

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, 2021

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, 2021

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CITY OF BATON ROUGE  
PARISH OF EAST BATON ROUGE, LOUISIANA

ANNUAL FINANCIAL REPORT  
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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)**, as of and for the year ended September 30, 2021, 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, *the Louisiana Governmental Audit Guide*, 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 and the *Louisiana Governmental Audit Guide*. 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 District'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.

### ***Opinion***

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, 2021, 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, the schedule of pension contributions, and related notes to required supplementary information on pages 3 through 7 and 36 through 41 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 an opinion on the financial statements that collectively comprise the District's basic financial statements. The schedule of compensation, benefits, and other payments to agency head on page 42 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information on page 42 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial 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 is 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 May 25, 2022, 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  
May 25, 2022

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, 2021

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, 2021 with comparative prior year information with explanations of changes between the two years.

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 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 210 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 accumulated 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  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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 \$31,913,988 (net position - deficit), which represents a 2.3% deficit decrease from September 30, 2020. The decreased deficit in net position was mainly due to net decreases 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.

The following provides a summary of the net position:

Governmental Activities		2021	2020
Current and other assets	\$	9,394,580	\$ 15,158,466
Capital assets		37,026,730	30,599,896
Total assets		<u>46,421,310</u>	<u>45,758,362</u>
Deferred outflows - resources		<u>12,186,891</u>	<u>14,481,114</u>
Other liabilities		7,686,035	4,424,641
Long-term liabilities		<u>67,929,677</u>	<u>83,845,577</u>
Total liabilities		<u>75,615,712</u>	<u>88,270,218</u>
Deferred inflows - resources		<u>14,906,487</u>	<u>4,641,187</u>
Net Position (Deficit):			
Net investment in capital assets		17,210,559	17,618,890
Restricted for debt service		865,077	-
Unrestricted		<u>(49,989,634)</u>	<u>(50,290,819)</u>
Total net position (deficit)		<u>\$ (31,913,998)</u>	<u>\$ (32,671,929)</u>

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, 2021

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

	2021	2020
Governmental Activities		
Revenues:		
Program Revenues:		
Charges for services	\$ 62,329	\$ 68,005
Operating grants and contributions	2,717,775	3,848,903
Capital grants and contributions	-	24,980
General Revenues:		
Property taxes	23,569,876	21,623,613
Service charges	1,241,287	1,246,104
Intergovernmental revenues	740,486	725,025
Interest and other revenues	371,313	226,835
Total revenues	28,703,066	27,763,465
Expenses	27,945,135	31,244,051
Change in net position	757,931	(3,480,586)
Beginning net position (deficit)	(32,671,929)	(29,191,343)
Ending net position (deficit)	\$ (31,913,998)	\$ (32,671,929)

The District receives property tax based on a millage of 12 mills for general operations, 1.25 mills for salary and benefits, 1.25 mills for capital outlay and general operations, and 1.50 mills for capital improvements and debt service. These taxes, which represent 82.1% of total revenue, increased by \$1,946,263 or 9% from the period ending September 30, 2020. 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 9.4% of total revenue and decreased by \$1,131,128 or 29.4% from the period ending September 30, 2020. The majority of this decrease is a result of the District receiving the Coronavirus Relief Fund Federal grant of \$1,119,666 in 2020.

The District's expenses decreased by \$3,298,916 or 10.6%. Most of this decrease was caused by expenses for personnel services and related benefits decreasing by \$3,368,960 mainly due to the net adjustments for net pension liability and total other postemployment liability.

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, 2021

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, 2021 and 2020:

	General Fund		
	2021	2020	Variance
Revenues	\$ 27,031,562	\$ 26,479,426	\$ 552,136
Expenditures	36,762,840	40,828,852	(4,066,012)
Other financing sources	681,000	12,464,582	(11,783,582)
Change in fund balance	<u>\$ (9,050,278)</u>	<u>\$ (1,884,844)</u>	<u>\$ (7,165,434)</u>

Revenues increased by \$552,136 largely driven by an increase in tax revenues of \$1,946,263 and a decrease due to the Federal Coronavirus Relief Fund grant award of \$1,119,666 in 2020.

Public safety-fire protection expenditures decreased by \$4,066,012 due mainly to a reduction in capital outlay expenditures of \$4,859,755 offset by net increases in all other expenditures of \$793,743.

Other sources of income decreased because proceeds from the issuance of a capital leases and revenue bonds were recognized in the prior year while in the current year the balance includes proceeds from the sale of assets.

BUDGETARY HIGHLIGHTS

The original budget was amended during the year.

