

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

Financial Statements With Auditor's Report

As of and For the Year Ended December 31, 2021

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

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Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and major fund of South Bossier Parish Fire District No. 2, a component unit of the Bossier Parish Police Jury, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the South Bossier Parish Fire District No. 2's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of South Bossier Parish Fire District No. 2, as of December 31, 2021, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of South Bossier Parish Fire District No. 2 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 South Bossier Parish Fire District No. 2'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.

Auditors' 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 opinions. 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 GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgement 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 regarding 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 South Bossier Parish Fire District No. 2'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about South Bossier Parish Fire District No. 2'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 management's discussion and analysis on pages 4 – 9, budgetary comparison information on pages 33 – 34, the Schedule of Contributions on page 35, and the Schedule of Proportionate Share of Net Pension Liability on page 36, be 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 our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the South Bossier Parish Fire District No. 2's basic financial statements. The accompanying other supplementary information, Schedule of Compensation, Benefits, and Other Payments to Agency Head, shown on page 37, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the

underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits, and Other Payments to Agency Head, shown on page 37 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2022, on our consideration of South Bossier Parish Fire District No. 2's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of South Bossier Parish Fire District No. 2's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering South Bossier Parish Fire District No. 2's internal control over financial reporting and compliance.



Cook & Morehart
Certified Public Accountants
June 29, 2022

SOUTH BOSSIER PARISH FIRE DISTRICT NO. 2

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of South Bossier Parish Fire District No. 2's financial performance provides an overview of the South Bossier Parish Fire District No. 2's financial activities for the fiscal year ended December 31, 2021. Please read it in conjunction with the District's financial statements, which begin on page 10.

FINANCIAL HIGHLIGHTS

The South Bossier Parish Fire District No. 2's net position increased by \$72,745 or 3%.

The South Bossier Parish Fire District No. 2's total general revenues were \$1,654,046 in 2021 compared to \$1,631,289 in 2020.

During the year ended December 31, 2021, the South Bossier Parish Fire District No. 2 had total expenses, excluding depreciation of \$1,519,398, compared to \$1,817,187 in 2020.

The South Bossier Parish Fire District No. 2's net pension liability decreased \$891,423 from \$1,933,833, in 2020 to \$1,042,410, in 2021.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 10 and 11) provide information about the activities of the South Bossier Parish Fire District No. 2 as a whole and present a longer term view of the District's finances. Fund financial statements start on page 12. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the South Bossier Parish Fire District No. 2's operations in more detail than the government-wide statements by providing information about the South Bossier Parish Fire District No. 2's most significant funds.

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

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

Our analysis of the South Bossier Parish Fire District No. 2 as a whole begins on page 10. One of the most important questions asked about the South Bossier Parish Fire District No. 2's finances is "Is the South Bossier Parish Fire District No. 2 as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the funds maintained by the South Bossier Parish Fire District No. 2 as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

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

Reporting the District's Most Significant Funds

Our analysis of the major funds maintained by the South Bossier Parish Fire District No. 2 begins on page 12. The fund financial statements begin on page 12 and provide detailed information about the most significant funds maintained by the South Bossier Parish Fire District No. 2 – not the South Bossier Parish Fire District No. 2 as a whole. The South Bossier Parish Fire District No. 2's *governmental funds* use the following accounting approaches:

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

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

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

The South Bossier Parish Fire District No. 2's total net position changed from a year ago, increasing from \$2,481,672 to \$2,554,417. Our analysis below will focus on key elements of the total governmental funds for the December 31, 2021 and 2020 years.

Table 1
Net Position

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Current and other assets	\$ 3,861,076	\$ 3,765,489
Capital assets	<u>1,924,760</u>	<u>2,105,440</u>
Total assets	<u>5,785,836</u>	<u>5,870,929</u>
Deferred outflows of resources	<u>440,482</u>	<u>518,979</u>
Total liabilities	<u>1,177,581</u>	<u>2,032,773</u>
Deferred inflows of resources	<u>2,494,320</u>	<u>1,875,463</u>
Net position:		
Investments in capital assets, net of related debt	1,924,760	2,105,440
Unrestricted	<u>629,657</u>	<u>376,232</u>
Total net position	<u>\$ 2,554,417</u>	<u>\$ 2,481,672</u>

Net position of the South Bossier Parish Fire District No. 2's governmental activities increased by \$72,745 or 3% as shown above. Unrestricted net position, the part of net position that can be used to finance South Bossier Parish Fire District No. 2's expenses without constraints or other legal requirements totaled \$376,232, at December 31, 2020, compared to \$629,657 at December 31, 2021.

