

**CENTRAL FIRE PROTECTION  
DISTRICT NO. 4**  
Baton Rouge, Louisiana

Financial Report

Year Ended December 31, 2021

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## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Central Fire Protection District No. 4  
Baton Rouge, Louisiana

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities and major fund of the Central Fire Protection District No. 4 (the District), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the District, as of December 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District 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 these 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 the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional 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 the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents 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.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2022, on our consideration of the District’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 the District’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 the District’s internal control over financial reporting and compliance.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Baton Rouge, Louisiana  
April 19, 2022

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

CENTRAL FIRE PROTECTION DISTRICT NO. 4  
Baton Rouge, Louisiana

Statement of Net Position  
December 31, 2021

|                                       | <u>Governmental<br/>Activities</u> |
|---------------------------------------|------------------------------------|
| <b>ASSETS</b>                         |                                    |
| Cash and interest-bearing deposits    | \$ 1,489,179                       |
| Receivables, net                      | 1,244,211                          |
| Due from other governmental agencies  | 3,369,808                          |
| Capital assets not being depreciated: |                                    |
| Land                                  | 264,018                            |
| Capital assets, net of depreciation   | <u>3,541,114</u>                   |
| Total assets                          | <u>9,908,330</u>                   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b> |                                    |
| Pension related                       | <u>1,506,750</u>                   |
| <b>LIABILITIES</b>                    |                                    |
| Accrued expenses                      | 14,029                             |
| Accrued interest payable              | 28,306                             |
| Long-term liabilities:                |                                    |
| Other post employment benefits        | 3,610,983                          |
| Net pension liability                 | 2,820,903                          |
| Due within one year                   | 147,985                            |
| Due in more than one year             | <u>983,956</u>                     |
| Total liabilities                     | <u>7,606,162</u>                   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                                    |
| Pension related                       | <u>1,965,212</u>                   |
| <b>NET POSITION</b>                   |                                    |
| Net investment in capital assets      | 2,848,863                          |
| Unrestricted (deficit)                | <u>(1,005,157)</u>                 |
| Total net position                    | <u><u>\$ 1,843,706</u></u>         |

The accompanying notes are an integral part of the basic financial statements.

CENTRAL FIRE PROTECTION DISTRICT NO. 4  
Baton Rouge, Louisiana

Statement of Activities  
For the Year Ended December 31, 2021

| Activities                    | Expenses            | Program Revenues        |                                       | Net (Expense)<br>Revenues and change<br>in Net Position |
|-------------------------------|---------------------|-------------------------|---------------------------------------|---|
|                               |                     | Charges for<br>Services | Operating Grants<br>and Contributions | Governmental<br>Activities                              |
| Governmental activities:      |                     |                         |                                       |   |
| Public safety - fire          | \$ 4,510,610        | \$ 428,264              | \$ 134,236                            | \$ (3,948,110)  |
| Interest and fiscal charges   | <u>30,595</u>       | <u>-</u>                | <u>-</u>                              | <u>(30,595)</u>   |
| Total governmental activities | <u>\$ 4,541,205</u> | <u>\$ 428,264</u>       | <u>\$ 134,236</u>                     | <u>(3,978,705)</u>                                      |
|                               |                     |                         |                                       |   |
|                               |                     | General revenues:       |                                       |   |
|                               |                     |                         |                                       | 4,093,760   |
|                               |                     |                         |                                       | 309,571   |
|                               |                     |                         |                                       | 208,500   |
|                               |                     |                         |                                       | 227,399   |
|                               |                     |                         |                                       | 121,541   |
|                               |                     |                         |                                       | 20,521  |
|                               |                     |                         |                                       | 23,861  |
|                               |                     |                         |                                       | 31,279  |
|                               |                     |                         |                                       | <u>757,801</u>  |
|                               |                     |                         |                                       |   |
|                               |                     |                         | Total general revenues                | <u>5,794,233</u>  |
|                               |                     |                         |                                       |   |
|                               |                     |                         | Change in net position                | 1,815,528   |
|                               |                     |                         |                                       |   |
|                               |                     |                         | Net position - beginning              | <u>28,178</u>   |
|                               |                     |                         |                                       |   |
|                               |                     |                         | Net position - ending                 | <u>\$ 1,843,706</u>                                     |

The accompanying notes are an integral part of the basic financial statements.

