

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

Baton Rouge, Louisiana

Year Ended December 31, 2021

*Financial Statements
and Supplementary Information*

and

Agreed-Upon Procedures

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of East Side Fire Protection District No. 5 as of and for the year ended December 31, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of East Side Fire Protection District No. 5 as of December 31, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of East Side Fire Protection District No. 5 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about East Side Fire Protection District No. 5's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 East Side Fire Protection District No. 5's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are condition or events, considered in the aggregate, that raise substantial doubt about East Side Fire Protection District No. 5's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America., which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the East Side Fire Protection District No. 5's basic financial statements. The schedule of compensation, benefits, and other payments to agency head reported on page 44 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of compensation, benefits, and other payments to agency head reported on page 44 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits, and other payments to agency head on page 44 is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2023, on our consideration of East Side Fire Protection District No. 5's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering East Side Fire Protection District No. 5's internal control over financial reporting and compliance.

William D. Mercer, CPA (APAC)

Baton Rouge, Louisiana

August 15, 2023

William D. Mercer, APAC
CERTIFIED PUBLIC ACCOUNTANT

MEMBER OF:
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AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of East Side Fire Protection District No. 6, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise East Side Fire Protection District No. 5's basic financial statements, and have issued our report thereon dated August 15, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

William D. Mercer, CPA (APAC)

Baton Rouge, Louisiana
August 15, 2023

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

STATEMENT OF NET POSITION

December 31, 2021

ASSETS

Cash and equivalents	\$ 1,247,154
Due from other governmental units	2,510,140
Ad valorem taxes receivable	647,532
Fire protection service charges receivable	28,332
Other receivables	64
Capital assets:	
Non-depreciable	469,785
Depreciable, net of accumulated depreciation	<u>3,716,180</u>

TOTAL ASSETS \$ 8,619,187

DEFERRED OUTFLOWS OF RESOURCES

Related to net pension liability \$ 692,695

LIABILITIES

Accounts payable	\$ 20,861
Payroll withholdings and accruals	64,828
Current portion of long-term liabilities	<u>-</u>
Total Current Liabilities	<u>85,689</u>
Compensated absences payable	690,900
OPEB liability	5,082,518
Net pension liability	<u>2,846,641</u>
Total Long-Term Liabilities	<u>8,620,059</u>

TOTAL LIABILITIES \$ 8,705,748

DEFERRED INFLOWS OF RESOURCES

Related to net pension liability \$ 484,627

NET POSITION:

Investment in capital assets	\$ 4,185,965
Unrestricted	<u>(4,064,458)</u>

TOTAL NET POSITION \$ 121,507

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

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

STATEMENT OF ACTIVITIES

Year Ended December 31, 2021

		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Revenues (Expenses)
Governmental activities:					
Public safety –fire protection	\$ 1,907,873	\$ 236,359	\$ 86,733	\$ -	\$(1,584,781)
Depreciation	<u>308,952</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(308,952)</u>
Total governmental activities	<u>2,216,825</u>	<u>236,359</u>	<u>86,733</u>	<u>-</u>	<u>(1,893,733)</u>
General revenues:					
Ad valorem taxes					3,066,408
Intergovernmental revenues:					
Fire insurance tax					63,998
Other					70,000
Interest income					12,963
Miscellaneous					<u>40,347</u>
Total General Revenues					<u>3,253,716</u>
Special items:					
Community Disaster Loan forgiveness					<u>573,363</u>

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

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

STATEMENT OF ACTIVITIES (continued)

Year Ended December 31, 2021

Change in net position	1,933,346
Net position, beginning of year, as restated (see Note O)	(<u>1,811,839</u>)
Net position, end of year	\$ <u><u>121,507</u></u>

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

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

BALANCE SHEET – GOVERNMENTAL FUND

December 31, 2021

ASSETS

Cash and equivalents	\$	1,247,154
Due from other governmental units		2,510,140
Revenue receivable:		
Ad valorem taxes, net of allowance for uncollectible taxes of \$ 35,974		647,532
Fire protection service charges, net of allowance for uncollectible uncollectible accounts of \$ 1,574		28,332
Other receivables		<u>64</u>
TOTAL ASSETS		<u>4,433,222</u>