	Original	Final	Actual	Variance with final positive/(negative)
	Budget	Budget		
Revenues	\$ 25,251,080	\$ 27,018,951	\$ 27,031,562	\$ 12,611
Expenditures	24,803,580	36,359,718	36,762,840	(403,122)
Other financing sources	-	682,000	681,000	(1,000)
Change in fund balance	<u>\$ 447,500</u>	<u>\$ (8,658,767)</u>	<u>\$ (9,050,278)</u>	<u>\$ (391,511)</u>

Budget to Actual

Capital outlay exceeded the budget by \$493,282 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. This was partially offset by the favorable budget to actual variance of \$200,469 in federal grants and \$57,436 in repair & maintenance.

CAPITAL ASSETS

At September 30, 2021, the District had \$37,026,730 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.

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2  
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PARISH OF EAST BATON ROUGE, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

LONG-TERM DEBT

The District has two capital leases for the acquisition of fire trucks and medical with a balance due of \$7,811,524, construction loan with a balance due of \$14,910,000, a retirement payoff loan with a balance of \$767,033 and compensated absences balance of \$2,743,357.

The District recognizes its proportionate share of net pension liability for participating in two pension plans. The liability recorded as of September 30, 2021 is \$17,286,306. In addition, the District recorded total other postemployment benefit liability of \$24,411,457 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, 2021**

**Statement A**

**ASSETS**

Cash and cash equivalents	\$ 8,916,160
Receivables:	
Property taxes and service charges	12,139
Federal grants	261,319
Other Receivables	36,977
Deposits and prepaids	167,985
Capital assets	
Non-depreciable	15,838,202
Depreciable, net	21,188,528
Total assets	46,421,310

**DEFERRED OUTFLOWS OF RESOURCES**

Related to net pension liability	7,844,676
Related to total other postemployment benefit liability	4,342,215
Total deferred outflows of resources	12,186,891

**LIABILITIES**

Accounts payable	1,063,499
Salary and benefits payable	305,802
Certificate of indebtedness	6,000,000
Accrued interest	316,734
Long-term liabilities:	
Bonds, capital leases, debt and compensated absences:	
Due within one year	2,515,686
Due in more than one year	23,716,228
Net pension liability:	
Due in more than one year	17,286,306
Total other postemployment benefit liability:	
Due within one year	479,080
Due in more than one year	23,932,377
Total liabilities	75,615,712

**DEFERRED INFLOWS OF RESOURCES**

Related to net pension liability	12,070,380
Related to total other postemployment benefit liability	2,836,107
Total deferred inflows of resources	14,906,487

**NET POSITION (DEFICIT)**

Net investment in capital assets	17,210,559
Restricted for debt service	865,077
Unrestricted	(49,989,634)
Total net position (deficit)	\$ (31,913,998)

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, 2021**

**Statement B**

EXPENSES:	PROGRAM REVENUES				TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
Public safety - fire protection	\$ 25,418,719	\$ 62,329	\$ 2,717,775	\$ -	\$ 22,638,615
Depreciation	1,736,639	-	-	-	1,736,639
Interest	789,777	-	-	-	789,777
Total governmental activities	27,945,135	62,329	2,717,775	-	25,165,031
GENERAL REVENUES:					
Ad valorem taxes					23,569,876
Service charges					1,241,287
State revenue sharing					357,914
Fire insurance tax					382,572
Interest income					52,983
Miscellaneous					12,301
Net gain on disposal of assets					306,029
Total general revenues					25,922,962
Change in net position					757,931
Net position (deficit):					
Beginning of the year					(32,671,929)
End of the year					\$ (31,913,998)

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, 2021**

**Statement C**

GENERAL  
FUND

**ASSETS**

Cash and cash equivalents	\$	8,916,160
Receivables:		
Property taxes and service charges		12,139
Federal grants		261,319
Other receivables		36,977
Deposits and prepaids		<u>167,985</u>
Total Assets		<u><u>9,394,580</u></u>

**LIABILITIES**

Accounts payable		1,063,499
Salary and benefits payable		305,802
Certificate of indebtedness		<u>6,000,000</u>
Total liabilities		<u><u>7,369,301</u></u>

**Fund balances:**

Nonspendable		167,985
Restricted for capital outlay		2,905,353
Restricted for debt service		1,088,106
Unassigned		<u>(2,136,165)</u>
Total fund balance		<u><u>2,025,279</u></u>

Total Liabilities and Fund Balance		\$ <u><u>9,394,580</u></u>
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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 GOVERNMENTAL FUND BALANCE SHEET  
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2021**