Table 2
Change in Net Position

	Governmental Activities	
	2021	2020
Revenues		
Operating grants and contributions	\$ 165,591	\$ 156,765
General Revenues		
Ad valorem taxes	1,574,559	1,547,415
Intergovernmental	30,967	30,845
Interest income	45,173	49,681
Miscellaneous	3,347	3,348
Total revenues	<u>1,819,637</u>	<u>1,788,054</u>
Expenses		
Public safety - fire protection	<u>1,746,892</u>	<u>2,061,696</u>
Increases (decrease) in net position	<u>\$ 72,745</u>	<u>\$ (273,642)</u>

Total revenues remained consistent compared to 2020. The District has total revenues in the year ended December 31, 2020 of \$1,788,054 to total revenues of \$1,819,637 in the year ended December 31, 2021.

THE DISTRICT'S FUNDS

As the District completed the year, its governmental fund (as presented in the balance sheet on page 12) reported a fund balance of \$2,059,955, which is more than last year's fund balance of \$2,056,618.

General Fund Budgetary Highlights

The District adopted a budget for its General Fund for the year ended December 31, 2021. There was one amendment to the budget during the year. The District's budgetary comparison is presented as required supplementary information and shown on page 33. Highlights for the year are as follows:

- Revenues received were in line with budgeted revenues.
- Expenditures were slightly lower than budgeted expenditures.

The District's General Fund balance of \$2,059,955 reported on page 12 differs from the General Fund's *budgetary* fund balance of \$2,177,009 reported in the budgetary comparison schedule on page 33. This is primarily due to the District budgeting on the cash basis of accounting.

CAPITAL ASSETS

At the end of December 31, 2021 and 2020, the South Bossier Parish Fire District No. 2 had invested \$1,924,760 and \$2,105,440, respectively, in capital assets. (see table 3 below)

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

	Governmental Activities	
	2021	2020
Land	\$ 74,204	\$ 38,130
Construction in process		
Idle Assets		
Buildings	740,038	783,035
Equipment	92,501	96,226
Vehicle	1,018,017	1,188,049
Total	<u>\$ 1,924,760</u>	<u>\$ 2,105,440</u>

This year's major additions included:

Land	\$ 36,074	\$
Equipment	10,740	77,937
Total	<u>\$ 46,814</u>	<u>\$ 77,937</u>

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

DEBT

At the end of 2021 and 2020, South Bossier Parish Fire District No. 2 had \$1,042,410 and \$1,933,833, respectively, in long-term liabilities consisting of the District's proportionate share of the net pension liability.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The South Bossier Parish Fire District No. 2's management considered many factors when setting a fiscal year December 31, 2022 budget. Revenues are expected to be substantially the same as 2021. Operating expenditures are expected to be substantially the same as 2021. It is anticipated that management will consider and monitor the economic uncertainties of COVID-19 and the impact on available financial resources.

CONTACTING THE FIRE DISTRICT'S FINANCIAL MANAGEMENT

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

South Bossier Parish Fire District No. 2
 Elm Grove, Louisiana
 Statement of Net Position
 December 31, 2021

	Governmental Activities
ASSETS	
Cash	\$ 159,056
Investments	2,043,267
Accounts receivable - ad valorem taxes	1,653,387
Prepaid insurance	5,366
Capital assets	
Depreciable (net)	1,850,556
Non-depreciable	74,204
Total assets	5,785,836
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	440,482
LIABILITIES	
Accounts payable	76,104
Accrued expenses	59,067
Long-term liabilities:	
Due in more than one year	1,042,410
Total liabilities	1,177,581
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue	
Ad valorem taxes	1,660,584
Pension related	833,736
Total deferred inflows of resources	2,494,320
NET POSITION	
Investment in capital assets	1,924,760
Unrestricted	629,657
Total net position	\$ 2,554,417

See accompanying notes to the basic financial statements.

South Bossier Parish Fire District No. 2
 Elm Grove, Louisiana
 Statement of Activities
 For the Year Ended December 31, 2021

	Governmental Activities
Expenses:	
General government	\$ 51,416
Public safety - fire protection	1,695,476
Total expenses	1,746,892
Program revenues:	
Operating grants and contributions	165,591
Net program expenses	(1,581,301)
General revenues:	
Ad valorem taxes	1,574,559
Intergovernmental - fire insurance rebate	30,967
Interest and dividends	45,173
Miscellaneous	3,347
Total general revenues	1,654,046
Change in net position	72,745
Net position - beginning	2,481,672
Net position - ending	\$ 2,554,417

See accompanying notes to the basic financial statements.