LIABILITIES

Accounts payable		20,861
Payroll withholdings and accruals		<u>64,828</u>
TOTAL LIABILITIES		<u>85,689</u>

FUND EQUITY

Nonspendable		-
Unassigned		<u>4,347,533</u>
TOTAL FUND EQUITY	\$	<u>4,347,533</u>

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

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

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

December 31, 2021

Fund balances – Governmental Fund	\$	4,347,533
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund. These assets consist of:		
Costs of capital assets		8,535,273
Accumulated depreciation	(4,349,308)
Certain long-term assets are not reported in the fund financial statements because they are not available to pay certain period expenditures, but they are reported as a component of net position:		
Deferred outflows of resources – pension related		692,695
Long-term liabilities, including bonds payable, capital leases, and other long-term liabilities, are not due in the current period and therefore are not reported in the governmental activity in the fund:		
Compensated absences	(690,900)
OPEB liability	(5,082,518)
Net pension liability	(2,846,641)
Deferred inflows of resources – pension related	(<u>484,627</u>)
Net position of governmental entity	\$	<u><u>121,507</u></u>

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

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

Year Ended December 31, 2021

REVENUES:

Taxes:

Ad valorem taxes	\$ 3,066,408
Fire protection service fees	<u>236,359</u>
Total taxes	<u>3,302,767</u>

Intergovernmental revenues:

State fire insurance rebate	63,998
City-Parish General Fund	70,000
State of Louisiana	<u>86,733</u>
Total intergovernmental revenues	<u>220,731</u>

Miscellaneous revenue:

Interest earned	12,963
Miscellaneous revenue	<u>40,347</u>
Total miscellaneous revenue	<u>53,310</u>

Total Revenues 3,576,808

EXPENDITURES:

Current operations:

General government:

Legal and professional fees	<u>102,662</u>
Total general government	<u>102,662</u>

Public safety:

Dues	1,872
Employee benefits	904,665
Food	5,284
Insurance	64,758
Lien removals	275
Maintenance and repairs	95,790
Miscellaneous	15,630
Rent	10,016
Retirement costs – other	108,028
Salaries	1,508,144
Supplies	102,676

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

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

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

Year Ended December 31, 2021

Telephone	34,201
Training and travel	21,774
Utilities	<u>28,771</u>
Total public safety	<u>2,901,884</u>
Capital outlay:	
Building upgrades	51,640
Firefighting equipment	<u>20,205</u>
Total capital outlay	<u>71,845</u>
Debt service:	
Principal retirement	-
Interest expense	<u>-</u>
Total debt service	<u>-</u>
Total Expenditures	<u>3,076,391</u>
Excess (deficiency) of revenues over expenditures	<u>500,417</u>
OTHER FINANCING SOURCES (USES):	
Proceeds from sale of assets	-
Operating and capital grants received	<u>-</u>
Total other financing sources (uses)	<u>-</u>
Net change in fund balance	500,417
FUND BALANCE, beginning of year	<u>3,847,116</u>
FUND BALANCE, end of year	\$ <u><u>4,347,533</u></u>

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

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

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

Year Ended December 31, 2021

Net change in fund balance – governmental fund	\$	500,417
<p>Amounts reported for governmental activity in the statement of activities is different because:</p>		
<p>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.</p>		
Capital outlay		71,845
Depreciation expense	(308,952)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has an effect on net position.</p>		
Loan proceeds		-
Principal payments		-
<p>Forgiveness of debt has no effect on financial resources of governmental funds, but is reported as other revenues in the statement of activities.</p>		
Loan forgiveness		573,363
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Increase in compensated absences payable	(171,625)
Change in OPEB liability		1,326,233
Pension expense	(<u>57,935)</u>
Change in net position of governmental activity	\$	<u><u>1,933,346</u></u>

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Reporting Entity

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

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

Basic Financial Statements – Government-Wide Statements

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basic Financial Statements – Fund Financial Statements