		<b>Statement D</b>
Total fund balances - governmental funds (Statement C)		\$ 2,025,279
Cost of capital assets	47,434,395	
Less: Accumulated depreciation	<u>(10,407,665)</u>	37,026,730
 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	7,844,676	
Deferred outflow of resources - total other post-employment benefit liability	<u>4,342,215</u>	12,186,891
Deferred inflow of resources - related to net pension liability	(12,070,380)	
Deferred inflow of resources - total other post-employment benefit liability	<u>(2,836,107)</u>	(14,906,487)
 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, 2021 are:		
Accrued Interest		(316,734)
Long-term liabilities		
Retirement payoff loan	(767,033)	
Revenue bonds	(14,910,000)	
Compensated absences payable	(2,743,357)	
Capital leases	(7,811,524)	
Net pension liability	(17,286,306)	
Total other post-employment benefit liability	<u>(24,411,457)</u>	<u>(67,929,677)</u>
Net Position (Deficit) (Statement A)		<u>\$ (31,913,998)</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  
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

**Statement E**

**GENERAL  
FUND**

REVENUES:

Ad valorem taxes	\$ 23,569,876
Service charges	1,241,287
State revenue sharing	357,914
Fire insurance tax	382,572
Supplemental pay	1,089,750
Federal grants	262,550
State and other grants	31,017
Interest income	52,983
Miscellaneous	43,613
Total revenues	27,031,562

EXPENDITURES:

Personnel services and related benefits	21,469,762
Contractual services	1,513,810
Insurance	680,542
Legal and professional	290,854
Office supplies	323,728
Rental	183,196
Repairs and maintenance	285,118
Supplies	820,657
Telecommunications	237,317
Training	158,585
Utilities	218,088
Capital outlay	8,538,444
Debt service:	
Principal	1,227,964
Interest and other charges	814,775
Total expenditures	36,762,840

Excess (deficiency) of revenues over (under) expenditures (9,731,278)

Other financing sources (uses):

Proceeds from sale of assets	681,000
Total other financing sources (uses)	681,000

Net change in fund balance (9,050,278)

Fund balance:

Beginning of the year	11,075,557
End of the year	\$ 2,025,279

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 FUND  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<b>Statement F</b>
Net change in fund balances-total governmental funds (Statement E)	\$ (9,050,278)
Amounts reported for governmental activities in the statement of activities (Statement B) are different as follows:	
Capital Assets:	
Capital outlay and other expenditures capitalized	8,538,444
Depreciation expense for year ended September 30, 2021	(1,736,639)
Loss on disposition of capital assets	(374,971)
Balances at September 30, 2021 are:	
Long Term Liabilities:	
Change in accrued interest payable	24,998
Principal paid on revenue bonds and capital leases	1,227,964
Change in compensated absences payable	(125,706)
Change in total OPEB liability and associated deferrals	(993,535)
Change in net pension liability and associated deferrals	3,247,654
Change in net position	\$ 757,931

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

Notes to the Financial Statements  
As of and for the Year ended September 30, 2021

**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 210 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.

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Notes to the Financial Statements  
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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

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eligibility requirements have been satisfied and the availability criteria met which means twelve months.

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 in 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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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.

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, 2020
Levy date	September 24, 2020
Tax roll completed by	November 15, 2020
Collection date	December 31, 2020

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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Notes to the Financial Statements  
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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 debt.

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	5-10 years

M. Budget Practices

The proposed budget for 2020 - 2021 was made available for public inspection on September 16, 2020. The proposed budget, prepared on the modified accrual basis of accounting, was published in the official journal at least (8) days prior to the public hearing, which was held at the St. George Fire Station on 14100 Airline Highway on September 24, 2020, for the comments from taxpayers. The budget is 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.

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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 by the outstanding balance of any related debt obligations and deferred inflows of resources and increase by any balances of unspent debt proceeds 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 resource related to the restricted assets.
3. Unrestricted net position - All other net position that do 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 non-spendable 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 non-spendable and are neither restricted nor committed.

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Notes to the Financial Statements  
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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 District'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 2021, St. George Fire District No. 2's bank balance totaled \$9,018,195. Of this balance, \$500,000 was insured by federal deposit insurance and the remaining \$8,518,195 was collateralized with securities held by the pledging financial institutions' trust department or agent in the District's name.

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**3. LEVIED TAXES AND CHARGES**

The following table details each of the District's 2020 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			
General operations	4.00	4.00	2023
General operations	6.00	6.00	2027
General operations	2.00	2.00	2024
Salaries and related benefits	1.25	1.25	2021 <sup>a</sup>
General operations and capital improvements	1.25	1.25	2024
Capital improvements and debt service	1.50	1.50	2021 <sup>a</sup>
Service charge (maximum rate)	\$32.00		2021 <sup>a</sup>

<sup>a</sup> Tax and service charge was renewed in an election held on December 5, 2020 for 10 years.

