041-2042	132,090	-	132,090	15,031	-	15,031	147,121
	<u>\$ 16,502,060</u>	<u>\$ 8,214,461</u>	<u>\$ 24,716,521</u>	<u>\$ 5,438,393</u>	<u>\$ 1,223,868</u>	<u>\$ 6,662,261</u>	<u>\$ 31,378,782</u>

7. OPERATING LEASES

Operating leases - without executed lease agreements

The District has entered into several operating leases for the rental of buildings and equipment without executed lease agreements. For the year ended, rental expenditures without executed lease agreements totaled \$157,361. There are no minimum lease payments for the next five years to report.

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
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Notes to the Financial Statements
As of and for the Year ended September 30, 2020

7. **OPERATING LEASES** (continued)

The \$157,361 includes annual rental fees of fire hydrants that totaled \$114,161 for the year. The leasing of fire hydrants is mandated by the City Parish of Baton Rouge in an agreement with the water companies. This annual rental fee for these hydrants has occurred since 1969.

Operating lease –with executed lease agreements

The District has entered into a lease for the rental of a building for the period July 1, 2019 through May 30, 2021. For the year ended September 30, 2020, rental expenditures were approximately \$30,900. Estimated rental expenditure for the year ending September 30, 2021 is \$20,600.

8. **PENSION PLANS**

Effective January 1, 1999, there are two retirement systems. Employees hired before January 1, 1999, are covered by the City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System (CPERS) while employees hired after December 31, 1998 are members of the Firefighters' Retirement System (FRS). On July 1, 2007, the employees that were members of CPERS were given the option to remain as a member in CPERS or transfer their accumulated benefits to FRS. One employee opted to remain in the CPERS plan while all others opted to transfer to FRS.

Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of FRS plan to the Louisiana State Legislature. The City of Baton Rouge and Parish of East Baton Rouge Metropolitan Council has the authority to establish and amend benefits of the CPERS plan. Each system is administered by a separate board of trustees.

Each of the systems issues an annual publicly available financial report that includes financial statements and required supplementary information for each system. These reports may be obtained by writing, calling or downloading the reports as follows:

FRS:	CPERS:
3100 Brentwood Drive	209 St. Ferdinand Street
Baton Rouge, Louisiana 70809	Baton Rouge, LA 70802
(225) 925-4060	(225) 389-3272
www.ffret.com	www.brla.gov/264/Retirement-System

Plan Description

Firefighters Retirement System (FRS) is the administrator of a cost-sharing defined benefit pension plan established by Act 434 of 1979. The plan provides retirement, disability, and survivor benefits to firefighters in Louisiana as provided for in LRS 11:2251-11-2272.

City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System (CPERS) is the administrator of a cost-sharing defined benefit pension plan established by the City of Baton Rouge and Parish of East Baton Rouge Plan of Government.

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Notes to the Financial Statements
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8. PENSION PLANS (continued)

A brief description of the eligibility requirements and benefits of each plan are provided in the following table:

	FRS	CPERS
Final average salary	Highest 36 months	Highest 36 to 60 months ²
Years of service required and/or age eligible for benefits	20 years age 50 12 years age 55 25 years any age	Hired before 9/1/15: 25 years any age ³ 20 years any age ⁴ 10 years age 55 ⁴ Hired after 9/1/15: 25 years age 55 NSP ⁵ or age 50 PS ^{5 3} 20 years any age ⁴ 10 age 60 NSP ⁵ or age 55 PS ^{5 4}
Benefit percent per years of service	3.33% ¹	2.5% to 3.33%

¹ If member terminates before completing 12 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to their employer's contributions. A member may elect an unreduced benefit or any of seven options at retirement.

² Calculation varies depending if hired before 9/1/15 or after 9/1/15

³ Benefit formula is 3% of average compensation (highest 36 months) times the number of years of service if hired before 9/1/15 and highest 60 months if hired after 9/1/15

⁴ Benefit formula is 2.5% of average compensation (highest 36 months) times the number of years of service if hired before 9/1/15 and highest 60 months if hired after 9/1/15

⁵ NSP = non-public safety and PS = public safety

Contributions

For FRS, 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. In accordance with state statute, FRS receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations. For CPERS, the contributions rates for each participating employer and one covered employee are established by actuarial valuations and approved by the Metropolitan Council of the City-Parish.

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA

Notes to the Financial Statements
As of and for the Year ended September 30, 2020

8. PENSION PLANS (continued)

Contributions to the plans are required and determined as a percentage of covered payroll. The contribution rates in effect for the year ended September 30, 2020, for the District and covered employees were as follows:

	District	Employees
Firefighters' Retirement System (FRS)		
Employees receiving compensation above poverty guidelines of US Department of Health	32.25%	10.00%
Employees receiving compensation below poverty guidelines of US Department of Health	34.25%	8.00%
City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System (CPERS)	37.20%	9.50%

The contributions made to the Systems for the past two fiscal years, which equaled the required contributions for each of these years, were as follows:

	2020	2019
Firefighters' Retirement System	\$ 3,333,588	\$ 2,921,448
City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System	30,119	27,306

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

The following schedule lists the District's proportionate share of the Net Pension Liability allocated by each of the pension plans based on the June 30, 2020 for FRS and December 31, 2019 for CPERS, measurement date of the liability for each plan. The District uses this measurement to record its Net Pension Liability and associated amounts as of September 30, 2020, in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2019 for FRS and December 31, 2018, along with the change compared to the prior year measurement rates for each plan. 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 plans relative to the projected contributions of all participating employers, actuarially determined.

