

**South Bossier Parish Fire District No. 2
Elm Grove, Louisiana
Financial Statements With Auditor's Report**

As of and For the Year Ended December 31, 2020

South Bossier Parish Fire District No. 2
Elm Grove, Louisiana

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 – 2
Required Supplementary Information	
Management's Discussion and Analysis	3 – 8
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements	
Balance Sheet – Governmental Fund	11
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Fund	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Fund to the Statement of Activities	13
Notes to the Financial Statements	14 - 31
Required Supplementary Information	
Budgetary Comparison Schedule	32
Notes to Required Supplementary Information	33
Schedule of Contributions	34
Schedule of Proportionate Share of Net Pension Liability	35
Other Supplementary Information	
Schedule of Compensation, Benefits, and Other Payments to Agency Head	36
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	37 - 38
Schedules For Louisiana Legislative Auditor	
Summary Schedule of Prior Year Audit Findings	39
Corrective Action Plan For Current Year Audit Findings	39

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Independent Auditors' Report

Board of Commissioners
South Bossier Parish Fire District No. 2
Elm Grove, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of South Bossier Parish Fire District No. 2, a component unit of the Bossier Parish Police Jury, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the South Bossier Parish Fire District No. 2's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the South Bossier Parish Fire District No. 2 as of December 31, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 – 8, budgetary comparison information on pages 32 - 33, the Schedule of Contributions on page 34, and the Schedule of Proportionate Share of Net Pension Liability on page 35, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the South Bossier Parish Fire District No. 2's basic financial statements. The accompanying other supplementary information listed in the table of contents as Schedule of Compensation, Benefits, and Other Payments to Agency Head and shown on pages 36 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2021, on our consideration of South Bossier Parish Fire District No. 2's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of South Bossier Parish Fire District No. 2's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering South Bossier Parish Fire District No. 2's internal control over financial reporting and compliance.



Cook & Morehart
Certified Public Accountants
June 25, 2021

SOUTH BOSSIER PARISH FIRE DISTRICT NO. 2

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of South Bossier Parish Fire District No. 2's financial performance provides an overview of the South Bossier Parish Fire District No. 2's financial activities for the fiscal year ended December 31, 2020. Please read it in conjunction with the District's financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

The South Bossier Parish Fire District No. 2's net position decreased by \$273,642 or 10%.

The South Bossier Parish Fire District No. 2's total general revenues were \$1,631,289 in 2020 compared to \$1,706,844 in 2019.

During the year ended December 31, 2020, the South Bossier Parish Fire District No. 2 had total expenses, excluding depreciation of \$1,817,187, compared to \$1,710,987 in 2019.

The South Bossier Parish Fire District No. 2's net pension liability increased \$161,199 from \$1,772,634, in 2019 to \$1,933,833, in 2020.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 9 and 10) provide information about the activities of the South Bossier Parish Fire District No. 2 as a whole and present a longer term view of the District's finances. Fund financial statements start on page 11. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the South Bossier Parish Fire District No. 2's operations in more detail than the government-wide statements by providing information about the South Bossier Parish Fire District No. 2's most significant funds.

The South Bossier Parish Fire District No. 2 was determined to be a component unit of the Bossier Parish Police Jury. The police jury is financially accountable for the district because it appoints or ratifies a voting majority of the board and has the ability to impose its will on them. The accompanying financial statements present information only on the funds maintained by the South Bossier Parish Fire District No. 2.

Reporting the South Bossier Parish Fire District No. 2 as a Whole

Our analysis of the South Bossier Parish Fire District No. 2 as a whole begins on page 9. One of the most important questions asked about the South Bossier Parish Fire District No. 2's finances is "Is the South Bossier Parish Fire District No. 2 as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the funds maintained by the South Bossier Parish Fire District No. 2 as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the South Bossier Parish Fire District No. 2's *net position* and changes in them. You can think of the South Bossier Parish Fire District No. 2's net position – the difference between assets and liabilities – as one way to measure the South Bossier Parish Fire District No. 2's financial health, or *financial position*. Over time, *increases* or *decreases* in the South Bossier Parish Fire District No. 2's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the District's property tax base, to assess the overall health of the District.

In the Statement of Net Position and the Statement of Activities, we record the funds maintained by the South Bossier Parish Fire District No. 2 as governmental activities:

Governmental activities – all of the expenses paid from the funds maintained by the South Bossier Parish Fire District No. 2 are reported here which consists primarily of personal services, materials and supplies, travel, repairs and maintenance and other program services. Ad valorem taxes finance most of these activities.

Reporting the District's Most Significant Funds

Our analysis of the major funds maintained by the South Bossier Parish Fire District No. 2 begins on page 11. The fund financial statements begin on page 11 and provide detailed information about the most significant funds maintained by the South Bossier Parish Fire District No. 2 – not the South Bossier Parish Fire District No. 2 as a whole. The South Bossier Parish Fire District No. 2's *governmental funds* use the following accounting approaches:

Governmental funds – All of the South Bossier Parish Fire District No. 2's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the South Bossier

Parish Fire District No. 2's general government operations and the expenses paid from those funds. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance certain South Bossier Parish Fire District No. 2 expenses. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in reconciliation at the bottom of the fund financial statements.

THE SOUTH BOSSIER PARISH FIRE DISTRICT NO. 2 AS A WHOLE

The South Bossier Parish Fire District No. 2's total net position changed from a year ago, decreasing from \$2,755,314 to \$2,481,672. Our analysis below will focus on key elements of the total governmental funds for the December 31, 2020 and 2019 years.