**4. CAPITAL ASSETS**

Capital assets as of September 30, 2021 are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 2,382,730	\$ -	\$ -	\$ 2,382,730
Construction in progress	11,382,340	6,377,468	4,304,336	13,455,472
Total non-depreciable	<u>13,765,070</u>	<u>6,377,468</u>	<u>4,304,336</u>	<u>15,838,202</u>
Building	11,934,842	-	-	11,934,842
Furniture and appliances	217,843	-	-	217,843
Vehicle	883,931	-	-	883,931
Equipment	14,833,537	6,465,312	2,739,272	18,559,577
Total depreciable	<u>27,870,153</u>	<u>6,465,312</u>	<u>2,739,272</u>	<u>31,596,193</u>
Building	3,033,307	290,252	-	3,323,559
Furniture and appliances	167,899	11,440	-	179,339
Vehicle	736,987	45,788	-	782,775
Equipment	7,097,134	1,389,159	2,364,301	6,121,992
Accumulated depreciation	<u>11,035,327</u>	<u>1,736,639</u>	<u>2,364,301</u>	<u>10,407,665</u>
Depreciable, net	<u>16,834,826</u>	<u>4,728,673</u>	<u>374,971</u>	<u>21,188,528</u>
Capital assets, net	<u>\$ 30,599,896</u>	<u>\$ 11,106,141</u>	<u>\$ 4,679,307</u>	<u>\$ 37,026,730</u>

The above equipment balance includes fire trucks and medical equipment under capital lease with a net book value of \$7,584,543.

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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, 2021, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Certificate of indebtedness	\$ -	\$ 10,500,000	\$ 4,500,000	\$ 6,000,000

**6. LONG-TERM LIABILITIES**

The following is a summary of the long-term obligations during the year ended September 30, 2021:

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
<u>Government Activities</u>					
Compensated absences	\$ 2,617,651	\$ 1,387,170	\$ 1,261,464	\$ 2,743,357	\$ 1,293,001
Direct placement debt					
Retirement payoff loan	782,060	-	15,027	767,033	16,155
Construction loan	15,720,000	-	810,000	14,910,000	840,000
Equipment leases:					
Fire Vehicles	7,770,217	-	86,964	7,683,253	331,547
Medical Equipment	163,254	-	34,983	128,271	34,983
Motorola Software & Equipment	280,990	-	280,990	-	-
	\$27,334,172	\$ 1,387,170	\$ 2,489,428	\$ 26,231,914	\$ 2,515,686

**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 will be 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 2034, 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%.

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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 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, 2021, are as follows:

Year Ending	Principal Payments			Interest			Total
	Loans	Capital Leases	Total	Loans	Capital Leases	Total	
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	986,562	906,137	1,892,699	442,802	119,967	562,769	2,455,468
2027-2031	5,504,467	3,858,516	9,362,983	1,632,249	245,899	1,878,148	11,241,131
2032-2036	5,223,211	-	5,223,211	543,892	-	543,892	5,767,103
2037-2041	277,381	-	277,381	91,030	-	91,030	368,411
2042	68,315	-	68,315	5,124	-	5,124	73,439
	<u>\$ 15,677,033</u>	<u>\$ 7,811,524</u>	<u>\$ 23,488,557</u>	<u>\$ 4,829,929</u>	<u>\$ 1,050,576</u>	<u>\$ 5,880,505</u>	<u>\$ 29,369,062</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. For the year ended, rental expenditures without executed lease agreements less than a year totaled \$173,867. There are no minimum lease payments for the next five years to report.

The \$173,867 includes annual rental fees of fire hydrants that totaled \$97,777 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.

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**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
<a href="http://www.ffret.com">www.ffret.com</a>	<a href="http://www.brla.gov/264/Retirement-System">www.brla.gov/264/Retirement-System</a>

**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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**8. PENSION PLANS** (continued)

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

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

<sup>1</sup> 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.

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

<sup>3</sup> 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

<sup>4</sup> 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

<sup>5</sup> 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.