	Measurement date (MD)	Net Pension Liability at MD	Proportionate Rate at MD	Increase (Decrease) compared to prior year MD
Firefighters' Retirement System	6/30/2020	\$ 31,704,096	4.5739%	0.1491%
City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System	12/31/2019	376,094	0.0598%	0.0058%
Total		\$ 32,080,190		

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Notes to the Financial Statements
As of and for the Year ended September 30, 2020

8. PENSION PLANS (continued)

The following schedule list each pension plan's proportionate share of recognized pension expense for the District for the year ended September 30, 2020:

	Total expenses
Firefighters' Retirement System	\$ 5,691,574
City of Baton Rouge and Parish of East Baton Rouge	
Employees' Retirement System	74,394
	\$ 5,765,968

The District recognized its proportionate share of the ad-valorem tax withheld by the Sheriff from taxing districts that was paid to FRS. The revenue was recognized in the amount of \$1,282,227.

At September 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to each pension plan and total from the following sources:

Deferred outflows

	FRS	CPERS	Total
Differences between expected and actual experience	\$ -	\$ 16,113	\$ 16,113
Changes of assumptions	3,064,787	9,459	3,074,246
Net difference between projected and actual earnings on pension plan investments	3,491,449	-	3,491,449
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,231,501	46,676	2,278,177
Employer contributions subsequent to the measurement date	946,036	23,114	969,150
Total	\$ 9,733,773	\$ 95,362	\$ 9,829,135

Deferred Inflows

	FRS	CPERS	Total
Differences between expected and actual experience	\$ (2,028,424)	\$ -	\$ (2,028,424)
Changes of assumptions	-	(14,373)	(14,373)
Net difference between projected and actual earnings on pension plan investments	-	(15,927)	(15,927)
Changes in proportion and differences between employer contributions and proportionate share of contributions	(448,415)	(1,470)	(449,885)
Total	\$ (2,476,839)	\$ (31,770)	\$ (2,508,609)

The amount reported in the above table totaling \$969,150 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2020 for FRS and December 31, 2019 for CPERS, will be recognized as a reduction in Net Pension Liability in the year ended September 30, 2021.

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Notes to the Financial Statements
As of and for the Year ended September 30, 2020

8. **PENSION PLANS** (continued)

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

<u>Year</u>	<u>FRS</u>	<u>CPERS</u>	<u>Total</u>
2021	\$ 828,613	\$ 20,442	\$ 849,055
2022	1,712,599	16,214	1,728,813
2023	1,808,028	10,995	1,819,023
2024	1,300,852	(7,173)	1,293,679
2025	461,153	-	461,153
2026	199,653	-	199,653
	<u>\$ 6,310,898</u>	<u>\$ 40,478</u>	<u>\$ 6,351,376</u>

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
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PARISH OF EAST BATON ROUGE, LOUISIANA

Notes to the Financial Statements
As of and for the Year ended September 30, 2020

8. PENSION PLANS (continued)

A summary of the actuarial methods and assumptions used in determining the total pension liability for each pension plan as of September 30, 2020, are as follows:

	FRS	CPERS
Valuation Date	June 30, 2020	December 31, 2019
Actuarial Cost Method	Entry Age Normal Cost	Entry Age Normal Cost
Actuarial Assumptions:		
Expected Remaining		
Service Lives	7 years	5 years
Investment Rate of Return	7.00% (decrease from prior year of 7.15%)	7.00% (decrease from prior year of 7.05%)
Inflation Rate	2.50%	2.25%
Mortality	The mortality rate assumptions were updated in fiscal year 2020 to reflect changes from the recent experience study and rates set in the Pub-2010 Public Retirement Plans mortality tables, as compared to the RP-2000 Combined Healthy and Disabled Lives tables that were used for the previous valuation. For the June 30, 2020 valuation, assumptions for mortality rates were based on the following: <ul style="list-style-type: none"> • For active members, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees. • For annuitants and beneficiaries, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees. • For disabled retirees, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees. • In all cases the base table was multiplied by 105% for males and 115% for females, each with full generational projection using the appropriate MP2019 scale. 	Healthy - RP-2006 Blue Collar (employee for active and annuitant for inactive) Projected back to 2001, Generational with MP 2018 (2016 base year) Disabled - RP-2006 Disability Table Projected back to 2001, Generational with MP-2018 (2016 base year)
Salary Increases	14.10% in first two years of service and 5.20% with 3 more years of service; includes inflation and merit increases (in 2019, salary increases ranged from 14.75% in the first two years of service to 4.50% with 25 or more years of service)	Less than 1 year of service 15.50% at age 22 - 67. More than 1 year of service: Age Percentage 22 6.50% 27 3.50% 32 3.25% 37 3.00%
Cost of Living Adjustments	For the purpose of determining the present value of benefits, COLAs were deemed not to be substantively automatic and only those previously granted were included.	None

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Notes to the Financial Statements
As of and for the Year ended September 30, 2020