South Bossier Parish Fire District No. 2
 Elm Grove, Louisiana
 Balance Sheet
 Governmental Fund
 December 31, 2021

	General Fund
Assets	
Cash	\$ 159,056
Investments	2,043,267
Accounts receivable - ad valorem taxes	1,653,387
Total assets	\$ 3,855,710
Liabilities	
Accounts payable	\$ 76,104
Accrued expenses	59,067
Total liabilities	135,171
Deferred inflows of resources	
Unavailable revenue	
Ad valorem taxes	1,660,584
Total deferred inflows of resources	1,660,584
Fund balances	
Committed	
Station construction	146,928
Unassigned	1,913,027
Total fund balances	2,059,955
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,924,760
Other long-term assets and other amounts are not available to pay for current-period expenditures and therefore are not available in the governmental funds.	
Deferred outflows - pension related	440,482
The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources.	5,366
Long-term liabilities and other amounts are not due and payable in the current period and therefore are not reported in the funds.	
Net pension liability	(1,042,410)
Deferred inflows - pension related	(833,736)
Net position of governmental activities	\$ 2,554,417

See accompanying notes to the basic financial statements.

South Bossier Parish Fire District No. 2
 Elm Grove, Louisiana
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Fund
 For the Year Ended December 31, 2021

	<u>General Fund</u>
Revenues	
Ad valorem taxes	\$ 1,574,559
Intergovernmental	112,527
Miscellaneous	3,347
Interest and dividends	<u>45,173</u>
Total revenues	<u>1,735,606</u>
Expenditures	
Current:	
General government	51,416
Public safety	1,643,563
Capital Outlay	<u>46,814</u>
Total expenditures	<u>1,741,793</u>
Excess of revenues over expenditures	<u>(6,187)</u>
Other financing sources:	
Insurance proceeds	<u>9,524</u>
Total other financing sources	<u>9,524</u>
Net change in fund balances	3,337
Fund balances at beginning of year	<u>2,056,618</u>
Fund balances at end of year	<u><u>\$ 2,059,955</u></u>

See accompanying notes to the basic financial statements.

South Bossier Parish Fire District No. 2
 Elm Grove, Louisiana
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in
 Fund Balances of the Governmental Fund to the Statement of Activities
 For the Year Ended December 31, 2021

Net change in fund balances - total governmental fund	\$	3,337
<p>Amounts reported for governmental activities in the statement of activities are 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. This is the amount by which depreciation (\$227,494) exceeded capital outlay (\$46,814) in the current period.</p>		
		(180,680)
<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 the funds.</p>		
Pension expense		166,057
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Non-employer contributions to cost-sharing pension plan		84,031
Change in net position of governmental activities	\$	72,745

See accompanying notes to the basic financial statements.

South Bossier Parish Fire District No. 2
Elm Grove, Louisiana
Notes to Financial Statements
December 31, 2021

INTRODUCTION

The South Bossier Parish Fire District No. 2 (the District) was created by the Bossier Parish Police Jury, as authorized by Louisiana Revised Statute 40:1492, on June 11, 1985 by ordinance number 1113. The district is governed by a five member board of commissioners appointed by the Bossier Parish Police Jury. The Board of Commissioners received no compensation during 2021. The district is responsible for maintaining and operating fire stations and equipment and providing fire protection within the boundaries of the district.

(1) Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

B. Basic Financial Statements – Government-Wide Statements

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

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

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

(Continued)

South Bossier Parish Fire District No. 2
Elm Grove, Louisiana
Notes to Financial Statements
December 31, 2021
(Continued)

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

C. Basic Financial Statements – Fund Financial Statements

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

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

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

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

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

D. Basis of Accounting

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

1. Accrual:

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

Revenues of the South Bossier Parish Fire District No. 2 consist principally of property taxes, other intergovernmental revenues, donations, and interest income. Property taxes are recorded in the year for which the taxes are levied and budgeted. Property taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The 2021 tax levy is intended to fund the 2022 fiscal year; therefore, the levy has been recorded as a receivable and deferred inflows of resources. The taxes are generally collected in December of the current year and January and February of the ensuing year.

(Continued)

South Bossier Parish Fire District No. 2
Elm Grove, Louisiana
Notes to Financial Statements
December 31, 2021
(Continued)

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

2. Modified Accrual:

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

E. Budgets

The District uses the following budget practices:

1. A preliminary budget for the ensuing year is prepared by the Fire Chief and Officers of the District prior to December 31 of each year and is made available for public inspection at least fifteen days prior to the beginning of each fiscal year.
2. After completion of all action necessary to finalize and implement the budget, the budget is adopted by the Board of Commissioners.
3. All budgetary appropriations lapse at the end of each fiscal year.
4. The budget is established and controlled by the board of commissioners at the object level of expenditure. All changes in the budget must be approved by the board.
5. The budget is adopted on a cash basis for the general fund. There was one amendment to the 2021 budget, which are reflected in the accompanying budgetary comparison schedule.