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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, 2021

**8. PENSION PLANS** (continued)

Contributions to the plans are required and determined and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended September 30, 2021, 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	33.75%	10.00%
Employees receiving compensation below poverty guidelines of US Department of Health	35.75%	8.00%
City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System (CPERS)	38.36%	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:

	2021	2020
Firefighters' Retirement System	\$ 3,960,551	\$ 3,333,588
City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System	32,378	30,119

**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, 2021 for FRS and December 31, 2020 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, 2021, in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2021 for FRS and December 31, 2020, 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	6/30/2021	\$ 16,929,254	4.7771%	0.2032%
City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System	12/31/2020	357,052	0.0611%	0.0013%
Total		\$ 17,286,306		

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Notes to the Financial Statements  
As of and for the Year ended September 30, 2021

**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, 2021:

	Total expenses
Firefighters' Retirement System	\$ 2,062,718
City of Baton Rouge and Parish of East Baton Rouge	
Employees' Retirement System	48,032
	\$ 2,110,750

The District recognized its proportionate share of the ad-valorem tax withheld by the Sheriff from taxing districts that was paid to FRS and CPERS. The revenue was recognized in the amount of \$1,365,475.

At September 30, 2021, 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	\$ 241,593	\$ 16,929	\$ 258,522
Changes of assumptions	3,668,448	4,835	3,673,283
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,810,575	36,207	2,846,782
Employer contributions subsequent to the measurement date	1,041,375	24,714	1,066,089
Total	\$ 7,761,991	\$ 82,685	\$ 7,844,676

Deferred Inflows

	FRS	CPERS	Total
Differences between expected and actual experience	\$ (1,520,285)	\$ -	\$ (1,520,285)
Changes of assumptions	-	(11,020)	(11,020)
Net difference between projected and actual earnings on pension plan investments	(10,273,661)	(40,873)	(10,314,534)
Changes in proportion and differences between employer contributions and proportionate share of contributions	(223,415)	(1,126)	(224,541)
Total	\$ (12,017,361)	\$ (53,019)	\$ (12,070,380)

The amount reported in the above table totaling \$1,066,089 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2021 for FRS and December 31, 2020 for CPERS, will be recognized as a reduction in Net Pension Liability in the year ended September 30, 2022.

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 CITY OF BATON ROUGE  
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Notes to the Financial Statements  
 As of and for the Year ended September 30, 2021

**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:

Year	FRS	CPERS	Total
2022	\$ (1,167,951)	\$ 12,517	\$ (1,155,434)
2023	(1,076,153)	7,366	(1,068,787)
2024	(1,606,440)	(11,206)	(1,617,646)
2025	(2,475,994)	(3,725)	(2,479,719)
2026	616,476	-	616,476
2027	413,317	-	413,317
	\$ (5,296,745)	\$ 4,952	\$ (5,291,793)

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Notes to the Financial Statements  
As of and for the Year ended September 30, 2021

**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, 2021, are as follows:

	FRS	CPERS
<b>Valuation Date</b>	June 30, 2021	December 31, 2020
<b>Actuarial Cost Method</b>	Entry Age Normal Cost	Entry Age Normal Cost
<b>Actuarial Assumptions:</b>		
<b>Expected Remaining</b>		
<b>Service Lives</b>	7 years	5 years
<b>Investment Rate of Return</b>	6.90% (decrease from prior year of 7.00%)	7.00%
<b>Inflation Rate</b>	2.50%	2.25%
<b>Mortality</b>	<ul style="list-style-type: none"> <li>• For active members, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees.</li> <li>• For annuitants and beneficiaries, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees.</li> <li>• For disabled retirees, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees.</li> <li>• 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.</li> </ul>	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)
<b>Salary Increases</b>	14.10% in first two years of service and 5.20% with 3 more years of service; includes inflation and merit increases	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 1.55% 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 2.00% to 6.5% based on age
<b>Cost of Living Adjustments</b>	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