8. PENSION PLANS (continued)

The following schedule list the methods used by each of the retirement systems in determining the long term rate of return on pension plan investments:

FRS	CPERS
<p>The estimated long-term expected rate of return on pension plan investments was determined by the System's actuary using the System's target asset allocation and the G.S. Curran & Company Consultant Average study for 2020. The consultants' average study included projected nominal rates of return, standard deviations of returns, and correlations of returns for a list of common asset classes collected from a number of investment consultants and investment management firms. Each consultant's response included nominal expected long term rates of return. In order to arrive at long term expected arithmetic real rates of return, the actuary normalized the data received from the consultant's responses in the following ways. Where nominal returns received were arithmetic, the actuary simply reduced the return assumption by the long term inflation assumption. Where nominal returns were geometric, the actuary converted the return to arithmetic by adjusting for the long term standard deviation and then reduced the assumption by the long term inflation assumption. Using the target asset allocation for the System and the average values for expected real rates of return, standard deviation of returns, and correlation of returns, an arithmetic expected nominal rate of return and standard deviation for the portfolio was determined. The System's long-term assumed rate of inflation of 2.50% was used in this process for the fiscal year ended June 30, 2020.</p> <p>The long-term expected real rate of return is an important input into the actuary's determination of the reasonable range for the discount rate which is used in determining the total pension liability. Prior year's financial reports presented the long-term expected real rate of return provided by the System's investment consultant, whereas this year's report presents this information for both fiscal years 2020 and 2019 from the System's actuary. The actuary's method incorporates information from multiple consultants and investments firms regarding future expected rates of return, variances, and correlation coefficients for each asset class. The actuary's method integrates data from multiple sources to produce average values thereby reducing reliance on a single data source.</p> <p>Best estimates of arithmetic real rates of return for each major class included in the System's target asset allocation as of June 30, 2020, and June 30, 2019, are summarized in the following tables:</p>	<p>The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These expected future real rates of return 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are as follows:</p>

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Notes to the Financial Statements
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8. PENSION PLANS (continued)

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in each of the Retirement Systems target asset allocations:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
	FRS	CPERS	FRS	CPERS
US Equity	26.00%	32.50%	5.72%	7.50%
Non-US Equity	12.00%	17.50%	6.24%	-
Global Equity	10.00%	-	6.23%	-
Emerging Market Equity	6.00%	-	8.61%	-
US Core Fixed Income	26.00%	-	1.00%	-
Emerging Market Debt	5.00%	-	3.40%	-
Global Tactical Asset Allocation	-	-	4.22%	-
Risk Parity	-	-	4.22%	-
Real estate	6.00%	15.00%	4.20%	4.50%
Alternative Assets	-	5.00%	-	5.70%
Private equity	9.00%	-	10.29%	-
Domestic bonds	-	25.00%	-	2.50%
International bonds	-	5.00%	-	3.50%
Total	<u>100.00%</u>	<u>100.00%</u>		

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan'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. The discount rate used to measure the total pension liability for FRS and CPERS was 7.00%.

The following table presents the District's proportionate share of the Net Pension Liability (NPL) using the discount rate of each Retirement System as well as what the District's proportionate share of the NPL 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 used by each of the Retirement Systems:

	1.0% Decrease	Current Discount Rate	1.0% Increase
FRS			
Rates	6.000%	7.000%	8.000%
District's Share of NPL	\$ 45,796,253	\$ 31,704,096	\$ 19,941,330
CPERS			
Rates	6.000%	7.000%	8.000%
District's Share of NPL	\$ 474,864	\$ 376,094	\$ 293,330

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Notes to the Financial Statements
As of and for the Year ended September 30, 2020

8. PENSION PLANS (continued)

The District recorded accrued liabilities to each of the Retirement Systems for the year ended September 30, 2020, mainly due to the accrual for payroll at the end of each of the fiscal years. The amounts due are included in liabilities under the amounts reported as salaries and benefits payable. The balance due to each for the retirement systems at September 30, 2020 is as follows:

FRS	\$ 411,610
CPERS	<u>1,598</u>
	<u>\$ 413,208</u>

Also, see Note 6 for details of the retirement payoff loan between the District and FRS.

9. OTHER POST-EMPLOYMENT BENEFITS

Plan Description. The District has a single-employer defined benefit OPEB plan that provides post employee benefits for all permanent full-time employees and their spouses and/or dependents if they were included in the active employees' policy 5 years before retiring. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits provided. The plan provides postemployment healthcare, vision and dental benefits to the qualified retirees of the District with 20 or more years of service who have attained age 50, or employees who have 12 years of service who have attained age 55, or 25 years of service at any age. Retirees are eligible to receive the same benefits as active employees until such time as the retiree becomes eligible for Medicare.

Funding policy. The District pays 67% for the retiree's health insurance and 60% of the cost of the dental insurance as incurred on a pay-as-you-go basis. The retirees are responsible for the difference. Also, retirees can purchase coverage for their spouse and/or dependents if they were included on their policy 5 years before retiring.