Table 1
Net Position

	<u>Governmental Activities</u>	
	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 3,765,489	\$ 3,795,387
Capital assets	<u>2,105,440</u>	<u>2,272,012</u>
Total assets	<u>5,870,929</u>	<u>6,067,399</u>
Deferred outflows of resources	<u>518,979</u>	<u>426,482</u>
Total liabilities	<u>2,032,773</u>	<u>1,875,369</u>
Deferred inflows of resources	<u>1,875,463</u>	<u>1,863,198</u>
Net position:		
Investments in capital assets, net of related debt	2,105,440	2,272,012
Unrestricted	<u>376,232</u>	<u>483,302</u>
Total net position	<u>\$ 2,481,672</u>	<u>\$ 2,755,314</u>

Net position of the South Bossier Parish Fire District No. 2's governmental activities decreased by \$273,642 or 10% as shown above. Unrestricted net position, the part of net position that can be used to finance South Bossier Parish Fire District No. 2's expenses without constraints or other legal requirements totaled \$483,302, at December 31, 2019, compared to \$376,232 at December 31, 2020.

Table 2
Change in Net Position

	Governmental Activities	
	2020	2019
Revenues		
Operating grants and contributions	\$ 156,765	\$ 80,806
General Revenues		
Ad valorem taxes	1,547,415	1,571,765
Intergovernmental	30,845	30,884
Interest income	49,681	100,208
Miscellaneous	3,348	3,987
Total revenues	<u>1,788,054</u>	<u>1,787,650</u>
Expenses		
Public safety - fire protection	<u>2,061,696</u>	<u>1,950,925</u>
Increases (decrease) in net position	<u>\$ (273,642)</u>	<u>\$ (163,275)</u>

Total revenues remained consistent compared to 2019. The District has total revenues in the year ended December 31, 2019 of \$1,787,650 to total revenues of \$1,788,054 in the year ended December 31, 2020.

THE DISTRICT'S FUNDS

As the District completed the year, its governmental fund (as presented in the balance sheet on page 11) reported a fund balance of \$2,056,618, which is less than last year's fund balance of \$2,115,480.

General Fund Budgetary Highlights

The District adopted a budget for its General Fund for the year ended December 31, 2020. There was one amendment to the budget during the year. The District's budgetary comparison is presented as required supplementary information and shown on page 32. Highlights for the year are as follows:

- Revenues received were in line with budgeted revenues.
- Expenditures were slightly lower than anticipated due to less than anticipated capital outlay expenditures.

The District's General Fund balance of \$2,056,618 reported on page 12 differs from the General Fund's *budgetary* fund balance of \$2,148,697 reported in the budgetary comparison schedule on page 32. This is primarily due to the District budgeting on the cash basis of accounting.

CAPITAL ASSETS

At the end of December 31, 2020 and 2019, the South Bossier Parish Fire District No. 2 had invested \$2,105,440 and \$2,272,012, respectively, in capital assets. (see table 3 below)

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

	Governmental Activities	
	2020	2019
Land	\$ 38,130	\$ 38,130
Construction in process		
Idle Assets		
Buildings	783,035	845,849
Equipment	96,226	29,628
Vehicle	1,188,049	1,358,405
Total	<u>\$ 2,105,440</u>	<u>\$ 2,272,012</u>

This year's major additions included:

Vehicles	\$	\$ 95,683
Equipment	77,937	
Total	<u>\$ 77,937</u>	<u>\$ 95,683</u>

More detail information about the capital assets are presented in Note 9 to the financial statements.

DEBT

At the end of 2020 and 2019, South Bossier Parish Fire District No. 2 had \$1,933,833 and \$1,772,634, respectively, in long-term liabilities consisting of the District's proportionate share of the net pension liability.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The South Bossier Parish Fire District No. 2's management considered many factors when setting a fiscal year December 31, 2021 budget. Revenues are expected to be substantially the same as 2020. Operating expenditures are expected to be substantially the same as 2020. It is anticipated that management will consider and monitor the economic uncertainties of COVID-19 and the impact on available financial resources.

CONTACTING THE FIRE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances for those funds maintained by the South Bossier Parish Fire District No. 2 and to show the South Bossier Parish Fire District No. 2's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the South Bossier Parish Fire District No. 2, 3551 Highway 527, Elm Grove, LA 71051.

South Bossier Parish Fire District No. 2
Elm Grove, Louisiana
Statement of Net Position
December 31, 2020

	Governmental Activities
<hr/>	
ASSETS	
Cash	\$ 129,881
Investments	2,037,616
Accounts receivable - ad valorem taxes	1,592,626
Prepaid insurance	5,366
Capital assets	
Depreciable (net)	2,067,310
Non-depreciable	<u>38,130</u>
Total assets	<u>5,870,929</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	<u>518,979</u>
LIABILITIES	
Accounts payable	52,907
Accrued expenses	46,033
Long-term liabilities:	
Due in more than one year	<u>1,933,833</u>
Total liabilities	<u>2,032,773</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue	
Ad valorem taxes	1,604,565
Pension related	<u>270,898</u>
Total deferred inflows of resources	<u>1,875,463</u>
NET POSITION	
Investment in capital assets	2,105,440
Unrestricted	<u>376,232</u>
Total net position	<u><u>\$ 2,481,672</u></u>

See accompanying notes to the basic financial statements.