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, 2021

**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 June 30, 2021, estimated long-term expected rate of return on pension plan investments was determined by the System’s actuary using the System’s target asset allocation as of January 2021 and the G.S. Curran &amp; Company Consultant Average study for 2021. The Consultant Average Study included projected nominal rates of return, standard deviations of returns, and correlations of returns for a list of common asset classes collected from a number of investment consultants and investment management firms. Each consultant’s response included nominal expected long term rates of return. In order to arrive at long-term expected arithmetic real rates of return, the actuary normalized the data received from the consultant’s responses in the following ways. Where nominal returns received were arithmetic, the actuary simply reduced the return assumption by the long-term inflation assumption. Where nominal returns were geometric, the actuary converted the return to arithmetic by adjusting for the long-term standard deviation and then reduced the assumption by the long-term inflation assumption. Using the target asset allocation for the System and the average values for expected real rates of return, standard deviation of returns, and correlation of returns, an arithmetic expected nominal rate of return and standard deviation for the portfolio was determined. Subsequent to the actuary’s calculation of the long term expected real rate of return in January 2021, the Board voted to amend the target asset allocation. These changes include an increase to target weight in public equity, a decrease in the target weight in fixed income, and the inclusion of a target weight in private real assets. The changes to the target asset allocation are reflected in the table below. The System’s long-term assumed rate of inflation of 2.50% was used in this process for the fiscal year ended June 30, 2021. The long-term expected real rate of return is an important input into the actuary’s determination of the reasonable range for the discount rate which is used in determining the total pension liability. The actuary’s method incorporates information from multiple consultants and investments firms regarding future expected rates of return, variances, and correlation coefficients for each asset class. The change integrates data from multiple sources to produce average values thereby reducing reliance on a single data source.</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, 2021, are summarized in the following table:</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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**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	27.50%	32.50%	5.86%	7.50%
Non-US Equity	11.50%	17.50%	6.44%	8.50%
Global Equity	10.00%	-	6.40%	-
Emerging Market Equity	7.00%	-	8.64%	-
US Core Fixed Income	18.00%	-	0.97%	-
U.S. TIPS	3.00%	-	0.40%	-
Emerging Market Debt	5.00%	-	2.75%	-
Global Tactical Asset Allocation	-	-	4.17%	-
Risk Parity	-	-	4.17%	-
Real estate	6.00%	15.00%	5.31%	4.50%
Alternative Assets	-	-	-	5.70%
Private equity	9.00%	-	9.53%	-
Domestic bonds	-	25.00%	-	2.50%
International bonds	-	5.00%	-	3.50%
Real Assets	3.00%	5.00%	**	**
Total	100.00%	100.00%	** Not provided	

**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 6.90% and 7.00%, respectively.

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
<b>FRS</b>			
Rates	5.900%	6.900%	7.900%
District's Share of NPL	\$ 32,477,527	\$ 16,929,254	\$ 3,962,162
<b>CPERS</b>			
Rates	6.000%	7.000%	8.000%
District's Share of NPL	\$ 459,341	\$ 357,052	\$ 271,290

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Notes to the Financial Statements  
As of and for the Year ended September 30, 2021

**8. PENSION PLANS** (continued)

The District recorded accrued liabilities to each of the Retirement Systems for the year ended September 30, 2021, 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, 2021 is as follows:

FRS	\$ 69,937
CPERS	<u>548</u>
	<u>\$ 70,485</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, 2020	\$ 24,431,215
Changes for the year:	
Service cost	773,131
Interest costs	554,496
Changes in benefit terms	-
Difference between expected and actual experience	51,780
Changes in assumption and other inputs	(942,898)
Benefit payments	<u>(456,267)</u>
Net changes	<u>(19,758)</u>
Balance at September 30, 2021	<u>\$ 24,411,457</u>

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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, 2021

**9. OTHER POST-EMPLOYMENT BENEFITS** (continued)

*Actuarial assumptions-* The total OPEB liability as of September 30, 2021 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	0.5% (decreased from prior year of 1.00%)
Salary increases	3.50%
	2.43% S&P Municipal Bond High Grade Rate Index, increased from prior year of 2.20% Bond Buyer 20-Bond General Obligation Index
Discount rate	
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
	1.43%	2.43%	3.43%
Total OPEB liability	\$ 28,507,699	\$ 24,411,457	\$ 21,113,469

*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.

		Current healthcare cost trend rate Initial 10%, Ultimate	
	1% Decrease	4.00%	1% Increase
Total OPEB liability	\$ 20,918,178	\$ 24,411,457	\$ 28,685,903

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Notes to the Financial Statements  
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**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	\$ 48,081	\$ (829,059)
Changes in assumptions and other inputs	4,294,134	(2,007,048)
	\$ 4,342,215	\$ (2,836,107)

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:			
2022	\$	122,175	
2023		122,175	
2024		122,175	
2025		122,175	
2026		122,174	
2027 - 2031		610,865	
2032 - 2034		284,369	
		1,506,108	

**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 \$1,089,750.

**11. LITIGATION**

The District may be a party to certain legal proceedings with respect to a variety of matters. The District evaluates the likelihood of an unfavorable outcome of all legal proceedings to which it is a party and accrues a claims and judgement liability, if applicable, when the loss is probable and estimable. These evaluations are subjective based on the status of the legal proceedings and consultations with legal counsel.

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PARISH OF EAST BATON ROUGE, LOUISIANA

Notes to the Financial Statements  
As of and for the Year ended September 30, 2021

**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, 2021, approximately \$26,063 of the District's ad valorem tax revenues were abated by the state of Louisiana through this program.