## **FUND FINANCIAL STATEMENTS**

CENTRAL FIRE PROTECTION DISTRICT NO. 4  
Baton Rouge, Louisiana

Balance Sheet  
Governmental Fund  
December 31, 2021

ASSETS

|   |                    |
|---|--------------------|
| Cash and interest-bearing deposits  | \$1,489,179        |
| Revenue receivable-   |                    |
| Ad valorem taxes, net of allowance for uncollectible<br>taxes of \$28,000 | 953,368            |
| User fees, net of allowance for uncollectible<br>accounts of \$5,335      | 84,644             |
| State revenue sharing   | 206,199            |
| Due from other governmental agencies                                      | <u>3,369,808</u>   |
| Total assets  | <u>\$6,103,198</u> |

LIABILITIES, DEFERRED INFLOWS  
OF RESOURCES, AND FUND BALANCE

|  |                    |
|--|--------------------|
| Liabilities:   |                    |
| Accrued expenses and benefits payable                              | \$ 14,029          |
| Deferred inflows of resources:                                     |                    |
| Ad valorem taxes, user fees, and intergovernmental revenue         | 608,816            |
| Fund balance:  |                    |
| Unassigned   | <u>5,480,353</u>   |
| Total liabilities, deferred inflows of resources, and fund balance | <u>\$6,103,198</u> |

The accompanying notes are an integral part of the basic financial statements.

CENTRAL FIRE PROTECTION DISTRICT NO. 4  
Baton Rouge, Louisiana

Reconciliation of the Governmental Fund Balance Sheet  
to the Statement of Net Position  
December 31, 2021

|   |                    |                     |
|---|--------------------|---------------------|
| Total fund balance for governmental funds   |                    | \$ 5,480,353        |
| Capital assets, net   |                    | 3,805,132           |
| Long term liabilities:  |                    |                     |
| Accrued interest payable  | (28,306)           |                     |
| Capital lease payable   | (956,269)          |                     |
| Compensated absences payable  | <u>(175,672)</u>   | (1,160,247)         |
| Some of the District's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows of resources at the fund level. |                    |                     |
| Ad valorem taxes  | 352,487            |                     |
| User fees   | 50,130             |                     |
| State revenue sharing   | <u>206,199</u>     | 608,816             |
| Pension:  |                    |                     |
| Net pension liability/asset   | (2,820,903)        |                     |
| Deferred inflows of resources   | 1,506,750          |                     |
| Deferred outflows of resources  | <u>(1,965,212)</u> | (3,279,365)         |
| Other Post Employment Benefits (OPEB):  |                    |                     |
| OPEB payable  |                    | <u>(3,610,983)</u>  |
| Net position of governmental activities   |                    | <u>\$ 1,843,706</u> |

The accompanying notes are an integral part of the basic financial statements.

CENTRAL FIRE PROTECTION DISTRICT NO. 4  
Baton Rouge, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Fund  
For the Year Ended December 31, 2021

|                                      |                            |
|--------------------------------------|----------------------------|
| Revenues:                            |                            |
| Ad valorem taxes                     | \$ 3,934,410               |
| Charges for services                 | 398,892                    |
| Intergovernmental revenues -         |                            |
| Federal grants                       | 134,236                    |
| State funds -                        |                            |
| State revenue sharing                | 309,571                    |
| Fire insurance rebate                | 121,541                    |
| State supplemental pay               | 208,500                    |
| Interest earnings                    | 20,521                     |
| Miscellaneous                        | <u>31,279</u>              |
| Total revenues                       | <u>5,158,950</u>           |
| Expenditures:                        |                            |
| Current -                            |                            |
| Public safety - fire                 | 4,333,878                  |
| Debt service -                       |                            |
| Principal retirement                 | 185,030                    |
| Interest charges                     | 33,873                     |
| Capital outlay                       | <u>410,484</u>             |
| Total expenditures                   | <u>4,963,265</u>           |
| Excess of revenues over expenditures | <u>195,685</u>             |
| Other financing sources:             |                            |
| Proceeds from the disposal of assets | <u>23,861</u>              |
| Net change in fund balance           | 219,546                    |
| Fund balance, beginning              | <u>5,260,807</u>           |
| Fund balance, ending                 | <u><u>\$ 5,480,353</u></u> |

The accompanying notes are an integral part of the basic financial statements.