F. Cash, Cash Equivalents, and Investments

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

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

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

(Continued)

South Bossier Parish Fire District No. 2
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Notes to Financial Statements
December 31, 2021
(Continued)

G. Capital Assets

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

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

Buildings	25 years
Vehicles	15 years
Equipment	3 – 25 years

H. Compensated Absences

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

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

I. Use of Estimates

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

J. Deferred Inflows / Outflows of Resources

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

(Continued)

South Bossier Parish Fire District No. 2
Elm Grove, Louisiana
Notes to Financial Statements
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In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has deferred outflows of resources related to pensions reported in the government-wide statement of net position.

K. Net Position

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

L. Fund Balance

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

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

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

(Continued)

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

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

M. Fair Value Measurements

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

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

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

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

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

N. Pension Plan

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

(2) Levied Taxes

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

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Operating	14.59	14.59	2027

(Continued)

South Bossier Parish Fire District No. 2
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Notes to Financial Statements
December 31, 2021
(Continued)

(3) Cash, Cash Equivalents and Investments

At December 31, 2021, the District has cash, cash equivalents and investments (book balances) totaling \$2,202,323 as detailed below:

A. Cash and Cash Equivalents

Cash and cash equivalents at December 31, 2021 (book balances) totaled \$159,056. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

B. Investments

At December 31, 2021, the District had investments totaling \$2,043,267 consisting of certificates of deposits with initial maturities greater than 90 days. The certificates of deposits are carried at cost, which approximates market. The investments are presented in the financial statements at fair value using level 2 fair value measure.

C. Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of December 31, 2021, \$1,793,267 of the District's bank balances totaling \$2,204,077 were exposed to custodial credit risk as follows:

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

Investments	<u>\$ 1,793,267</u>
-------------	---------------------

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

(Continued)

South Bossier Parish Fire District No. 2
Elm Grove, Louisiana
Notes to Financial Statements
December 31, 2021
(Continued)

(4) Pension Plan

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

PLAN DESCRIPTION

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

Eligibility Requirements

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

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

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

Retirement Benefits

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

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

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

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

(Continued)

South Bossier Parish Fire District No. 2
Elm Grove, Louisiana
Notes to Financial Statements
December 31, 2021
(Continued)

Disability Benefits

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

Death Benefits

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

Deferred Retirement Option Plan

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

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

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

Initial Benefit Option Plan

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

Cost of Living Adjustments (COLAs)

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

CONTRIBUTIONS

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

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South Bossier Parish Fire District No. 2
Elm Grove, Louisiana
Notes to Financial Statements
December 31, 2021
(Continued)

Employer and Employee Contributions

According to State statute, employer contributions are actuarially determined each year. For the year ended June 30, 2021, employer and employee contribution rates for members above the poverty line were 32.25% and 10.0%, respectively. The employer and employee contribution rates for those members below the poverty line were 34.25% and 8.0%, respectively. The District's contributions to the System for the years ended December 31, 2021, 2020, and 2019 were \$241,405, \$216,722, and \$183,749, respectively. Included in accrued expenses at December 31, 2021 are contributions for the month of December 2021 totaling \$19,676.

Non-employer contributions

According to state statute, the System also receives insurance premium tax funds from the state of Louisiana. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue during the year ended June 30, 2021 and were excluded from pension expense. Non-employer contributions received by the System and attributable to the District during the year ended June 30, 2021 were \$84,031.

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

At December 31, 2021, the District reported a liability of \$1,042,410 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the historical employer contributions. The employer's proportion was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The allocation percentages were used in calculating each employer's proportionate share of the pension amounts.

The allocation method used in determining each employer's proportion was based on the combined contributions to the System during the year ended June 30, 2021 as compared to the total of all combined contributions to the System during the fiscal year ended June 30, 2021. At June 30, 2021, the District's proportion was .294146%, which was a decrease of .015156% from its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the District recognized pension expense of \$75,910, plus employer's amortization of change in proportionate share and the difference between employer contributions and proportionate share of contributions, (\$562).

At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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South Bossier Parish Fire District No. 2
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 Notes to Financial Statements
 December 31, 2021
 (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 14,876	\$ 93,611
Changes of assumptions	225,883	
Net difference between projected and actual earnings on pension plan investments		632,595
Changes in proportion and differences between employer contributions and proportionate share of contributions	77,491	107,530
Employer contributions subsequent to the measurement Date	122,232	
Total	\$ 440,482	\$ 833,736

The District reported a total of \$122,232 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2021, which will be recognized as a reduction in net pension liability in the year ended December 31, 2022.