**13. COMMITMENT**

The District has a construction commitment for a new campus improvement project. As of September 30, 2021, the project authorization was \$13,744,177, expended to date was \$11,348,002 and remaining commitment was \$2,396,175.

**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	President
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.

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, 2021**

	ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES:</b>				
Ad valorem taxes	\$ 23,075,850	\$ 23,758,823	\$ 23,569,876	\$ (188,947)
Service charges	1,254,230	1,241,703	1,241,287	(416)
State revenue sharing	333,000	347,708	357,914	10,206
Fire insurance tax	380,000	382,572	382,572	-
Supplemental pay	-	1,089,750	1,089,750	-
Federal grants	60,000	62,081	262,550	200,469
State and other grants	-	31,017	31,017	-
Interest income	124,000	52,983	52,983	-
Miscellaneous	24,000	52,314	43,613	(8,701)
Total revenues	<u>25,251,080</u>	<u>27,018,951</u>	<u>27,031,562</u>	<u>12,611</u>
<b>EXPENDITURES:</b>				
Personnel services and related benefits	19,753,930	21,467,828	21,469,762	(1,934)
Contractual services	289,600	1,503,604	1,513,810	(10,206)
Insurance	711,920	680,542	680,542	-
Legal and professional	163,400	290,854	290,854	-
Office supplies	191,300	323,420	323,728	(308)
Rental	159,000	183,196	183,196	-
Repairs and maintenance	480,000	330,291	285,118	45,173
Supplies	488,830	878,093	820,657	57,436
Telecommunications	189,520	237,317	237,317	-
Training	146,000	158,585	158,585	-
Utilities	163,200	218,088	218,088	-
Capital outlay	150,000	8,045,162	8,538,444	(493,282)
Debt service	1,916,880	2,042,738	2,042,739	(1)
Total expenditures	<u>24,803,580</u>	<u>36,359,718</u>	<u>36,762,840</u>	<u>(403,122)</u>
Excess (deficiency) of revenues over (under) expenditures	447,500	(9,340,767)	(9,731,278)	(390,511)
<b>Other financing sources (uses):</b>				
Proceeds from sale of assets	-	682,000	681,000	(1,000)
Total other financing sources (uses)	<u>-</u>	<u>682,000</u>	<u>681,000</u>	<u>(1,000)</u>
Net change in fund balance	447,500	(8,658,767)	(9,050,278)	<u>\$ (391,511.00)</u>
<b>Fund balance:</b>				
Beginning of the year	<u>13,152,975</u>	<u>11,075,557</u>	<u>11,075,557</u>	
End of the year	<u>\$ 13,600,475</u>	<u>\$ 2,416,790</u>	<u>\$ 2,025,279</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, 2021

**Budgetary Process**

The proposed budget for 2020 - 2021 was made available for public inspection on September 16, 2020. The proposed budget, prepared on the modified accrual basis of accounting, was published in the official journal at least (8) days prior to the public hearing, which was held at the St. George Fire Station on 14100 Airline Highway on September 24, 2020, for the comments from taxpayers. The budget is 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  
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, 2021**

Financial statement reporting date	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Measurement date	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Service cost	\$ 773,131	\$ 694,548	\$ 959,855	\$ 1,001,614
Interest	554,496	619,995	791,297	683,476
Difference between actual and expected experience	51,780	(803,772)	(163,946)	(12,211)
Changes of assumptions or other inputs	(942,898)	1,522,230	3,736,708	(1,542,952)
Benefit payments	(456,267)	(303,286)	(281,321)	(194,786)
Net change in total OPEB liability	<u>(19,758)</u>	<u>1,729,715</u>	<u>5,042,593</u>	<u>(64,859)</u>
Total OPEB liability - beginning	<u>24,431,215</u>	<u>22,701,500</u>	<u>17,658,907</u>	<u>17,723,766</u>
Total OPEB liability - ending	<u>\$ 24,411,457</u>	<u>\$ 24,431,215</u>	<u>\$ 22,701,500</u>	<u>\$ 17,658,907</u>
Covered employee payroll	\$ 10,934,909	\$ 10,565,129	\$ 12,019,920	\$ 12,019,920
Total OPEB liability as a percentage of covered payroll	223.24%	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		Inflation rates	
	Rate	Change	Rate	Change
9/30/2021	2.43%	0.23%	0.50%	-0.50%
9/30/2020	2.20%	-0.45%	1.00%	-
9/30/2019	2.65%	-1.60%	1.00%	-1.60%
9/30/2018	4.25%		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, 2021**