South Bossier Parish Fire District No. 2
Elm Grove, Louisiana
Statement of Activities
For the Year Ended December 31, 2020

	<u>Governmental Activities</u>
Expenses:	
General government	\$ 49,697
Public safety - fire protection	<u>2,011,999</u>
Total expenses	2,061,696
Program revenues:	
Operating grants and contributions	<u>156,765</u>
Net program expenses	(1,904,931)
General revenues:	
Ad valorem taxes	1,547,415
Intergovernmental - fire insurance rebate	30,845
Interest and dividends	49,681
Miscellaneous	<u>3,348</u>
Total general revenues	<u>1,631,289</u>
Change in net position	(273,642)
Net position - beginning	<u>2,755,314</u>
Net position - ending	<u><u>\$ 2,481,672</u></u>

See accompanying notes to the basic financial statements.

South Bossier Parish Fire District No. 2
Elm Grove, Louisiana
Balance Sheet
Governmental Fund
December 31, 2020

	General Fund
Assets	
Cash	\$ 129,881
Investments	2,037,616
Accounts receivable - ad valorem taxes	1,592,626
Total assets	<u>\$ 3,760,123</u>
Liabilities	
Accounts payable	\$ 52,907
Accrued expenses	46,033
Total liabilities	<u>98,940</u>
Deferred inflows of resources	
Unavailable revenue	
Ad valorem taxes	1,604,565
Total deferred inflows of resources	<u>1,604,565</u>
Fund balances	
Committed	
Station construction	190,000
Unassigned	1,866,618
Total fund balances	<u>2,056,618</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,105,440
Other long-term assets and other amounts are not available to pay for current-period expenditures and therefore are not available in the governmental funds.	
Deferred outflows - pension related	518,979
The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources.	5,366
Long-term liabilities and other amounts are not due and payable in the current period and therefore are not reported in the funds.	
Net pension liability	(1,933,833)
Deferred inflows - pension related	<u>(270,898)</u>
Net position of governmental activities	<u>\$ 2,481,672</u>

See accompanying notes to the basic financial statements.

South Bossier Parish Fire District No. 2
 Elm Grove, Louisiana
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Fund
 For the Year Ended December 31, 2020

	General Fund
Revenues	
Ad valorem taxes	\$ 1,547,415
Intergovernmental	109,443
Miscellaneous	3,348
Interest and dividends	<u>49,681</u>
Total revenues	<u>1,709,887</u>
Expenditures	
Current:	
General government	49,697
Public safety	1,641,115
Capital Outlay	<u>77,937</u>
Total expenditures	<u>1,768,749</u>
Excess of revenues over (under) expenditures	(58,862)
Fund balances at beginning of year	<u>2,115,480</u>
Fund balances at end of year	<u><u>\$ 2,056,618</u></u>

See accompanying notes to the basic financial statements.

South Bossier Parish Fire District No. 2
Elm Grove, Louisiana
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of the Governmental Fund to the Statement of Activities
For the Year Ended December 31, 2020

Net change in fund balances - total governmental fund	\$ (58,862)
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Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$244,509) exceeded capital outlay (\$77,937) in the current period.	(166,572)
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Pension expense	(126,375)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Non-employer contributions to cost-sharing pension plan	<u>78,167</u>
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Change in net position of governmental activities	<u>\$ (273,642)</u>
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See accompanying notes to the basic financial statements.

South Bossier Parish Fire District No. 2
Elm Grove, Louisiana
Notes to Financial Statements
December 31, 2020

INTRODUCTION

The South Bossier Parish Fire District No. 2 (the District) was created by the Bossier Parish Police Jury, as authorized by Louisiana Revised Statute 40:1492, on June 11, 1985 by ordinance number 1113. The district is governed by a five member board of commissioners appointed by the Bossier Parish Police Jury. The Board of Commissioners received no compensation during 2020. The district is responsible for maintaining and operating fire stations and equipment and providing fire protection within the boundaries of the district.

(1) Summary of Significant Accounting Policies

The South Bossier Parish Fire District No. 2's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the South Bossier Parish Fire District No. 2 is discussed below.

A. Reporting Entity

The district is a component unit of the Bossier Parish Police Jury, the financial reporting entity. The police jury is financially accountable for the district because it appoints or ratifies a voting majority of the board and has the ability to impose its will on them.

The accompanying financial statements present information only on the funds maintained by the district and do not present information on the Bossier Parish Police Jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

B. Basic Financial Statements – Government-Wide Statements

The South Bossier Parish Fire District No. 2's basic financial statements include both government-wide (reporting the funds maintained by the South Bossier Parish Fire District No. 2 as a whole) and fund financial statements (reporting the South Bossier Parish Fire District No. 2's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The South Bossier Parish Fire District No. 2's general fund is classified as governmental activities. The South Bossier Parish Fire District No. 2 does not have any business-type activities.

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables. The South Bossier Parish Fire District No. 2's net position is reported in two parts – investment in capital assets and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the South Bossier Parish Fire District No. 2's functions. The functions are supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by any related program revenues, which must be directly associated with the function. The District has program revenues consisting of operating grants and contributions – non-employer contributions to cost-sharing pension plan and other grant income.

(Continued)

South Bossier Parish Fire District No. 2
Elm Grove, Louisiana
Notes to Financial Statements
December 31, 2020
(Continued)

This government-wide focus is more on the sustainability of the South Bossier Parish Fire District No. 2 as an entity and the change in the South Bossier Parish Fire District No. 2's net position resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the South Bossier Parish Fire District No. 2 are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the South Bossier Parish Fire District No. 2:

Governmental Funds – the focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the South Bossier Parish Fire District No. 2:

- a. General fund is the general operating fund of the South Bossier Parish Fire District No. 2. It is used to account for all financial resources except those required to be accounted for in another fund.

The emphasis in fund financial statements is on the major funds in the governmental category. GASB sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The district's general fund was determined to be a major fund.