As of October 1, 2019, the actuarial valuation date, the following participants were covered by the plan:

Retirees and surviving spouses	21
Active participants	<u>193</u>
	<u>214</u>

Changes in the Total OPEB Liability

Balance at September 30, 2019 (as restated)	\$ 22,701,500
Changes for the year:	
Service cost	694,548
Interest costs	619,995
Changes in benefit terms	-
Difference between expected and actual experience	(803,772)
Changes in assumption and other inputs	1,522,230
Benefit payments	<u>(303,286)</u>
Net changes	<u>1,729,715</u>
Balance at September 30, 2020	<u>\$ 24,431,215</u>

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PARISH OF EAST BATON ROUGE, LOUISIANA

Notes to the Financial Statements
As of and for the Year ended September 30, 2020

9. OTHER POST-EMPLOYMENT BENEFITS (continued)

Actuarial assumptions- The total OPEB liability as of September 30, 2020 was based on an actuarial valuation as of October 1, 2019, using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Cost method	Entry age
Valuation date	October 1, 2019
Inflation	1.00%
Salary increases	3.50%
Discount rate	2.20%, decreased from prior year of 2.65%
Healthcare cost trend rates	Initial rate 10%, Ultimate rate 4% grading period 5 years
Mortality	RP 2014 Table projected to 2021 with scale BB
Withdrawal rates	
Years of service	Rate
<1	10.0%
1 - 3	6.0%
4 - 6	3.5%
7 - 10	2.0%
>10	1.0%

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 commission's total OPEB liability would be if it were calculated using a discount rate that is 1-percent point lower or 1 percentage point higher than the current discount rate:

	1.0% Decrease	Current discount rate	1.0% Increase
	1.20%	2.20%	3.20%
Total OPEB liability	\$ 28,530,773	\$ 24,431,215	\$ 21,130,558

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 a discount rate that is 1-percent point lower or 1 percentage point higher than the current healthcare cost trend rates.

	1% Decrease	Current healthcare cost trend rate Initial 10%, Ultimate 4.00%	1% Increase
Total OPEB liability	\$ 20,935,108	\$ 24,431,215	\$ 28,709,121

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Notes to the Financial Statements
As of and for the Year ended September 30, 2020

9. OTHER POST-EMPLOYMENT BENEFITS (continued)

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

For the year ended September 30, 2020, the District recognized an OPEB expense of \$1,500,369 and reported deferred outflows of resources and deferred inflows of resources related to OPEB for the following sources:

	Deferred outflows	Deferred inflows
Differences between expected and actual experience	\$ -	\$ (898,215)
Changes in assumptions and other inputs	4,651,979	(1,234,363)
	\$ 4,651,979	\$ (2,132,578)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending September 30:			
2021	\$	185,826	
2022		185,826	
2023		185,826	
2024		185,826	
2025		185,826	
2026 - 2030		929,123	
2031 - 2033		661,148	
		2,519,401	

10. ON BEHALF PAYMENTS:

The full-time firefighters of the fire department receive supplemental pay from the State of Louisiana under the provisions of L.R.S. 33:2002. Each full-time firefighter after their second year of service, received \$500 per month. These supplemental state funds are paid directly to the firefighters, and do not pass through the fire department, they are included in total salaries and as revenue. The total amount received by the qualified full-time firefighters was approximately \$1,093,500.

11. LITIGATION

There were no litigations that were unresolved.

12. PROPERTY TAX ABATEMENT

The Louisiana Industrial Ad Valorem Tax Exemption program (Louisiana Administrative Code. Title 13, Chapter 5) is a state incentive program which abates, up to ten years, local ad valorem taxes on a manufacturer's new investment and annual capitalized additions related to the manufacturing site. Application to exempt qualified property for five years are approved by the Board of Commerce and Industry. For the fiscal year ended September 30, 2020, approximately \$8,000 of the District's ad valorem tax revenues were abated by the state of Louisiana through this program.

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CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA

Notes to the Financial Statements
As of and for the Year ended September 30, 2020

13. COMMITMENT

The District has a construction commitment for a new campus improvement project. As of September 30, 2020, the project authorization was \$12,834,309, expended to date was \$5,851,745 and remaining commitment was \$6,982,564. Additionally, the District has a commitment for the purchase of 12 fire trucks. As of September 30, 2020, the total commitment was \$7,770,217, expended to date was \$6,099,584 and remaining commitment was \$1,670,633.

14. BOARD OF COMMISSIONERS

The District is governed by a Board of Commissioners. The members receive no compensation or per diem allowances for their services. Below is a list of the Board members and their respective titles:

Johnny R Suchy	Chairman
David Carnes	Secretary
Darrell P Ourso	Board Member
Chris Rosendahl	Board Member
Christopher Corzo	Board Member

15. CURRENT ACCOUNTING STANDARDS SCHEDULED TO BE IMPLEMENTED

GASB Statement 87, Leases: This standard will require all leases to be reported on the statement of net position under a single accounting model for both lessors and lessees. The statement will require the recognition of lease assets or liabilities for all leases including those previously reported as operating leases. All leases will be reported under this single accounting method and reported by lessees as an intangible right to use asset and by lessors as a receivable with both reporting a deferred inflow of resources. The standard is effective for annual reporting periods beginning after June 15, 2021. The District will include the requirements of this standard, as applicable, in its September 30, 2022 financial statement. All of the District's lease agreements will need to be evaluated to determine the impact of implementing this standard; however, the effect of this standard or its applicability to the District is unknown at this time.