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

Year	Amount
2022	\$ (122,801)
2023	(124,446)
2024	(141,373)
2025	(183,723)
2026	29,497
2027	27,765
Total	\$ (515,081)

ACTUARIAL METHODS AND ASSUMPTIONS

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

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

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South Bossier Parish Fire District No. 2
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 Notes to Financial Statements
 December 31, 2021
 (Continued)

reasonable range equal to the 40th through 60th percentiles was set. For the fiscal year ended June 30, 2021, the reasonable range was set at 6.19% through 7.33% and the Board of Trustees elected to set the System's assumed rate of return at 6.90% for Fiscal 2021. For the fiscal year ended June 30, 2020, the reasonable range was set at 5.99% through 7.06% and the Board of Trustees elected to set the System's assumed rate of return at 7.00% for Fiscal 2020. The actuarial valuation interest rates selected by the board, which were within the reasonable range, were 6.90% and 7.00% for fiscal years 2021 and 2020, respectively.

The remaining actuarial assumptions utilized for this report are based on the results of an actuarial experience study completed September 24, 2020, for the period July 1, 2014 – June 30, 2019, unless otherwise specified in this report. Additional details are given in the actuary's complete 2020 Experience Report for the period July 1, 2014 – June 30, 2019 which can be obtained from the Firefighters' Retirement System website at www.ffret.com under the Finance tab, Actuarial Valuations section. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021, are as follows:

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal Cost
Estimated Remaining Service Life	7 years, closed period
Investment Rate of Return	6.90% per annum (net of investment expenses, including inflation) (decreased from 7.00% in 2020)
Inflation Rate	2.50% per annum
Salary increases	14.10% in the first two years of service and 5.20% with 3 or more years of service; includes inflation and merit increases
Cost of Living Adjustments	For the purpose of determining the present value of benefits, COLAs were deemed not to be substantively automatic and only those previously granted were included.

For the June 30, 2021 valuation, assumptions for mortality rates were based on the following:

- 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 MP-2019 scale.

(Continued)

South Bossier Parish Fire District No. 2
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 Notes to Financial Statements
 December 31, 2021
 (Continued)

The long-term expected real rate of return is an important input into the actuary's determination of the reasonable range for the discount rate which is used in determining the total pension liability. The actuary's method incorporates information from multiple consultants and investments firms regarding future expected rates of return, variances, and correlation coefficients for each asset class. The change integrates data from multiple sources to produce average values thereby reducing reliance on a single data source.

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 term rates of return. In order to arrive at long-term expected arithmetic real rates of return, the actuary normalized the data received from the consultant's responses in the following ways. Where nominal returns received were arithmetic, the actuary simply reduced the return assumption by the long-term inflation assumption. Where nominal returns were geometric, the actuary converted the return to arithmetic by adjusting for the long-term standard deviation and then reduced the assumption by the long-term inflation assumption. Using the target asset allocation for the System and the average values for expected real rates of return, standard deviation of returns, and correlation of returns, an arithmetic expected nominal rate of return and standard deviation for the portfolio was determined. Subsequent to the actuary's calculation of the long term expected real rate of return in January 2021, the Board voted to amend the target asset allocation. These changes include an increase to target weight in public equity, a decrease in the target weight in fixed income, and the inclusion of a target weight in private real assets. The changes to the target asset allocation are reflected in the table below. The System's long-term assumed rate of inflation of 2.50% was used in this process for the fiscal year ended June 30, 2021.

Best estimates of arithmetic real rates of return for each major class included in the System's target asset allocation as of June 30, 2021, are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rates of Return</u>
Fixed income		
U.S. Core Fixed Income	18.00%	.97%
U.S. TIPS	3.00%	.40%
Emerging Market Debt	5.00%	2.75%
Equity		
US Equity	27.50%	5.86%
Non-US Equity	11.50%	6.44%
Global Equity	10.00%	6.40%
Emerging Market Equity	7.00%	8.64%

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

Multi-Asset Strategies		
Global Tactical Asset Allocation	0.00%	4.17%
Risk Parity	0.00%	4.17%
Alternatives		
Real Estate	6.00%	5.31%
Real Assets	3.00%	0.00%
Private Equity	<u>9.00%</u>	9.53%
Totals	<u>100%</u>	

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates, and that contributions from participating employers and non-employer contributing entities will be made at the actuarially-determined rates approved by the Board of Trustees and by the Public Retirement Systems' Actuarial Committee taking into consideration the recommendation of the System's actuary. Based on these assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

SENSITIVITY TO CHANGES IN DISCOUNT RATE

The following presents the net pension liability of the participating employers calculated using the discount rate of 6.90%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.90% or one percentage point higher 7.90% than the current rate as of June 30, 2021.