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

Governmental Funds

General Fund

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

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

Basis of Accounting

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

Accrual:

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

Modified Accrual:

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

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

Budget Practices

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

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

Cash and Cash Equivalents

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

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

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

Compensated Absences

Each eligible full time-employee receives sick leave, based on the employee’s years of service, ranging from 96 to 192 hours per year. Employees hired after November 2006 may only carryover a maximum of 960 hours of sick leave. Any accrued sick leave in excess of this amount that is not used will be forfeited on January 1 of the following year. No employee shall be paid for sick leave upon separate prior to fifteen years of continuous services. Should an employee separate for any reason prior to their vesting date, all unused sick leave shall be forfeited. At the time a vested employee separates from service for any reason, they may be paid for unused sick leave consistent with the retirement system to which they belong.

At December 31, 2021, employees of the District had accumulated and vested \$ 690,900 annual leave benefits that was computed in accordance with GASB Statement No. 16.

Encumbrances

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

Fund Equity

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Equity (continued)

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

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

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

The details of the fund balances are included in the Balance Sheet – Governmental Fund (page 12). As noted above, restricted funds are used first as appropriate. Assigned funds are reduced to the extent that expenditure authority has been budgeted by the District or the assignment has been changed by the District. Decreases in fund balance reduce first unassigned fund balance; in the event that unassigned fund balance becomes zero, then assigned and committed fund balances are used in that order.

NOTE B – CASH

At December 31, 2021, the District had cash and cash equivalents totaling as follows:

Cash in bank – checking	\$ <u>1,247,154</u>
-------------------------	---------------------

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

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2021, none of the District's deposits were exposed to custodial credit risk because all deposits were insured by FDIC insurance or collateralized by securities held by the Federal Reserve Bank in a three way custodial account.

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE C – PROPERTY TAXES

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

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

The 2021 property tax calendar is as follows:

Millage rates adopted	May 19, 2021
Levy date	December 1, 2021
Tax bills mailed	December 1, 2021
Due date	December 31, 2021
Lien date	January 1, 2022

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE D – FIRE PROTECTION SERVICE CHARGES

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

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

NOTE E – DUE FROM OTHER GOVERNMENTAL UNITS

The amounts due from other governmental units as of December 31, 2021, are as follows:

East Baton Rouge Parish Sheriff	\$ <u>2,510,140</u>
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EAST SIDE FIRE PROTECTION DISTRICT NO. 5
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE F – CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2021, follows:

	Balance, January 1, <u>2021</u>	<u>Additions</u>	<u>Deletions</u>	Balance, December 31, <u>2021</u>
Land	\$ 469,784	\$ -	\$ -	\$ 469,784
Buildings	3,923,354	51,640	-	3,974,994
Equipment	3,636,119	20,205	-	3,656,324
Furniture	35,624	-	-	35,624
Intangible assets	12,750	-	-	12,750
Vehicles	<u>385,797</u>	<u>-</u>	<u>-</u>	<u>385,797</u>
	8,463,428	71,845	-	8,535,273
Less accumulated depreciation	<u>4,040,356</u>	308,952	-	<u>4,349,308</u>
Capital assets, net	\$ <u>4,423,072</u>			\$ <u>4,185,965</u>

NOTE G – PENSION PLANS

Plan Description. The District contributes to the Firefighters’ Retirement System (FRS) and the City of Baton Rouge and Parish of East Baton Rouge Employees’ Retirement System (CPERS). The plans are cost-sharing, multiple-employer defined-benefit pension plans. The plans are administered by a board of trustees. The plans provide retirement benefits and annual cost-of-living adjustments to plan members and beneficiaries.

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE G – PENSION PLANS (continued)

Pension plan fiduciary net position – 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 report as follows:

FRS
3100 Brentwood Drive
Baton Rouge, Louisiana 70809
(225) 922-4060
www.ffret.com

CPERS
209 St. Ferdinand Street
Baton Rouge, Louisiana 70802
(225) 389-3272
www.brla.gov/264/RetirementSystem

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE G – 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 December 31, 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 year ended December 31, 2021, equaled \$ 457,157 for the Firefighters' Retirement System and \$ 83,455 for the City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System. These contributions equaled the required contribution for the year.