D. Basis of Accounting

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

1. Accrual:

The governmental funds in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Revenues of the South Bossier Parish Fire District No. 2 consist principally of property taxes, other intergovernmental revenues, donations, and interest income. Property taxes are recorded in the year for which the taxes are levied and budgeted. Property taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The 2020 tax levy is intended to fund the 2021 fiscal year; therefore, the levy has been recorded as a receivable and deferred inflows of resources. The taxes are generally collected in December of the current year and January and February of the ensuing year.

(Continued)

South Bossier Parish Fire District No. 2
Elm Grove, Louisiana
Notes to Financial Statements
December 31, 2020
(Continued)

Interest income is recorded when earned. Donations and other intergovernmental revenues are recorded when received in cash because they are generally not measurable until actually received.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual: i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this rule is that principal and interest on general obligation long-term debt, if any, is recognized when due. Depreciation is not recognized in the governmental fund financial statements.

E. Budgets

The district uses the following budget practices:

1. A preliminary budget for the ensuing year is prepared by the Fire Chief and Officers of the District prior to December 31 of each year and is made available for public inspection at least fifteen days prior to the beginning of each fiscal year.
2. After completion of all action necessary to finalize and implement the budget, the budget is adopted by the Board of Commissioners.
3. All budgetary appropriations lapse at the end of each fiscal year.
4. The budget is established and controlled by the board of commissioners at the object level of expenditure. All changes in the budget must be approved by the board.
5. The budget is adopted on a cash basis for the general fund. There was one amendment to the 2020 budget, which are reflected in the accompanying budgetary financial statements.

F. Cash, Cash Equivalents, and Investments

Cash includes amounts in petty cash, interest-bearing demand deposits, and money market accounts.

Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the district may deposit funds in demand deposits, interest-bearing demand deposits, or money market accounts with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are carried at cost, which approximates market.

(Continued)

South Bossier Parish Fire District No. 2
Elm Grove, Louisiana
Notes to Financial Statements
December 31, 2020
(Continued)

G. Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	25 years
Vehicles	15 years
Equipment	3 – 25 years

H. Compensated Absences

The district has the following policy relating to vacation and sick leave:

Full-time employees of the district earn 10 days of vacation leave each year. The administrative employees can carryover two days of leave and the firefighters can carryover two shifts of leave into the next year. The cost of leave privileges, computed in accordance with the above policy, is recognized as current-year expenditure within the various funds when leave is actually taken.

I. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

J. Deferred Inflows / Outflows of Resources

The District's governmental activities and governmental funds report a separate section for deferred inflows of resources. This separate financial statement element *deferred inflows of resources* represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The item, unavailable revenue, is reported in the governmental funds balance sheet and statement of net position. The District reports unavailable revenue from property taxes. On the government-wide statement of net position, the District also reports deferred inflows of resources from pension-related amounts. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available or the period for which they are levied and budgeted.

(Continued)

South Bossier Parish Fire District No. 2
Elm Grove, Louisiana
Notes to Financial Statements
December 31, 2020
(Continued)

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has deferred outflows of resources related to pensions reported in the government-wide statement of net position.

K. Net Position

Government-wide net position is divided into two components: Net investment in capital assets consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets. All other net position is reported as unrestricted net position. When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the district's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

L. Fund Balance

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

1. Nonspendable - amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.
2. Restricted - amounts that can be spent only for specific purposes due to constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
3. Committed - amounts that can be used only for the specific purposes as a result of constraints imposed by the board of commissioners (the district's highest level of decision making authority). Committed amounts cannot be used for any other purpose unless the board of commissioners remove those constraints by taking the same type of action (i.e. legislation, resolution, ordinance).
4. Assigned - amounts that are constrained by the district's intent to be used for specific purposes, but are neither restricted nor committed.
5. Unassigned - all amounts not included in other spendable classifications

The district's policy is to apply expenditures against restricted fund balance and then to other, less-restrictive classifications - committed and then assigned fund balances before using unassigned fund balances.

(Continued)

South Bossier Parish Fire District No. 2
Elm Grove, Louisiana
Notes to Financial Statements
December 31, 2020
(Continued)

The calculation of fund balance amounts begins with the determination of nonspendable fund balances. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purpose amounts exceeds the positive fund balance for the non-general fund.

M. Fair Value Measurements

Generally accepted accounting principles require disclosure to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 inputs – The valuation is based on quoted market prices for identical assets or liabilities traded in active markets;

Level 2 inputs – The valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active, and inputs other than quoted prices that are observable for the asset or liability;

Level 3 inputs – The valuation is determined by using the best information available under the circumstances and might include the government's own data but should adjust those data if (a) reasonably available information indicates that other market participants would use different data or (b) there is something particular to the government that is not available to other market participants.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on lowest level of any input that is significant to the fair value measurement.

N. Pension Plan

The District is a participating employer in a cost-sharing, multiple-employer, defined benefit pension plans as described in Note 4. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each of the plans, and additions to/deductions for the plans fiduciary net position, have been determined on the same basis as they are reported by the plan.

(2) Levied Taxes

The following is a summary of authorized and levied ad valorem taxes:

	Authorized Millage	Levied Millage	Expiration Date
Operating	14.59	14.59	2027

(Continued)

South Bossier Parish Fire District No. 2
Elm Grove, Louisiana
Notes to Financial Statements
December 31, 2020
(Continued)

(3) Cash, Cash Equivalents and Investments

At December 31, 2020, the District has cash, cash equivalents and investments (book balances) totaling \$2,167,497 as detailed below:

A. Cash and Cash Equivalents

Cash and cash equivalents at December 31, 2020 (book balances) totaled \$129,881. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

B. Investments

At December 31, 2020, the District had investments totaling \$2,037,616 consisting of certificates of deposits with initial maturities greater than 90 days. The certificates of deposits are carried at cost, which approximates market. The investments are presented in the financial statements at fair value using level 2 fair value measure.

C. Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of December 31, 2020, \$1,787,616 of the District's bank balances totaling \$2,187,999 were exposed to custodial credit risk as follows:

Uninsured and collateral held by the pledging bank's
trust department not in the District's name:

Investments	<u>\$ 1,787,616</u>
-------------	---------------------

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, as amended by GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the clerk that the fiscal agent has failed to pay deposited funds upon demand.

(Continued)

South Bossier Parish Fire District No. 2
Elm Grove, Louisiana
Notes to Financial Statements
December 31, 2020
(Continued)

(4) Pension Plan

The District participates in the State of Louisiana Firefighters' Retirement System (System), a cost-sharing multiple-employer defined benefit pension plan established by Act 434 of 1979 to provide retirement, disability and survivor benefits to firefighters in Louisiana.

PLAN DESCRIPTION

Benefit provisions are authorized within Act 434 of 1979 and amended by LRS 11:2251-11:2272. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Eligibility Requirements

Any person who becomes an employee as defined in RS 11:2252 on and after January 1, 1980 shall become a member as a condition of employment. Membership in the System is a condition of employment for any full-time firefighters who earn at least \$375 per month and are employed by any municipality, parish, or fire protection district of the State of Louisiana in addition to employees of the Firefighters' Retirement System.

No person who has attained age fifty or over shall become a member of the System, unless the person becomes a member by reason of a merger or unless the System received an application for membership before the applicant attained the age of fifty. No person who has not attained the age of eighteen years shall become a member of the System.

Any person who has retired from service under any retirement system or pension fund maintained basically for public officers and employees of the state, its agencies or political subdivisions, and who is receiving retirement benefits therefrom may become a member of this System, provided the person meets all other requirements for membership. Service credit from the retirement system or pension plan from which the member is retired shall not be used for reciprocal recognition of service with this System, or for any other purpose in order to attain eligibility or increase the amount of service credit in this System.

Retirement Benefits

Employees with 20 or more years of service who have attained age 50, or employees who have 12 years of service who have attained age 55, or 25 years or service at any age are entitled to annual pension benefits equal to 3.333% of their average final compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 100%. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity.

If employees terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to their employer's contributions.

Benefits are payable over the employees' lives in the form of a monthly annuity. An employee may elect an unreduced benefit or any of seven options at retirement.

See R.S. 11:2256(A) for additional details on retirement benefits.

(Continued)

South Bossier Parish Fire District No. 2
Elm Grove, Louisiana
Notes to Financial Statements
December 31, 2020
(Continued)

Disability Benefits

A member who acquires a disability, and who files for disability benefits while in service, and who upon medical examination and certification as provided for in Title 11, is found to have a total disability solely as the result of injuries sustained in the performance of his official duties, or for any cause, provided the member has at least five years of creditable service and provided that the disability was incurred while the member was an active contributing member in active service, shall be entitled to disability benefits under the provisions of R.S. 11:2258(B).

Death Benefits

Benefits shall be payable to the surviving eligible spouse or designated beneficiary of a deceased member as specified in R.S. 11:2256(B) and (C).

Deferred Retirement Option Plan

After completing 20 years of creditable service and age 50 or 25 years at any age, a member may elect to participate in the deferred retirement option plan (DROP) for up to 36 months. Upon commencement of participation in the deferred retirement option plan, employer and employee contributions to the System cease.

The monthly retirement benefit that would have been payable is paid into the deferred retirement option plan account. Upon termination of employment, a participant in the program has several options to receive their DROP benefit. A member may (1) elect to roll over all or a portion of their DROP balance into another eligible qualified plan, (2) receive a lump-sum payment from the account, (3) receive single withdrawals at the discretion of the member, (4) receive monthly or annual withdrawals, or (5) receive an annuity based on the deferred retirement option plan account balance. These withdrawals are in addition to his regular monthly benefit.

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

Initial Benefit Option Plan

Effective June 16, 1999, members eligible to retire and who do not choose to participate in DROP may elect to receive, at the time of retirement, an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. Such amounts may be withdrawn or remain in the IBO account earning interest at the same rate as the DROP account.

Cost of Living Adjustments (COLAs)

Under the provisions of R.S. 11:246 and 11:2260(A)(7), the board of trustees is authorized to grant retired members and widows of members who have retired an annual cost of living increase of up to 3% of their current benefit, and all retired members and widows who are 65 years of age and older a 2% cost of living increase in their original benefit.

CONTRIBUTIONS

Contribution requirements for employers, non-employer contributing entities, and employees are established and may be amended in accordance with Title 11 and Title 22 of the Louisiana Revised Statutes.

(Continued)

South Bossier Parish Fire District No. 2
Elm Grove, Louisiana
Notes to Financial Statements
December 31, 2020
(Continued)

Employer and Employee Contributions

According to State statute, employer contributions are actuarially determined each year. For the year ended June 30, 2020, employer and employee contributions for members above the poverty line were 27.75% and 10.0%, respectively. The employer and employee contribution rates for those members below the poverty line were 29.75% and 8.0%, respectively. The District's contributions to the System for the years ended December 31, 2020, 2019, and 2018 were \$216,722, \$183,749, and \$194,412, respectively. Included in accrued expenses at December 31, 2020 are contributions for the month of December 2020 totaling \$19,684.

Non-employer contributions

According to state statute, the System also receives insurance premium tax funds from the state of Louisiana. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue during the year ended June 30, 2020 and were excluded from pension expense. Non-employer contributions received by the System and attributable to the District during the year ended June 30, 2020 were \$78,167.