	<u>Changes in Discount Rate</u>		
	1%	Current	1%
	Decrease	Discount	Increase
	<u>5.90%</u>	<u>6.90%</u>	<u>7.90%</u>
Net Pension Liability	\$ 1,999,787	\$1,042,410	\$ 243,968

CHANGE IN NET PENSION LIABILITY

The changes in the net pension liability for the year ended June 30, 2021 were recognized in the current reporting period as pension expense except as follows:

(Continued)

South Bossier Parish Fire District No. 2
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Notes to Financial Statements
December 31, 2021
(Continued)

Differences between Expected and Actual Experience:

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

Differences between Projected and Actual Investment Earnings:

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

Changes of Assumptions:

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

Change in Proportion:

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

PLAN FIDUCIARY NET POSITION

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's plan fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily related to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated amounts. The Plan's fiduciary net position has been determined on the same basis as that used by the plan. Detailed information about the fiduciary net position is available in a stand-alone audit report on their financial statements for the year ended June 30, 2021. Access to these reports can be found on the Louisiana Legislative Auditor's website, www.la.la.gov.

RETIREMENT SYSTEM AUDIT REPORT

Firefighters' Retirement System issued a stand-alone audit report on its financial statements for the year ended June 30, 2021. Access to the audit report can be found on the System's website: www.lafirefightersret.com or on the Office of Louisiana Legislative Auditor's official website: www.la.la.gov.

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South Bossier Parish Fire District No. 2
 Elm Grove, Louisiana
 Notes to Financial Statements
 December 31, 2021
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(5) Leases

For the year ended December 31, 2021, the District had an operating lease for equipment utilized by the district. Lease payments on this lease for the year ended December 31, 2021 were \$1,796. The minimum annual commitments under non-cancelable operating leases are as follows:

Year Ending December 31,

2022	\$ <u>948</u>
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(6) Accrued Expenses

Accrued expenses at December 31, 2021, consisted of the following:

Accrued payroll	\$ 28,407
Accrued leave	6,187
Payroll liabilities	<u>24,473</u>
	<u>\$ 59,067</u>

(7) Long-term Liabilities

Long-term liability activity for the year ended December 31, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Net pension liability	\$ 1,933,833	\$ _____	\$(891,423)	\$ 1,042,410	\$ _____
Total long-term liabilities, governmental activities	<u>\$ 1,933,833</u>	<u>\$ _____</u>	<u>\$(891,423)</u>	<u>\$ 1,042,410</u>	<u>\$ _____</u>

(8) Risk Management

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

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South Bossier Parish Fire District No. 2
 Elm Grove, Louisiana
 Notes to Financial Statements
 December 31, 2021
 (Continued)

(9) Capital Assets

Capital asset activity for the year ended December 31, 2021, was as follows:

	Balance at January 1, 2021	Additions	Deletions	Balance at December 31, 2021
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 38,130	\$ 36,074	\$	\$ 74,204
Total capital assets, not being depreciated	38,130	36,074		74,204
Capital assets, being depreciated:				
Buildings	1,663,713			1,663,713
Equipment	540,580	10,740		551,320
Vehicles & improvements	3,306,146			3,306,146
Total capital assets, being depreciated, at historical cost	5,510,439	10,740		5,521,179
Less accumulated depreciation:				
Buildings	(880,678)	(42,997)		(923,675)
Equipment	(444,354)	(14,465)		(458,819)
Vehicles & improvements	(2,118,097)	(170,032)		(2,288,129)
Total accumulated depreciation	(3,443,129)	(227,494)		(3,670,623)
Total capital assets, being depreciated, net	2,067,310	(216,754)		1,850,556
Governmental activities capital assets, net	\$ 2,105,440	\$ (180,680)	\$	\$ 1,924,760

Depreciation expense for the year ended December 31, 2021 was \$227,494.

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South Bossier Parish Fire District No. 2
Elm Grove, Louisiana
Notes to Financial Statements
December 31, 2021
(Continued)

(10) On-Behalf Payments

During the fiscal year ended December 31, 2021, qualified employees of the District received supplemental pay from the State of Louisiana. The District has recorded revenues and expenditures for these payments in the General Fund. Revenues under this arrangement totaled \$76,500 for the year ended December 31, 2021.

(11) Subsequent Events

Subsequent events have been evaluated through June 29, 2022, the date the financial statements were available to be issued.

(12) Uncertainty

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

South Bossier Parish Fire District No. 2
 Elm Grove, Louisiana
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance - Favorable (Unfavorable)
	Original	Final		
Revenues				
Ad valorem taxes	\$ 1,500,000	\$ 1,512,923	\$ 1,520,120	\$ 7,197
Intergovernmental-fire insurance rebate	30,000	30,967	30,967	
Donations and other income	3,000	58,900	52,031	(6,869)
Grant		5,060	5,060	
Interest and dividends	10,000	5,200	6,013	813
Total revenues	1,543,000	1,613,050	1,614,191	1,141
Expenditures				
Current:				
Public Safety	1,513,000	1,573,050	1,539,064	33,986
Capital outlay	30,000	40,000	46,815	(6,815)
Total expenditures	1,543,000	1,613,050	1,585,879	27,171
Excess of revenues over (under) expenditures		-	28,312	28,312
Fund balances at beginning of year		42,300	2,148,697	2,106,397
Fund balances at end of year	\$	\$ 42,300	\$ 2,177,009	\$ 2,134,709

See accompanying note to required supplementary information.