Pension Liabilities and Pension Expense

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 December 31, 2021, in accordance with GASB Statement No. 68. The schedule also includes the proportionate share allocation rate used at June 30, 2021 for FRS and December 31, 2020, for CPERS, 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 employees, actuarially determined.

	Measurement Date (MD)	Net Pension Liability at MD	Proportionate Rate at MD	Increase (Decrease) Compared to prior year MD
FRS	6/30/2021	\$ 2,113,721	0.30494%	(0.05391%)
CPERS	12/31/2020	732,920	0.12541%	0.12269%
Total		\$ 2,846,641		

EAST SIDE FIRE PROTECTION DISTRICT NO. 5

Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE G – PENSION PLANS (continued)

A summary of the actuarial methods and assumptions used in determining the total pension liability for each pension plan as of December 31, 2021, are as follows:

	FRS	CPERS
Valuation date	June 30, 2021	December 31, 2020
Actuarial cost method	Entry Age Normal Cost	Entry Age Normal Cost
Actuarial assumptions:		
Expected remaining service lives	7 years	5 years
Investment rate of return	6.9% (decrease from prior year of 7.00%)	7.00%
Inflation rate	2.50%	2.25%
Mortality	For active members, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees For annuitants and beneficiaries, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees For disabled retirees, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees In all cases the base table was multiplied by 105% for males and 115% for females, each with full generational projection using the appropriate MP2019 scale	Healthy – RP-2006 Blue Collar (employee for active and annuitant for inactive) projected back to 2001, Generational with MP 2018 (2016 base year) Disabled – RP-2006 Disability Table projected back to 2001, Generational with MP-2018 (2016 base year)
Salary increases	14.10% in first two years of service and 5.20% with 3 or more years of service; includes inflation and merit increases	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
Cost of living adjustments	For the purposes of determining the present value of benefits, COLAs were deemed not to be substantively automatic and only those previously granted were included	None

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE G – PENSION PLANS (continued)

Methods used by each of the retirement systems in determining the long-term rate of return on pension plan investments are as follows.

Firefighters' Retirement System

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 & 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 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 deviations 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 rate of return in January 2011, 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 investment 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.

City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System

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 rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

EAST SIDE FIRE PROTECTION DISTRICT NO. 5

Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE G – 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:

	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%	--
US 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 rates – The projection of cash flows used to determine the discount rate assumes 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.

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE G – PENSION PLANS (continued)

The following presents 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.

	<u>1% decrease</u>	<u>Current discount rate</u>	<u>1% increase</u>
FRS			
Rates	6.00%	7.00%	8.00%
District’s share of NPL	\$ 3,053,248	\$ 2,113,721	\$ 1,329,492
CPERS			
Rates	5.90%	6.90%	7.90%
District’s share of NPL	\$ 942,889	\$ 732,920	\$ 556,8772

NOTE H – LONG-TERM OBLIGATIONS

During 2017, the District borrowed funds under a Community Disaster Loan program administered by the U.S. Department of Homeland Security and the Federal Emergency Management Agency (FEMA). This loan is for the repair of facilities damaged by flooding in August 2016. This loan accrued interest at 2.0% annually until paid. The entire obligation, plus any accrued interest, was due in January 2022, unless the terms of the note were extended at the sole discretion of FEMA or canceled pursuant to Section 417 of the Stafford Disaster Relief and Emergency Assistance Act. This loan, plus accrued interest, was forgiven as a result of congressional action taken in October 2021.