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
<b>Firefighters' Retirement System (1)</b>						
	2021	4.7771%	\$ 16,929,254	\$ 11,984,225	141.2628%	86.78%
	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%
<b>City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System (2)</b>						
	2021	0.0611%	\$ 357,052	\$ 82,737	431.5506%	68.78%
	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, 2021**

<u>Pension Plan:</u>	<u>Year</u>	<u>Contractually Required Contribution<sup>1</sup></u>	<u>Contributions in Relation to Contractually Required Contribution<sup>2</sup></u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll<sup>3</sup></u>	<u>Contributions as a % of Covered Payroll</u>
<b>Firefighters' Retirement System</b>						
	2021	\$ 3,960,551	\$ 3,960,551	\$ -	\$ 12,136,067	32.63%
	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%
<b>City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System</b>						
	2021	\$ 32,378	\$ 32,378	\$ -	\$ 85,241	37.98%
	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:**

<sup>1</sup> Employer contribution rate multiplied by covered payroll

<sup>2</sup> Actual employer contributions remitted to Retirement Systems

<sup>3</sup> 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, 2021**

**Changes in Benefit Terms Include:**

<u>Plan</u>	<u>Measurement Date</u>	<u>Description of Benefit Term Change</u>
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

<u>Plan</u>	
FRS	06/30/2021 - 6.90% 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 - 7.00%; 12/31/2018 - 7.04%; 12/31/2017 - 7.25%; 12/31/2014 - 7.50%

Changes in Inflation Rates:

<u>Plan</u>	
FRS	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 - 2.25%; 12/31/2015 - 2.75%; 12/31/2014 - 3.50%

Changes in Salary Increases:

<u>Plan</u>	<u>Measurement Date</u>	
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 year
	06/30/2015	Vary from 15.00% in the first 2 years of service to 4.75% with 25 or more year
	06/30/2014	Vary from 15.00% in the first 2 years of service to 5.50% after 14 year
CPERS	12/31/2020	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 1.55% 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 2.00% to 6.5% based on age
		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
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
CPERS	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:

<u>Plan</u>	<u>Measurement Date</u>	
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, 2015
	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

## 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, 2021**

<u>Gerard C. Tarlenton, Fire Chief</u>	
Salary (including state supplemental pay)	\$ 195,682
Benefits - retirement	63,848
Benefits - Insurance	<u>5,333</u>
 Total Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer	 <u><u>\$ 264,863</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, and the General Fund of the **ST. GEORGE FIRE PROTECTION DISTRICT NO. 2 (DISTRICT)** as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the **DISTRICT's** basic financial statements and have issued our report thereon dated May 25, 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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and recommendations as item 2021-001.

## The District's Response to Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on the **DISTRICT's** response to the findings identified in our audit and described in the accompanying schedule of findings and recommendation. The **DISTRICT's** response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## 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 **DISTRICT's** internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the **DISTRICT'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 **DISTRICT's** 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  
May 25, 2022

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

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**

For the year ended September 30, 2021

**1) Summary of Auditors' 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: **2021-001.**

**2) Findings related to the financial statements reported in accordance with *Governmental Accounting Standards*: 2021-001.**

**3) FINDINGS – NONCOMPLIANCE WITH STATE LAWS AND REGULATIONS:**

**2021-001 Local Government Budget Act**

**Fiscal Year Finding Originated:** 2021

**Criteria:** In accordance with R.S. 39:1307, Louisiana Local Government Budget Act, a political subdivision that proposes a budget to expend \$500,000 or more from the General Fund or any special revenue fund is required to give notice via its official journal that the budget is available for inspection at least 10 days prior to the public hearing.

**Condition:** The District published its proposed budget in its official journal for the fiscal year on September 16, 2020, preceding the public hearing which was held on September 24, 2020. As a result, the District only allowed the publication to be made available for 8 days prior to the public hearing.

**Cause:** Notice of the proposed budget in the official journal was not provided for at least 10 days prior to the public hearing regarding the proposed budget.

**Effect:** The District may not be compliant with the Louisiana Local Government Budget Act.

**Recommendation:** We recommend that the District publish proposed budgets in its official journal and hold public hearings for proposed budgets in accordance with the Louisiana Local Government Budget Act in future periods.

**Views of responsible officials:** Management concurs with this matter and plans to comply with the Louisiana Local Government Budget Act in future periods.

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

**SUMMARY OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

For the year ended September 30, 2021

**2020-001 Fiscal Agency and Cash Management Law**

This matter is considered resolved.

**2020-002 Budget Law**

This matter is considered resolved.