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Notes to the Financial Statements
As of and for the Year ended September 30, 2020

16. CURRENT YEAR RESTATEMENT OF NET POSITION AND FUND BALANCE

The District reported prior period adjustments in the current year to net position and fund balance to correct the matters described in the schedule below:

	Government-wide Net Position	General Fund - Fund Balance
Balance at September 30, 2019	\$ (22,534,601)	\$ 12,672,174
To report sinking fund cash in the general fund	-	369,102
To correct the Total OPEB Liability due to required corrections in Actuarial Valuation Calculation and associated deferrals	(6,540,948)	-
To correct the deferred inflows and outflows associated with net pension liability	10,677	-
To correct accrued liabilities for payroll benefits	51,341	51,341
To correct accrued payroll liability	(196,407)	(196,407)
To correct federal grant receivable	119,217	119,217
To correct compensated absences liability	(45,596)	-
To correct prepaid asset balance	(55,026)	(55,026)
Balance at September 30, 2019 - as restated	\$ (29,191,343)	\$ 12,960,401

The above adjustments resulted in reduction of change in net position of \$760,667 and an increase in net change in fund balance of \$110,186 for the year ended September 30, 2019.

REQUIRED SUPPLEMENTAL INFORMATION – PART II

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	BUDGET ORIGINAL AND FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:			
Ad valorem taxes	\$ 22,338,220	\$ 21,623,613	\$ (714,607)
Service charges	1,242,261	1,246,104	3,843
State revenue sharing	330,300	342,767	12,467
Fire insurance tax	395,850	382,258	(13,592)
Supplemental pay	-	1,093,500	1,093,500
Federal grants	360,000	1,473,177	1,113,177
State and other grants	-	57,182	57,182
Interest income	124,000	217,041	93,041
Miscellaneous	2,400	43,784	41,384
Total revenues	<u>24,793,031</u>	<u>26,479,426</u>	<u>1,686,395</u>
EXPENDITURES:			
Personnel services and related benefits	17,476,160	20,222,291	(2,746,131)
Contractual services	987,730	1,234,365	(246,635)
Insurance	859,080	703,698	155,382
Legal and professional	225,700	225,924	(224)
Office supplies	196,000	330,923	(134,923)
Rental	157,200	195,788	(38,588)
Repairs and maintenance	624,000	645,380	(21,380)
Supplies	525,600	775,089	(249,489)
Telecommunications	170,400	220,775	(50,375)
Training	122,000	426,875	(304,875)
Utilities	159,600	179,887	(20,287)
Capital outlay	854,000	13,398,199	(12,544,199)
Debt service:			
Principal	1,346,360	1,707,260	(360,900)
Interest and other charges	608,400	562,398	46,002
Total expenditures	<u>24,312,230</u>	<u>40,828,852</u>	<u>(16,516,622)</u>
Excess (deficiency) of revenues over (under) expenditures	480,801	(14,349,426)	(14,830,227)
Other financing sources (uses):			
Proceeds from sale of assets	-	19,450	19,450
Proceeds from issuance of revenue bonds	-	4,500,000	4,500,000
Proceeds from issuance of capital leases	-	7,945,132	7,945,132
Total other financing sources (uses)	<u>-</u>	<u>12,464,582</u>	<u>12,464,582</u>
Net change in fund balance	480,801	(1,884,844)	(2,365,645)
Fund balance:			
Beginning of the year, as restated	<u>12,672,174</u>	<u>12,960,401</u>	<u>288,227</u>
End of the year	<u>\$ 13,152,975</u>	<u>\$ 11,075,557</u>	<u>\$ (2,077,418)</u>

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA

Notes to Required Supplementary Information
Budget and Actual
For the Year Ended September 30, 2020

Budgetary Process

The proposed budget for 2019 - 2020 was made available for public inspection on September 13, 2019. The proposed budget, prepared on the modified accrual basis of accounting, was published in the official journal at least (10) days prior to the public hearing, which was held at the St. George Fire Station on 14100 Airline Highway on September 26, 2019, for the comments from taxpayers. The budget is legally adopted and amended, as necessary, by the Board of Commissioners.

All expenditure appropriations lapse at year end. Unexpended appropriations and any excess revenues over expenditures are carried forward to the subsequent year as beginning fund balance.

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

Stewardship and Accountability

Ad Valorem taxes and service charges were \$710,764 less than budgeted due to a decrease in property tax collections for the year.

Supplemental pay revenue exceeded the budget by \$1,093,500 as this revenue was not separately budgeted.

Federal grants exceeded the budget by \$1,113,177 due to the Coronavirus Relief Fund grant and other awards that were not included in the budget estimate.

Personnel services and related benefits exceeded the budget by \$2,746,131 due to salary increases, increased overtime and storm related work.

Capital outlay exceeded the budget by \$12,544,199 due to construction costs related to the campus expansion project and the acquisition of new fire trucks and medical equipment through the issuance of a capital leases. The District did not budget these capital outlay expenditures.

Loan proceeds from the issuance of revenue bonds and capital leases exceeded final budget by \$12,445,132 because the District did not budget loan and capital lease proceeds.

**ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA**

**SCHEDULE OF CHANGES IN TOTAL OTHER POST-EMPLOYMENT
BENEFIT LIABILITY AND RELATED RATIOS
YEAR ENDED SEPTEMBER 30, 2020**

Financial statement reporting date	9/30/2020	9/30/2019	9/30/2018
Measurement date	9/30/2020	9/30/2019	9/30/2018
Service cost	\$ 694,548	\$ 959,855	\$ 1,001,614
Interest	619,995	791,297	683,476
Difference between actual and expected experience	(803,772)	(163,946)	(12,211)
Changes of assumptions or other inputs	1,522,230	3,736,708	(1,542,952)
Benefit payments	(303,286)	(281,321)	(194,786)
Net change in total OPEB liability	<u>1,729,715</u>	<u>5,042,593</u>	<u>(64,859)</u>
Total OPEB liability - beginning	<u>22,701,500</u>	<u>17,658,907</u>	<u>17,723,766</u>
Total OPEB liability - ending	<u>\$ 24,431,215</u>	<u>\$ 22,701,500</u>	<u>\$ 17,658,907</u>
Covered employee payroll	\$ 10,565,129	\$ 12,019,920	\$ 12,019,920
Total OPEB liability as a percentage of covered payroll	231.24%	188.87%	146.91%

Notes to Schedule:

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

There are no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB 75 for this OPEB plan.

Changes of Assumptions.

The changes in assumptions balance was a result of changes in the discount rate, and change in the inflation rates. The following are the discount rates and inflation rates used in each measurement of total OPEB liability.

Measurement Date	Discount rates	
	Rate	Change
9/30/2020	2.20%	-0.45%
9/30/2019	2.65%	-1.60%
9/30/2018	4.25%	

Measurement Date	Inflation rates	
	Rate	Change
9/30/2020	1.00%	-
9/30/2019	1.00%	-1.60%
9/30/2018	2.60%	

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
COST SHARING PLANS ONLY
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Pension Plan	Year	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Firefighters' Retirement System (1)						
	2020	4.5739%	\$ 31,704,096	\$ 11,388,659	278.3830%	72.61%
	2019	4.4248%	27,707,643	10,699,218	258.9689%	73.96%
	2018	4.2119%	24,227,333	10,013,746	241.9408%	74.76%
	2017	3.9893%	22,866,232	9,310,574	245.5942%	73.55%
	2016	4.0056%	26,200,082	9,027,902	290.2123%	68.16%
	2015	4.2529%	22,953,520	9,029,945	254.1934%	72.45%
	2014	4.3065%	19,163,597	8,778,740	218.2955%	76.02%
City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System (2)						
	2020	0.0598%	\$ 376,094	\$ 79,008	476.0201%	65.47%
	2019	0.0539%	395,663	70,470	561.4630%	59.36%
	2018	0.0475%	254,087	66,248	383.5391%	68.80%
	2017	0.0466%	276,894	65,152	424.9969%	64.09%
	2016	0.0427%	246,449	58,794	419.1737%	63.95%
	2015	0.0413%	181,447	55,935	324.3890%	70.95%

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

- (1) The amounts presented have a measurement date of June 30th of the previous year identified.
(2) The amounts presented have a measurement date of December 31st of the previous year identified.

**ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA
SCHEDULE OF CONTRIBUTIONS TO EACH RETIREMENT SYSTEM
COST SHARING PLANS ONLY
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Pension Plan	Year	Contractually Required Contribution ¹	Contributions in Relation to Contractually Required Contribution ²	Contribution Deficiency (Excess)	Covered Payroll ³	Contributions as a % of Covered Payroll
Firefighters' Retirement System						
	2020	\$ 3,333,588	\$ 3,333,588	\$ -	\$ 11,537,505	28.89%
	2019	2,921,448	2,921,448	-	10,892,968	26.82%
	2018	2,685,307	2,685,307	-	10,133,230	26.50%
	2017	2,431,000	2,431,000	-	9,509,337	25.56%
	2016	2,427,986	2,427,986	-	9,076,845	26.75%
	2015	2,590,370	2,590,370	-	9,008,030	28.76%
	2014	2,522,992	2,522,992	-	8,851,445	28.50%
City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System						
	2020	\$ 30,119	\$ 30,119	\$ -	\$ 81,935	36.76%
	2019	27,306	27,306	-	78,359	34.85%
	2018	24,801	24,801	-	72,598	34.16%
	2017	18,615	18,615	-	56,341	33.04%
	2016	19,816	19,816	-	67,778	29.24%
	2015	17,644	17,644	-	58,149	30.34%
	2014	16,293	16,293	-	54,991	29.63%

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

For reference only:

¹ Employer contribution rate multiplied by covered payroll

² Actual employer contributions remitted to Retirement Systems

³ Employer's covered employee payroll amount for the year ended September 30 of each year

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLANS - NET PENSION LIABILITY
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Changes in Benefit Terms Include:

Plan	Measurement Date	Description of Benefit Term Change
FRS	06/30/2015	Ad hoc cost of living increases (COLAs) deemed to not be substantively automatic or that COLAs will be granted on a predictable basis in the future
CPERS	12/31/2016	Members with dates of hire after September 1, 2015 are subject to updated age and service requirements along with the calculation of average compensation of service

Changes in Assumptions Include:

Changes in Discount Rates: Following includes the year that a change was made:

Plan	Measurement Date	Description of Benefit Term Change
FRS	06/30/2020	06/30/2020 - 7.00%; 06/30/2019 - 7.15%; 06/30/2018 - 7.30%; 06/30/2017 - 7.40%; 06/30/2014 - 7.50%
CPERS	12/31/2019	12/31/2019 - 7.00%; 12/31/2018 - 7.04%; 12/31/2017 - 7.25%; 12/31/2014 - 7.50%

Changes in Inflation Rates:

Plan	Measurement Date	Description of Benefit Term Change
FRS	06/30/2019	06/30/2019 - 2.50%; 06/30/2018 - 2.70%; 06/30/2017 - 2.775%; 06/30/2015 - 2.880% 06/30/2014 - 3.00%
CPERS	12/31/2019	12/31/2019 - 2.25%; 12/31/2015 - 2.75%; 12/31/2014 - 3.50%

Changes in Salary Increases:

Plan	Measurement Date	Description of Benefit Term Change
FRS	06/30/2020	14.10% in the first 2 years of service and 5.20% with 3 or more years
	06/30/2019	Vary from 14.75% in the first 2 years of service to 4.50% with 25 or more years
	06/30/2015	Vary from 15.00% in the first 2 years of service to 4.75% with 25 or more years
	06/30/2014	Vary from 15.00% in the first 2 years of service to 5.50% after 14 years
CPERS	12/31/2019	BREC/Regular with <1 year of service ranges from 1.50% to 7.60% based on age BREC/Regular with 1+ year of service ranges from 3.25% to 7.60% based on age Fire/Police with <1 years of service is 15.50% for all ages Fire/Police with 1+ years of service ranges from 3.00% to 6.5% based on age
	12/31/2013	BREC/Regular ranges from .50% to 2.5% based on age up to age 50 Fire/Police ranges from 1.00% to 4.00% based on age up to age 45

Changes in Mortality Tables:

Plan	Measurement Date	Description of Benefit Term Change
FRS	06/30/2020	Pub-2010 Public Retirement Plans Mortality for Safety multiplied by 105% for males and 115% for females based on experience study from July 1, 2014 to June 30, 2019
	06/30/2015	RP-2000 Sex Distinct Tables projected to 2031 Scale AA based on experience study from July 1, 2009 to June 30, 2014
	06/30/2014	RP-2000 Sex Distinct Tables projected to 2031 Scale AA based on experience study from July 1, 2004 to June 30, 2009
CPERS	12/31/2019	Healthy - RP-2006 Blue Collar Projected back to 2001, Generational with MP 2018 (2016 base year) Disabled - RP-2006 Disabled Table Projected back to 2001, Generational with MP 2018 (2016 base year)
	12/31/2013	Healthy - RP-2000 Healthy Combined Blue Collar Projected to 2019 using Scale BB Disabled - RP-2000 Disabled Mortality Projected to 2019 using Scale BB

OTHER INFORMATION

**ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA**

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Gerard C. Tarlenton, Fire Chief

Salary (including state supplemental pay)	\$ 201,366
Benefits - retirement	58,440
Benefits - Insurance	5,516
Benefits - Medicare	116
Reimbursements	<u>97</u>
 Total Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer	 <u><u>\$ 265,535</u></u>

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*

Honorable Chairman and Members
of the St. George Fire Protection District No. 2
Baton Rouge, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **ST. GEORGE FIRE PROTECTION DISTRICT NO. 2 (DISTRICT)** as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the **DISTRICT's** basic financial statements and have issued our report thereon dated June 24, 2021.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the **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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the **DISTRICT's** financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002.

The District's Response to Findings

The **DISTRICTS's** responses to the findings identified in our engagement is described in the accompanying schedule of findings and questioned costs. The **DISTRICT's** responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 engagement to perform an audit 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.

This report is intended solely for the information and use of the Parish Council and management, the Louisiana Legislative Auditor, and federal and state agencies, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
June 24, 2021

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Honorable Chairman and Members
of the Ascension Parish Council
Donaldsonville, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the **ST. GEORGE FIRE PROTECTION DISTRICT NO. 2 (DISTRICT)** compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of the **DISTRICT's** major federal programs for the year ended September 30, 2020. The **DISTRICT's** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the **DISTRICT's** major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the **DISTRICT's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major program. However, our audit does not provide a legal determination of the **DISTRICT's** compliance.

Opinion on Major Federal Program

In our opinion, the **DISTRICT** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended September 30, 2020.

Report on Internal Control Over Compliance

Management of the **DISTRICT** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the **DISTRICT's** internal control over compliance with the types of requirements that could have a direct and material effect on major federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the **DISTRICT's** internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

This report is intended solely for the information and use of the Parish Council and management, the Louisiana Legislative Auditor, and federal and state agencies, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
June 24, 2021

**ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

FEDERAL DEPARTMENT/PASS-THROUGH ENTITY/PROGRAM	CFDA #	Grant #	EXPENDED
<u>United States Department of the Treasury</u>			
<i>Passed through the City of Baton Rouge and Parish of East Baton Rouge</i>			
Coronavirus Relief Funds (COVID - 19)	21.019	N/A	\$ 1,119,666
Total United States Department of Treasury			<u>1,119,666</u>
<u>United States Department of Homeland Security</u>			
<i>Direct Program</i>			
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	N/A	282,960
Total United States Department of Homeland Security			<u>282,960</u>
Total Expenditures			<u>\$ 1,402,626</u>

NOTES:

NOTE A - GENERAL

This Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all federal award programs of the St. George Fire Protection District No. 2 (the "District"). The District's reporting entity and accounting policies are defined in Note 1 to the District's financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, is included on the schedule.