The following is a summary of the long-term obligation transaction and balances during the year ended December 31, 2021:

	<u>Balance, January 1, 2021</u>	<u>Additions</u>	<u>Deductions/ repayments</u>	<u>Balance, December 31, 2021</u>
Compensated absences	\$ 519,275	\$ 171,625	\$ -	\$ 690,900
Community Disaster Loan	<u>535,853</u>	<u>-</u>	<u>535,853</u>	<u>-</u>
Totals	\$ <u>1,055,128</u>	\$ <u>171,625</u>	\$ <u>535,853</u>	\$ <u>690,900</u>

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE I – SUPPLEMENTAL PAY

The statement of activities reflects income and program expenses of \$ 86,733 for supplemental pay from the State of Louisiana paid directly to the covered employees. This amount was recorded in revenue and an offsetting expenditure was recorded in payroll and related expenses.

NOTE J – DEFERRED COMPENSATION PLAN

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

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

NOTE K – OTHER POST-EMPLOYMENT BENEFITS

Plan Description

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE K – OTHER POST-EMPLOYMENT BENEFITS (continued)

Funding Policy

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

Annual OPEB cost and net OPEB obligation

The District's total OPEB liability of \$ 5,082,518 was measured as of December 31, 2021, and was determined by an actuarial valuation date as of December 31, 2020.

Actuarial Assumptions

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

The individual entry age-actuarial cost method was used for the December 31, 2020 actuarial valuation. Because the District currently funds OPEB using a pay-as-you-go approach, the discount rate of 3.300% is based on the historical (and expected) investments that are expected to be used in financing the payment of benefits. The actuarial assumptions included a 2% investment rate of return, an inflation rate of 4.0%, and an annual medical cost trend rate of 4.7% initially, decreased to an ultimate rate of 4.2% after ten years. Life expectancies were based on the Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years. Turnover rates were based on standard turnover assumptions. The agency's unfunded actuarial accrued liability is being amortized using a level percentage of payroll with an amortization period of 20 years.

Changes in the Total OPEB Liability

Changes in the total OPEB liability for the year ended December 31, 2021, were as follows:

Balance, January 1, 2021	\$ 6,408,751
Service cost	45,870
Interest on OPEB liability	124,808
Effect of economic/demographic gains or losses	522,310
Effect of assumptions changes	(1,588,699)
Employer contributions	(430,522)
Balance, December 31, 2021	\$ <u>5,082,518</u>

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE K – OTHER POST-EMPLOYMENT BENEFITS (continued)

Total OPEB expense for the year ended December 31, 2020, was \$(895,710), and no deferred outflows of resources or deferred inflows of resources were recognized.

Sensitivity of OPEB liability

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point higher or one percentage point higher than the current discount rate:

	1% decrease	Current discount rate	1% increase
Rates	2.30%	3.30%	4.30%
District's share of OPEB liability	\$ 6,251,904	\$ 5,082,518	\$ 4,189,677
Change from baseline	\$ 1,169,386	\$ -	\$(892,841)

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

	1% decrease	Current trend rate	1% increase
District's share of OPEB liability	\$ 4,183,190	\$ 5,082,518	\$ 6,242,914
Change from baseline	\$(899,327)	\$ -	\$ 1,160,396

NOTE L – LEASE COMMITMENTS

Annual rental fees of fire hydrants totaled \$ 10,016 for the year ended December 31, 2021. The leasing of this equipment is mandated by the City-Parish of Baton Rouge in an agreement with the local water companies.

NOTE M – EVALUATION OF SUBSEQUENT EVENTS

Subsequent events were evaluated through August 15, 2023 which is the date the financial statements were available to be issued.

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE N – COMPENSATION PAID TO COMMISSION MEMBERS

The following is a list of commission members appointed for the year ended December 31, 2021. The commission members did not receive any compensation for their service on the board of East Side Fire Protection District No. 5 during the year ended December 31, 2021.