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

At December 31, 2020, the District reported a liability of \$1,933,833 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the historical employer contributions. The employer's proportion was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The allocation percentages were used in calculating each employer's proportionate share of the pension amounts.

The allocation method used in determining each employer's proportion was based on the combined contributions to the System during the year ended June 30, 2020 as compared to the total of all combined contributions to the System during the fiscal year ended June 30, 2020. At June 30, 2020, the District's proportion was .27899%, which was a decrease of .00409% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the District recognized pension expense of \$343,610, plus employer's amortization of change in proportionate share and the difference between employer contributions and proportionate share of contributions, (1,318).

At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(Continued)

South Bossier Parish Fire District No. 2
Elm Grove, Louisiana
Notes to Financial Statements
December 31, 2020
(Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$	\$ 123,726
Changes of assumptions	186,941	
Net difference between projected and actual earnings on pension plan investments	212,966	
Changes in proportion and differences between employer contributions and proportionate share of contributions	304	147,172
Employer contributions subsequent to the measurement Date	<u>118,768</u>	
Total	<u>\$ 518,979</u>	<u>\$ 270,898</u>

The District reported a total of \$118,768 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2020, which will be recognized as a reduction in net pension liability in the year ended December 31, 2021.

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

<u>Year</u>	<u>Amount</u>
2021	\$ (2,746)
2022	51,412
2023	50,083
2024	34,834
2025	(5,289)
2026	<u>1,019</u>
Total	<u>\$ 129,313</u>

ACTUARIAL METHODS AND ASSUMPTIONS

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

For each year, the actuary determines the reasonable range of the actuarial valuation interest rate, an expected long-term portfolio rate of return and standard deviation based upon the System's target asset allocation and a thirty-year time horizon. These rates were based on an analysis of the System's portfolio along with expected long-term rates of return, standard deviations of return, and correlations between asset classes collected from a number of investment consulting firms in addition to the System's investment consultant, NEPC, L.L.C. Using these values and assuming that future portfolio returns are normally distributed, ten thousand trials of returns over the upcoming thirty years was performed. The results of these trials were organized into percentiles and a

(Continued)

South Bossier Parish Fire District No. 2
 Elm Grove, Louisiana
 Notes to Financial Statements
 December 31, 2020
 (Continued)

reasonable range equal to the 40th through 60th percentiles was set. For the fiscal year ended June 30, 2020, the reasonable range was set at 5.99% through 7.06% and the Board of Trustees elected to set the System's assumed rate of return at 7.00% for Fiscal 2020. For the fiscal year ended June 30, 2019, the reasonable range was set at 6.20% through 7.15% and the Board of Trustees elected to set the System's assumed rate of return at 7.15% for Fiscal 2019. The actuarial valuation interest rates selected by the board, which were within the reasonable range, were 7.00% and 7.15% for fiscal years 2020 and 2019, respectively.

The remaining actuarial assumptions utilized for this report for fiscal year 2020 are based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019, unless otherwise specified in this report. The assumptions in the report for fiscal year 2019 were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014. Additional details are given in the actuary's complete Experience Reports for each period. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2020, are as follows:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal Cost
Estimated Remaining Service Life	7 years, closed period
Investment Rate of Return	7.00% per annum (net of investment expenses, including inflation) (decreased from 7.15% in 2019)
Inflation Rate	2.50% per annum
Salary increases	14.10% in the first two years of service and 5.20% with 3 or more years of service; includes inflation and merit increases (in 2019, salary increases ranged from 14.75% in the first two years of service to 4.50% with 25 or more years of service)
Cost of Living Adjustments	Only those previously granted

The mortality rate assumptions were updated in fiscal year 2020 to reflect changes from the recent experience study and rates set in the Pub-2010 Public Retirement Plans mortality tables, as compared to the RP-2000 Combined Healthy and Disabled Lives tables that were used for the previous valuation. For the June 30, 2020 valuation, assumptions for mortality rates were based on the following:

(Continued)

South Bossier Parish Fire District No. 2
Elm Grove, Louisiana
Notes to Financial Statements
December 31, 2020
(Continued)

- For active members, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees.
- For annuitants and beneficiaries, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees.
- For disabled retirees, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees.
- In all cases the base table was multiplied by 105% for males and 115% for females, each with full generational projection using the appropriate MP2019 scale.

The estimated long-term expected rate of return on pension plan investments was determined by the System's actuary using the System's target asset allocation and the G.S. Curran & Company Consultant Average study for 2020. The consultants' average study included projected nominal rates of return, standard deviations of returns, and correlations of returns for a list of common asset classes collected from a number of investment consultants and investment management firms. Each consultant's response included nominal expected long term rates of return. In order to arrive at long term expected arithmetic real rates of return, the actuary normalized the data received from the consultant's responses in the following ways. Where nominal returns received were arithmetic, the actuary simply reduced the return assumption by the long term inflation assumption. Where nominal returns were geometric, the actuary converted the return to arithmetic by adjusting for the long term standard deviation and then reduced the assumption by the long term inflation assumption. Using the target asset allocation for the System and the average values for expected real rates of return, standard deviation of returns, and correlation of returns, arithmetic expected nominal rate of return and standard deviation for the portfolio was determined. The System's long-term assumed rate of inflation of 2.50% was used in this process for the fiscal year ended June 30, 2020.