South Bossier Parish Fire District No. 2
 Elm Grove, Louisiana
 Notes to Required Supplementary Information
 December 31, 2021

The District's budget is adopted on a cash basis for all funds except for certain payroll liabilities which are recorded when incurred. There was one amendment to the 2021 budget. Budget comparison statements included in the accompanying financial statements include the original and adopted budgets. The schedule below reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on the budget basis with GAAP basis:

	General Fund
Excess of revenues and other sources Over (under) expenditures and other uses (budget basis)	\$ 28,312
Adjustments:	
Revenue accruals – net	130,939
Expenditure accruals – net	(155,914)
Excess of revenues and other sources Over (under) expenditures and other uses (GAAP basis)	\$ 3,337

South Bossier Parish Fire District No. 2
 Elm Grove, Louisiana
 Schedule of Contributions
 For the Year Ended December 31, 2021

State of Louisiana Firefighters' Retirement System

<u>Year Ended December 31</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in relation to the statutorily required contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered-employee payroll</u>	<u>Contributions as a percentage of covered-employee payroll</u>
2021	\$ 241,405	\$ 241,405	\$	\$ 731,697	32.99%
2020	216,722	216,722		721,259	30.05%
2019	183,749	183,749		677,281	27.13%
2018	194,412	194,412		733,631	26.50%
2017	180,461	180,461		697,349	25.88%
2016	185,563	185,563		706,833	26.25%

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

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

South Bossier Parish Fire District No. 2
 Elm Grove, Louisiana
 Schedule of Proportionate Share of Net Pension Liability
 For the Year Ended December 31, 2021

State of Louisiana Firefighters' Retirement System

Year Ended June 30	Proportion of the net pension liability	Proportionate share of the net pension liability	Covered-employee payroll	Proportionate share of the net pension liability as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.29415%	\$ 1,042,410	\$ 737,800	141.29%	86.78%
2020	0.27899%	1,933,833	694,578	278.42%	72.61%
2019	0.28308%	1,772,634	706,685	250.84%	73.96%
2018	0.29951%	1,722,816	713,092	241.60%	74.76%
2017	0.36480%	1,723,269	699,357	246.41%	73.55%
2016	0.32300%	2,112,732	681,304	310.10%	68.16%

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

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

South Bossier Parish Fire District No. 2
Elm Grove, Louisiana
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2021

Agency Head: Ryan Foster, Fire Chief

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 78,712
State supplemental pay	6,000
Benefits-insurance	6,512
Benefits-retirement	27,956
Membership dues	106
Uniforms	521

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

Independent Auditors' Report

Board of Commissioners
South Bossier Parish Fire District No. 2

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the South Bossier Parish Fire District No. 2 as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the South Bossier Parish Fire District No. 2's basic financial statements, and have issued our report thereon dated June 29, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the South Bossier Parish Fire District No. 2's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the South Bossier Parish Fire District No. 2's internal control. Accordingly, we do not express an opinion on the effectiveness of the South Bossier Parish Fire District No. 2's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether South Bossier Parish Fire District No. 2's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Cook & Morehart
Certified Public Accountants
June 29, 2022

South Bossier Parish Fire District No. 2
Elm Grove, Louisiana
Summary Schedule of Audit Findings
December 31, 2021

Summary Schedule of Prior Year Audit Findings

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

Corrective Action Plan for Current Year Audit Findings

There are no findings for the current year audit for the year ended December 31, 2021.

COOK & MOREHART

Certified Public Accountants

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Independent Accountants' Report on Applying Agreed-Upon Procedures

To the Board of Commissioners
South Bossier Parish Fire District No. 2
Elm Grove, Louisiana
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. The South Bossier Parish Fire District No. 2's management is responsible for those C/C areas identified in the SAUPs.

South Bossier Parish Fire District No. 2 (the District) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledges that the procedures performed are appropriate for its 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 collection for each type of revenue or agency fund additions (including 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, and (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.
- 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 Statutes (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 disclosures/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.

Management provided written policies and procedures addressing all of the above.

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.

The Board of Commissioners of the District met on a monthly basis.

- 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.

The minutes of the board of commissioners referenced and included budget to actual comparisons on the general fund.

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.

The district did not have a negative unassigned fund balance in the prior year audit report.

Bank Reconciliations

3. Obtain a listing of client 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 selected each account, and observe that:

Management provided the requested information, along with management's representation that the listing is complete.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Bank reconciliations selected included evidence that they were prepared within 2 months of the related statement closing date

- 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

Bank reconciliations selected included evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

The bank reconciliations selected for testing did not contain reconciling items that have been outstanding for more than 12 month.