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

NOTE O – PRIOR PERIOD ADJUSTMENT

Certain errors, resulting in the over/understatement of deferred outflows of resources, net pension liabilities, and deferred inflows of resources, were discovered subsequent to the issuance of the prior year financial statements. These errors were corrected in the current period, and net position in the accompanying financial statements has been restated as follows:

Net position, December 31, 2020, as originally reported	\$(616,872)
Overstatement of deferred outflows of resources – pension related	(304,383)
Understatement of pension liabilities	(816,096)
Understatement of deferred inflows of resources – pension related	(<u>74,488</u>)
Net position, December 31, 2020, as restated	\$(<u>1,811,839</u>)

REQUIRED SUPPLEMENTARY INFORMATION

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

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND

Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
REVENUES:				
Ad valorem taxes	\$ 2,700,000	\$ 3,090,050	\$ 3,066,408	\$(23,642)
Fire protection service fees	230,000	236,995	236,359	(636)
State fire insurance rebate	120,000	64,000	63,998	(2)
City-Parish General Fund	70,000	70,000	70,000	-
State of Louisiana	-	-	86,733	86,733
Interest earned	9,000	10,403	12,963	2,560
Miscellaneous revenues	<u>20,000</u>	<u>22,842</u>	<u>40,347</u>	<u>17,505</u>
Total Revenues	<u>3,149,000</u>	<u>3,494,290</u>	<u>3,576,808</u>	<u>82,518</u>
EXPENDITURES:				
Dues	7,000	2,469	1,872	597
Employee benefits	690,000	903,541	904,665	(1,124)
Food	7,000	2,016	5,284	(3,268)
Insurance	75,000	70,000	64,758	5,242
Legal and professional	90,000	82,472	102,662	(20,190)
Lien removals	500	500	275	225
Maintenance and repairs	108,000	102,610	95,790	6,820
Miscellaneous	35,000	28,994	15,630	13,364
Public service	3,000	3,000	-	3,000
Rent	6,630	9,841	10,016	(175)
Retirement costs – other	100,000	108,000	108,028	(28)
Salaries	1,610,000	1,650,019	1,508,144	141,875
Supplies	67,000	69,688	102,676	(32,988)
Telephone	27,500	33,652	34,201	(549)
Training and travel	36,000	25,989	21,774	4,215
Utilities	28,000	25,845	28,771	(2,926)
Capital outlay	100,000	150,798	71,845	78,953
Debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>2,990,630</u>	<u>3,269,434</u>	<u>3,076,391</u>	<u>193,043</u>

See auditor's report on supplementary information.

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

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (continued)

Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES (USES):				
Operating and capital grants	-	-	-	-
Proceeds from asset sales	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	158,370	224,856	500,417	275,561
Fund balance, beginning of year	<u>3,847,116</u>	<u>3,847,116</u>	<u>3,847,116</u>	<u>-</u>
Fund balance, end of year	\$ <u>4,005,486</u>	\$ <u>4,071,972</u>	\$ <u>4,347,533</u>	\$ <u>275,561</u>

See auditor's report on supplementary information.

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 45,870	37,086	37,086	37,086
Interest on OPEB liability	124,808	122,489	92,746	95,796
Economic/demographic gains/losses	522,310	(53,536)	1,322,111	1,268,041
Change in assumptions	(1,588,699)	391,174	369,837	(1,217,532)
Employer contributions	(430,523)	(319,875)	(319,585)	(351,994)
Net change in OPEB liability	(1,326,234)	177,338	1,512,195	(168,603)
Total OPEB liability - beginning	6,408,751	6,261,413	4,759,218	4,927,821
Total OPEB liability - ending	\$ 5,082,518	6,408,751	6,261,413	4,759,218
Covered employee payroll	\$ 755,627	1,036,569	973,960	1,036,202
Total OPEB liability as a percentage of covered employee payroll	672%	618%	643%	459%

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

See auditor's report on supplementary information.

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

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

Year ended December 31,	Employer's Proportionate Share of the Net Pension Liability (Assets)	Employer's Proportion of the Net Pension Liability (Assets)	Employer's Covered- Employee Payroll	Employer's Proportionate Share of Net Pension Liability (Assets) as % of Covered- Employee Payroll	Plan Fiduciary Net Position As a Percentage of Total Pension Liability
CPERS					
2021	0.304042%	\$ 2,113,721	\$ 1,039,697	203.3%	68.8%
FRS					
2021	0.12541%	\$ 732,920	\$ 174,543	419.9%	86.8%

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

See auditor's report on supplementary information.