The long-term expected real rate of return is an important input into the actuary's determination of the reasonable range for the discount rate which is used in determining the total pension liability. Prior year's financial reports presented the long-term expected real rate of return provided by the System's investment consultant, whereas this year's report presents this information for both fiscal years 2020 and 2019 from the System's actuary. The actuary's method incorporates information from multiple consultants and investments firms regarding future expected rates of return, variances, and correlation coefficients for each asset class. The actuary's method integrates data from multiple sources to produce average values thereby reducing reliance on a single data source.

Best estimates of arithmetic real rates of return for each major class included in the System's target asset allocation as of June 30, 2020, and June 30, 2019, are summarized in the following tables:

(Continued)

South Bossier Parish Fire District No. 2
Elm Grove, Louisiana
Notes to Financial Statements
December 31, 2020
(Continued)

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rates of Return</u>
Fixed income	31%	4.40%
Equity		
US Equity	26.00%	5.72%
Non-US Equity	12.00%	6.24%
Global Equity	10.00%	6.23%
Emerging Market Equity	6.00%	8.61%
Alternatives		
Real Estate	6%	4.20%
Private Equity	9%	10.29%
Totals	<u>100%</u>	

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates, and that contributions from participating employers and non-employer contributing entities will be made at the actuarially-determined rates approved by the Board of Trustees and by the Public Retirement Systems' Actuarial Committee taking into consideration the recommendation of the System's actuary. Based on these assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

SENSITIVITY TO CHANGES IN DISCOUNT RATE

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.00%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.00% or one percentage point higher 8.00% than the current rate as of June 30, 2020.

	<u>Changes in Discount Rate</u>		
	1%	Current	1%
	Decrease	Discount	Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Net Pension Liability	\$ 2,793,403	\$1,933,833	\$ 1,216,346

CHANGE IN NET PENSION LIABILITY

The changes in the net pension liability for the year ended June 30, 2020 were recognized in the current reporting period as pension expense except as follows:

(Continued)

South Bossier Parish Fire District No. 2
Elm Grove, Louisiana
Notes to Financial Statements
December 31, 2020
(Continued)

Differences between Expected and Actual Experience:

The differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized as pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

Differences between Projected and Actual Investment Earnings:

The differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period.

Changes of Assumptions:

The changes of assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

Change in Proportion:

Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan.

PLAN FIDUCIARY NET POSITION

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's plan fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily related to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated amounts. The Plan's fiduciary net position has been determined on the same basis as that used by the plan. Detailed information about the fiduciary net position is available in a stand-alone audit report on their financial statements for the year ended June 30, 2020. Access to these reports can be found on the Louisiana Legislative Auditor's website, www.la.la.gov.

RETIREMENT SYSTEM AUDIT REPORT

Firefighters' Retirement System issued a stand-alone audit report on its financial statements for the year ended June 30, 2020. Access to the audit report can be found on the System's website: www.lafirefightersret.com or on the Office of Louisiana Legislative Auditor's official website: www.la.la.gov.

(Continued)

South Bossier Parish Fire District No. 2
Elm Grove, Louisiana
Notes to Financial Statements
December 31, 2020
(Continued)

(5) Leases

For the year ended December 31, 2020, the district had an operating lease for equipment utilized by the district. Lease payments on this lease for the year ended December 31, 2020 were \$1,824. The minimum annual commitments under non-cancelable operating leases are as follows:

Year Ending December 31,

2021	1,626
2022	949
	<u>\$ 2,575</u>

(6) Accrued Expenses

Accrued expenses at December 31, 2020, consisted of the following:

Accrued payroll	\$ 20,599
Accrued leave	6,193
Payroll liabilities	19,241
	<u>\$ 46,033</u>

(7) Long-term Liabilities

Long-term liability activity for the year ended December 31, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Net pension liability	<u>\$ 1,772,634</u>	<u>\$ 161,199</u>	<u>\$</u>	<u>\$ 1,933,833</u>	<u>\$</u>
Total long-term liabilities, governmental activities	<u>\$ 1,772,634</u>	<u>\$ 161,199</u>	<u>\$</u>	<u>\$ 1,933,833</u>	<u>\$</u>

(8) Risk Management

The District purchases commercial insurance to provide workers compensation coverage and general liability and property insurance. There were no significant reductions in insurance coverage from the prior year.

(Continued)

South Bossier Parish Fire District No. 2
Elm Grove, Louisiana
Notes to Financial Statements
December 31, 2020
(Continued)

(9) Capital Assets

Capital asset activity for the year ended December 31, 2020, was as follows:

	Balance at January 1, 2020	Additions	Deletions	Balance at December 31, 2020
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 38,130	\$	\$	\$ 38,130
Total capital assets, not being depreciated	<u>38,130</u>			<u>38,130</u>
Capital assets, being depreciated:				
Buildings	1,663,713			1,663,713
Equipment	462,643	77,937		540,580
Vehicles & improvements	3,306,146			3,306,146
Total capital assets, being depreciated, at historical cost	<u>5,432,502</u>	<u>77,937</u>		<u>5,510,439</u>
Less accumulated depreciation:				
Buildings	(817,864)	(62,814)		(880,678)
Equipment	(433,015)	(11,339)		(444,354)
Vehicles & improvements	(1,947,741)	(170,356)		(2,118,097)
Total accumulated depreciation	<u>(3,198,620)</u>	<u>(244,509)</u>		<u>(3,443,129)</u>
Total capital assets, being depreciated, net	<u>2,233,882</u>	<u>(166,572)</u>		<u>2,067,310</u>
Governmental activities capital assets, net	<u>\$ 2,272,012</u>	<u>\$ (166,572)</u>	<u>\$</u>	<u>\$ 2,105,440</u>

Depreciation expense for the year ended December 31, 2020 was \$244,509.