Collections

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).

Management provided the requested information, along with management's representation that the listing is complete.

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 that are 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 verifies the reconciliation.

Management provided the requested information, along with management's representation that the listing was complete.

Exception: The individual responsible for collecting cash is also responsible for making deposits and for recording the transactions in the general ledger.

Management's Response: Management reviews bank statements and financial statements on a monthly basis. The District will explore options for providing additional segregation of duties.

- 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 has a crime policy which includes coverage for employee theft.

- 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). 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 that 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 drawer).
- e) Trace the actual deposit per the bank statement to the general ledger.

The District does not write receipts for collections because the District does not have any actual cash collections. For the deposits selected for testing, the deposit slip total was located on the bank statement, and the actual deposit was traced to the general ledger.

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).

Management provided the requested information, along with management's representation that the listing is complete.

- 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.

Segregation of duties exists as noted above, except for as follows:

Exception: One employee is responsible for initiating and processing payments. The same employee is also responsible for mailing signed checks for payments.

Management's Response: All disbursements are approved by management prior to payment, and all checks require two signatures. Management reviews bank statements and bank reconciliations monthly.

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 that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Management provided the requested information, along with management's representation that the listing is complete. For the transactions selected for testing, the disbursement matched the related original invoice, included supporting documentation indicating deliverables were received by the District, and included evidence of segregation of duties, except as noted below:

Exception: The employee who is responsible for processing payments can sign checks and mails the checks out to vendors.

Management's Response: All checks require two signatures. Management reviews bank statements and bank reconciliations monthly.

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), 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.

Management provided the requested information, along with management's representation that the listing is complete.

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.].

Exception: Five credit card statements selected for testing did not contain, in writing, evidence that the statement was reviewed and approved.

Management's Response: Statements are reviewed monthly by management when the statements are presented for payment.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

Exception: One statement selected contained a finance charge of \$7.76

Management's Response: Management will put procedures in place to ensure credit card payments are made before finance charges are applied.

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. For each transaction, report whether the transaction is supported by:

- 1) An original itemized receipt (i.e., identifies precisely what was purchased)

Transactions tested were supported by original itemized receipts, except as noted below:

- 2) Written documentation of the business/public purpose.

Transactions tested were supported with the business purpose documentation

- 3) Documentation of the individuals participating in meals (for meal charges only).

None of the transactions selected for testing were for meal charges.

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.

Management provided the requested information, along with management's representation that the listing is complete. The District does not utilize a per diem system. The District did not have any travel or travel related expense reimbursements for the fiscal period for testing.

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.

There were no contracts initiated or renewed during the fiscal period for testing

Payroll and Personnel

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

Management provided the requested information, along with management's representation that the listing is complete. For the 5 employees selected for testing, the paid salaries agreed with the authorized salaries/pay rates in the personnel files.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

Daily attendance and leave was documented for the employees selected for testing.

- b) Observe that supervisors approved the attendance and leave of the selected employees or officials.

For the transactions selected for testing, supervisors approved the attendance and leave.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

For the transactions selected for testing, leave taken was reflected in the District'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 transactions selected for testing, the rate of pay to the employees agreed to the authorized salary/pay rate found within the personnel file.

- 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.

The District did not pay out any termination payments during the fiscal period.

- 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.

Management provided representation that employer and employee portions of third party payroll related amounts, payroll taxes, retirement contributions, health insurance premiums, garnishments, and workers' compensation premiums, have been paid, and any associated forms have been filed, by required deadlines.

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.

The District maintained documentation to demonstrate that required ethics training was completed.

- 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.

The District did not make any changes to the ethics policy during the fiscal period.

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.

The District did not issue any debt during the fiscal period.

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 did not have any outstanding debt during 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.

The District did not have any misappropriations of public funds and assets during the fiscal period.

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

We observed the District 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.

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 the results 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.

Exception: The District did not obtain the required sexual harassment training

Management's Response: The District will implement procedures for ensuring that employees obtain sexual harassment training documentation in the future.

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 District has a sexual harassment policy and complaint procedure on its website.

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.

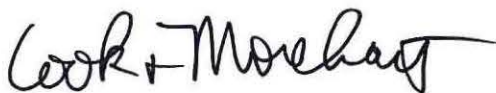
Exception: The District did not complete the required report before February 1, for the current fiscal period.

Management's Response: The District will complete the required report.

We were engaged by South Bossier Parish Fire District No. 2, 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. 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 those C/C areas identified in the SAUPs. 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 South Bossier Parish Fire District No. 2, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.



Cook & Morehart
Certified Public Accountants
June 29, 2022