EAST SIDEFIRE PROTECTION DISTRICT NO. 5
Baton Rouge, Louisiana

SCHEDULE OF DISTRICT'S CONTRIBUTIONS

Year ended December 31,	Contractually required contribution	Contributions in relation to contractually required contributions	Contributions deficiency (excess)	Contributions as a % of covered-employee payroll
CPERS				
2021	\$457,157	\$457,157	--	44.0%
 FRS				
2021	\$83,455	\$83,455	--	47.8%

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

See auditor's report on supplementary information.

EAST SIDE FIRE PROTECTION DISTRICT NO. 5

Baton Rouge, Louisiana

SCHEDULE OF FINDINGS

Year Ended December 31, 2021

FINDING NO 2021 – 001 – REPORT SUBMISSION

Condition: The District did not submit audited financial statements to the Louisiana Legislative Auditor within the period prescribed by applicable regulations. The submission of this report will meet the applicable requirements. No similar finding was noted in the prior report (see Schedule of Prior Year Findings).

Criteria: Financial statements should be submitted to the Louisiana Legislative Auditor within six months of the end of the organization's fiscal year (Louisiana R.S. 24:514).

Cause: The District's auditor experienced delays in completing its required peer review, which delayed the acceptance of the current year engagement with the Louisiana Legislative Auditor's office. On behalf of the District, the auditor requested an extension of time to complete the engagement, which was initially approved, but subsequently denied by the Louisiana Legislative Auditor after the submission deadline had passed.

Effect: The District is responsible for compliance with financial statement reporting requirements and is not in compliance with those requirements.

Recommendation: The submission of these financial statements will satisfy the reporting requirements for the year ended December 31, 2021. As discussed above, the delay in submitting the required financial statements was beyond the control of the District's management. Therefore, no further recommendations are considered necessary.

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

SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended December 31, 2020

There were no findings for the year ended December 31, 2020, noted in the prior audit report dated October 31, 2021.

SUPPLEMENTARY INFORMATION

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

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO AGENCY HEAD
Year Ended December 31, 2021

Agency Head: S. Dale Hancock, Fire Chief

Purpose:	Amount:
Salary	\$ 158,544
Benefits – insurance	\$ 37,805
Benefits – retirement	\$ 66,873
Benefits – payroll taxes	\$ 2,530
Car allowance	None
Vehicle provided by government	None
Per diem	None
Reimbursements	None
Travel	None
Registration fees	None
Conference travel	None
Continuing professional education fees	None
Housing	None
Unvouchered expenses	None
Special needs	None

See auditor's report on supplementary information.

William D. Mercer, APAC
CERTIFIED PUBLIC ACCOUNTANT

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

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners of Eastside Fire Protection District No. 5
and the Louisiana Legislative Auditor
Baton Rouge, Louisiana

We have performed the procedures enumerated below related to the Eastside Fire Protection District No. 5's internal controls and compliance with certain laws and regulations for the fiscal period January 1, 2021 through December 31, 2021. Eastside Fire Protection District No. 5's management is responsible for its financial records and establishing internal controls to ensure accurate financial reporting, compliance with laws and regulations, and accountability over public funds.

Eastside Fire Protection District No. 5 has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting users in understanding the controls that Eastside Fire Protection District No. 5 uses to ensure accurate financial reporting, compliance with laws and regulations, and accountability over public funds. Additionally, the Louisiana Legislative Auditor has agreed to and acknowledged that the procedures performed are appropriate for their purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving.
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation)

- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

The District's Standard Operating Guidelines and Supplemental Operating Policies were obtained and inspected. Those guidelines and policies did not address the areas of Budgeting and Travel and Expense Reimbursement as noted above. No other exceptions were noted.