NOTE B - BASIS OF ACCOUNTING

This SEFA is presented using the modified accrual basis of accounting, which is described in Note 1 to the District's financial statements.

NOTE C - DE MINIMUS COST RATE

The District did not elect to use the 10% de minimus cost rate as covered in §200.414 of the Uniform Guidance.

NOTE D - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the SEFA agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with accounting principles generally accepted in the United States of America.

NOTE E - RELATIONSHIP TO FINANCIAL STATEMENTS

Federal award expenditures are reported in the District's financial statements as follows:

Amounts reported on the Schedule of Expenditures of Federal Awards (SEFA) were prepared from the same accounting records as were used to prepare the financial statements. Differences between amounts reported on the SEFA and the financial statements may exist due to recognition requirements as established by program regulations. In the current fiscal year, the District recognized in its financial statements \$70,551 in federal revenues related to Hurricane Laura expenditures paid during the fiscal year. However, with respect to Federal Emergency Management Agency (FEMA) assistance a non-Federal entity must record expenditures on the SEFA when: (1) FEMA has approved the non-Federal entity's project worksheet (PW), and (2) the non-Federal entity has incurred the eligible expenditures. The project worksheet was not approved and therefore these expenditures are not recorded in the SEFA.

**ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
BATON ROUGE, LOUISIANA**

SCHEDULE OF FINDINGS AND RECOMENDATIONS

For the year ended September 30, 2020

1) Summary of Auditor's Results:

- A) The type of report issued on the financial statements: **Unmodified opinion.**
 - B) Significant deficiencies in internal control that were disclosed by the audit of financial statements: **None.**

Material weaknesses: **None.**
 - C) Noncompliance which is material to the financial statements: **2020-001 and 2020-002.**
 - D) Significant deficiencies in internal control over major programs: **None.**

Material weaknesses: **None.**
 - E) The type of report issued on compliance for major programs: **Unqualified opinion.**
 - F) Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a): **None.**
 - G) Identification of Major Programs:

U.S. Department of the Treasury
City of Baton Rouge and Parish of East Baton Rouge
Coronavirus Relief Funds (COVID - 19) C.F.D.A. 21.019
 - H) Dollar threshold used to distinguish between Type A and Type B programs: **\$750,000.**
 - I) Auditee qualified as a low-risk auditee: **No.**
- 2) Findings relating to the financial statements reported in accordance with *Government Auditing Standards*: 2019-001 and 2019-002.**
- 3) FINDINGS – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**
- None.

**ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
BATON ROUGE, LOUISIANA**

SUMMARY OF FINDINGS AND QUESTIONED COSTS

For the year ended September 30, 2020

2) FINDINGS – FINANCIAL STATEMENTS

Note noted.

3) FINDINGS – NONCOMPLIANCE WITH STATE LAWS AND REGULATIONS

2020-001 Fiscal Agency and Cash Management Law

Fiscal Year Finding Originated: 2020

Criteria: Louisiana Revised Statute 39:1225 requires the amount of security shall at all times be equal to one hundred percent of the amount of collected funds on deposit to the credit of each depositing authority except that portion of the deposits insured by any governmental agency insuring bank deposits which is organized under the laws of the United States.

Condition: At September 30, 2020, the District had deposits at one financial institution that were uncollateralized by \$2,733,087.

Cause: The market value of substituted collateral to cover the shortfall of coverage was not adequate at the time of substitution.

Effect: The District is non-compliant with fiscal agency and cash management laws.

Recommendation: The District should review the deposits of the City periodically and determine the adequate collateralization of deposits including the status and market value of substituted collateral at the time of substitution.

Views of responsible officials: We concur that the District was inadequately collateralized as of September 30, 2020. Furthermore, the District has since taken necessary actions to ensure that all cash accounts are adequately collateralized in future periods.

2020-002 Budget Law

Criteria: In accordance with R.S. 39:1310, an adopted budget must be amended whenever notification is received pursuant to R.S. 39:1311, or whenever there has been a change in operations upon which the original adopted budget was developed.

Condition: Actual expenditures in the General Fund had an unfavorable variance of 67.9% of the original and final budgeted amounts.

Cause: The budget was not amended when actual revenues were less than the budget by more than 5%.

Effect: The District is noncompliant with the Louisiana budget law.

Recommendation: We recommend that the District should amend the budgets in accordance with the state statute. Additionally, the budget should be monitored on a continual basis.

Management's corrective action plan: Management believes this to be an isolated incident and will continue to monitor actual revenues throughout the year to ensure budget compliance in future fiscal years.

**ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
BATON ROUGE, LOUISIANA**

SUMMARY OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

For the year ended September 30, 2020

2019-001 Disbursements Written from the Construction Bank Account

This finding is considered resolved.

2019-002 Credit Card Transactions

This finding is considered resolved.