(Continued)

South Bossier Parish Fire District No. 2
Elm Grove, Louisiana
Notes to Financial Statements
December 31, 2020
(Continued)

(10) On-Behalf Payments

During the fiscal year ended December 31, 2020, qualified employees of the District received supplemental pay from the State of Louisiana. The District has recorded revenues and expenditures for these payments in the General Fund. Revenues under this arrangement totaled \$73,366 for the year ended December 31, 2020.

(11) Subsequent Events

In April 2021, The District approved the purchase of land for approximately \$32,500.

Subsequent events have been evaluated through June 25, 2021, the date the financial statements were available to be issued.

(12) Uncertainty

As a result of the COVID-19 Coronavirus, economic uncertainties have arisen which are likely to negatively impact financial resources. While the duration on the economic impact is expected to be temporary, there is considerable uncertainty around the duration. The related financial impact and duration cannot be reasonably estimated at this time.

South Bossier Parish Fire District No. 2
 Elm Grove, Louisiana
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance -
	Original	Final	(Budgetary Basis)	Favorable (Unfavorable)
Revenues				
Ad valorem taxes	\$ 1,500,000	\$ 1,484,923	\$ 1,484,923	\$
Intergovernmental-fire insurance rebate	30,000	30,844	30,844	
Donations and other income	3,000	40,687	40,687	
Grant		5,232	5,232	
Interest and dividends	10,000	11,545	12,342	797
Total revenues	1,543,000	1,573,231	1,574,028	797
Expenditures				
Current:				
Public Safety	1,513,000	1,571,562	1,576,267	(4,705)
Capital outlay	30,000	103,348	77,937	25,411
Total expenditures	1,543,000	1,674,910	1,654,204	20,706
Excess of revenues over (under) expenditures		(101,679)	(80,176)	21,503
Fund balances at beginning of year		101,679	2,228,873	2,127,194
Fund balances at end of year	\$	\$	\$ 2,148,697	\$ 2,148,697

See accompanying note to required supplementary information.

South Bossier Parish Fire District No. 2
Elm Grove, Louisiana
Notes to Required Supplementary Information
December 31, 2020

The District's budget is adopted on a cash basis for all funds except for certain payroll liabilities which are recorded when incurred. There was one amendment to the 2020 budget. Budget comparison statements included in the accompanying financial statements include the original and adopted budgets. The schedule below reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on the budget basis with GAAP basis:

	<u>General Fund</u>
Excess of revenues and other sources Over (under) expenditures and other uses (budget basis)	\$ (80,176)
Adjustments:	
Revenue accruals – net	135,857
Expenditure accruals – net	<u>(114,543)</u>
Excess of revenues and other sources Over (under) expenditures and other uses (GAAP basis)	<u>\$ (58,862)</u>

South Bossier Parish Fire District No. 2
Elm Grove, Louisiana
Schedule of Contributions
For the Year Ended December 31, 2020

State of Louisiana Firefighters' Retirement System

<u>Year Ended December 31</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in relation to the statutorily required contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered-employee payroll</u>	<u>Contributions as a percentage of covered-employee payroll</u>
2020	\$ 216,722	\$ 216,722	\$	\$ 721,259	30.05%
2019	183,749	183,749		677,281	27.13%
2018	194,412	194,412		733,631	26.50%
2017	180,461	180,461		697,349	25.88%
2016	185,563	185,563		706,833	26.25%

*Amounts presented were determined as of the end of the fiscal year (December 31).

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

South Bossier Parish Fire District No. 2
Elm Grove, Louisiana
Schedule of Proportionate Share of Net Pension Liability
For the Year Ended December 31, 2020

State of Louisiana Firefighters' Retirement System

<u>Year Ended June 30</u>	<u>Proportion of the net pension liability</u>	<u>Proportionate share of the net pension liability</u>	<u>Covered-employee payroll</u>	<u>Proportionate share of the net pension liability as a percentage of its covered-employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2020	0.27899%	\$ 1,933,833	\$ 694,578	278.42%	72.61%
2019	0.28308%	1,772,634	706,685	250.84%	73.96%
2018	0.29951%	1,722,816	713,092	241.60%	74.76%
2017	0.36480%	1,723,269	699,357	246.41%	73.55%
2016	0.32300%	2,112,732	681,304	310.10%	68.16%

*Amounts presented were determined as of the measurement date (fiscal year ended June 30).

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

South Bossier Parish Fire District No. 2
Elm Grove, Louisiana
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2020

Agency Head: Ryan Foster, Fire Chief

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 76,505
State supplemental pay	6,000
Benefits-insurance	6,329
Benefits-retirement	24,751
Membership dues	6
Uniforms	591

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Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed In Accordance With Government Auditing Standards

Independent Auditors' Report

Board of Commissioners
South Bossier Parish Fire District No. 2

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the South Bossier Parish Fire District No. 2 as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the South Bossier Parish Fire District No. 2's basic financial statements, and have issued our report thereon dated June 25, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the South Bossier Parish Fire District No. 2'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 South Bossier Parish Fire District No. 2's internal control. Accordingly, we do not express an opinion on the effectiveness of the South Bossier Parish Fire District No. 2's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether South Bossier Parish Fire District No. 2'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Cook & Morehart
Certified Public Accountants
June 25, 2021

South Bossier Parish Fire District No. 2
Elm Grove, Louisiana
Summary Schedule of Audit Findings
December 31, 2020

Summary Schedule of Prior Year Audit Findings

There were no findings for the prior year audit for the year ended December 31, 2019.

Corrective Action Plan for Current Year Audit Findings

There are no findings for the current year audit for the year ended December 31, 2020.