Board or Finance Committee

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

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

For the period under examination, the District's Board met in April, May, August, and December 2021. Minutes of board meetings referenced discussion of quarterly receipts and disbursements and the 2021 budget during the December 2021 meeting. References to such discussion were not reflected in other meeting minutes. The prior year's unassigned fund balance had no negative balance.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

For the period under examination, the District utilized a total of five bank accounts. Of those, two were closed during the year, and the balances in those accounts were transferred to other accounts. Inspection of bank statements and bank reconciliations indicated that no member of management or a board member reviewed or approved the bank reconciliations. No other exceptions were noted.

Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

The District utilizes its outside accounting firm for preparation of non-property tax deposits.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees responsible for cash collections do not share cash drawers/registers.
- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

The District and its outside accounting firm do not accept cash payments.

- 6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

The District and its outside accounting firm do not accept cash payments.

- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- e) Trace the actual deposit per the bank statement to the general ledger.

The District’s primary source of revenues consists of property taxes and user fees, which are collected and remitted electronically by the Sheriff’s office. Other deposits include state revenue sharing, insurance rebates, and other miscellaneous revenues. All non-property tax deposits for the period under examination were traced to supporting documentation, including deposit slips, correspondence, or other information. No exceptions were noted.

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

- 8. Obtain a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

The District utilizes its outside accounting firm for the processing of all its disbursements.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

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

The District utilizes its outside accounting firm for the processing of all disbursements. Disbursements are approved by appropriate officials with the District, usually the Fire Chief or Assistant Fire Chief. Vendors are selected and approved by District management.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
 - a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

No exceptions were noted.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

For the period under examination, the District utilized four credit cards, which are maintained by the Fire Chief and Assistant Fire Chiefs.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
- b) Observe that finance charges and late fees were not assessed on the selected statements.

We examined one monthly statement for each credit card used by the District. The credit card issued to Fire Chief Smith for the month of July 2021 did not include supporting documentation, and no written approval of the statement and related charges was noted. The credit card issued to Assistant Fire Chief Bessom for September 2021 included finance charges, which appeared to be in error, as they were reversed the following month. No other exceptions were noted.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

As noted in procedure 12, above, the monthly statement for the credit card issued to Assistant Fire Chief Smith did not include original receipts or other documentation for the three charges made that month, totaling \$232.55. No other exceptions were noted.

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

For the period under examination, only one travel related expense reimbursement was made. This reimbursement was supported by documentation of the business purpose and was properly approved. No exceptions were noted.

Contracts

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

No exceptions were noted.

Payroll and Personnel

16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

A listing of all employees for the period under examination was obtained, and management's representation that the listing is complete was obtained.

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

- c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

For the pay period selected, all employees provided attendance and leave documentation, which was approved by appropriate supervisors. All leave accrued and/or taken is properly reflected in leave records, and rates paid agreed to authorized rates. No exceptions were noted.

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

One termination payment was made during the period under examination. The amount of hours compensated agreed to cumulative leave records and the rate of pay. No exceptions were noted.

19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Obtained management's representation that all third party payroll related amounts have been paid and all associated forms and returns have been filed in a timely manner.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above: obtain ethics documentation from management, and:

- a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
- b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

No exceptions were noted.

Debt Service

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.

No bonds, notes, or other debt instruments were issued during the period under examination.

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

The District had no bonds or notes outstanding at the end of the fiscal period.

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

No misappropriation of public funds were known or disclosed by management for the period under examination, and management's representation of this was obtained.

24. Observe the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions were noted.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedure and discussed with management.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

No exceptions were noted.

27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).

The entity’s website is no longer active, so the required posting was not included thereon.

28. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements;
- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

The required annual sexual harassment report was not provided.

We were engaged by Eastside Fire Protection District No. 5 to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. An agreed-upon procedures engagement involves the practitioner performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting findings based on the procedures performed. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on Eastside Fire Protection District No. 5’s internal controls compliance with laws and regulations. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Eastside Fire Protection District No. 5 and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the Louisiana Legislative Auditor and Eastside Fire Protection District No. 5, and is not intended to be, and should not be, used by anyone other than these specified parties. Under R.S. 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

William D. Mercer, CPA (APAC)

Baton Rouge, Louisiana
August 15, 2023