CENTRAL FIRE PROTECTION DISTRICT NO. 4  
Baton Rouge, Louisiana

Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balance of Governmental Fund  
to the Statement of Activities  
For the Year Ended December 31, 2021

|  |                  |                     |
|--|------------------|---------------------|
| Net change in fund balance per Statement of Revenues,<br>Expenditures and Changes in Fund Balances   |                  | \$ 219,546          |
| Capital assets:  |                  |                     |
| Capital additions  | \$ 380,616       |                     |
| Depreciation expense   | <u>(363,686)</u> | 16,930              |
| Special item- loan forgiveness   |                  | 757,801             |
| Some of the District's revenues will be collected after year-end, but<br>are not available soon enough to pay for the current period's<br>expenditures and, therefore, are reported as deferred inflows of<br>resources at the fund level. |                  |                     |
| Ad valorem taxes   | 159,350          |                     |
| User fees  | <u>29,372</u>    | 188,722             |
| Changes in long term liabilities:  |                  |                     |
| Payments on capital lease  | 185,030          |                     |
| Accrued interest   | 3,278            |                     |
| Accrued compensated absences   | <u>(4,959)</u>   | 183,349             |
| The effect of recording net pension and OPEB liability/asset<br>and the related deferred outflows and inflows:   |                  |                     |
| Change in OPEB   | (45,935)         |                     |
| Change in pension expense  | 267,716          |                     |
| Nonemployer pension contribution revenue recognized  | <u>227,399</u>   | <u>449,180</u>      |
| Change in net position per Statement of Activities   |                  | <u>\$ 1,815,528</u> |

The accompanying notes are an integral part of the basic financial statements.

CENTRAL FIRE PROTECTION DISTRICT NO. 4  
Baton Rouge, Louisiana

Notes to the Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Central Fire Protection District No. 4 (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of these notes.

A. Financial Reporting Entity

The Central Fire Protection District No. 4 (the District) was formed in 1976 by the City of Baton Rouge, Parish of East Baton Rouge (City/Parish).

The purpose of the District is to provide fire protection rescue and emergency medical service for the citizens of the District. The District serves approximately 35,000 individuals. The District employs permanent full-time employees and part-time employees. It also employs temporary employees as needed. Limited services are provided through volunteers. No value is attributed to the volunteer services in the accompanying financial statements.

A five-member board governs the District. Two board members are appointed by the City/Parish and two are appointed by the Central City Council. The fifth member is appointed by the other board members. No members are compensated.

The Board of Commissioners has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by Section 2100 of the 2011 Governmental Accounting Standards Board ("GASB") *Codification of Governmental Accounting and Financial Reporting Standards*, "Defining the Financial Reporting Entity". There are no component units included within the reporting entity.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity which are considered to be governmental activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients for goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

CENTRAL FIRE PROTECTION DISTRICT NO. 4  
Baton Rouge, Louisiana

Notes to the Basic Financial Statements

Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements (FFS)

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

- a. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major fund of the District is described below:

Governmental Fund -

General Fund

The General Fund, as provided by Louisiana Revised Statute 13:781 is the principal fund of the District and is used to account for the operations of the District. General operating expenditures are paid from this fund.

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net position and the statement of activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery) and financial position. All assets, deferred outflows

CENTRAL FIRE PROTECTION DISTRICT NO. 4  
Baton Rouge, Louisiana

Notes to the Basic Financial Statements

of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with its activities are reported. Government-wide fund equity is classified as net position.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate. The governmental fund utilizes a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on its balance sheet. The operating statement presents sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the District operations.

**Basis of Accounting**

In the government-wide statement of net position and statement of activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues are classified by source and expenditures are classified by function and character. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The District reports deferred inflows of resources on its governmental fund balance sheet. For governmental fund financial statements, deferred inflows arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred inflows also arise when resources are received before the District has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the deferred inflow is removed from the balance sheet and revenue is recognized.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

CENTRAL FIRE PROTECTION DISTRICT NO. 4  
Baton Rouge, Louisiana

Notes to the Basic Financial Statements

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity

Cash and interest-bearing deposits

For purposes of the statement of net position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the District.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not received.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$2,000 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

|                                   | <u>Years</u> |
|-----------------------------------|--------------|
| Buildings                         | 7 - 40       |
| Equipment, furniture and fixtures | 5 - 15       |

Compensated absences

Employees who work 24-hour shifts who have been employed for one to five years earn 11 days of vacation pay; for six to ten years of service, they earn 12 days; for eleven to fifteen, they earn 14 days; over sixteen years and over, they earn 15 days. Employees who work a 40-hour week who have been employed for one to five years earn 15 days of vacation pay; for six to ten years of service, they earn 20 days; for eleven to fifteen, they earn 25 days; over sixteen years and over, they earn 30 days. For all employees up to three days of vacation a year may be carried over to the next year at the Fire Chief's discretion. Unless an exception was approved by the board no employee may carry more than 240 hours at year end. Employees of the District are not allowed to carry over sick leave and sick pay is not paid upon resignation or retirement.

In the government-wide statements, the District accrues accumulated unpaid vacation leave and compensatory leave and associated related costs when earned (or

CENTRAL FIRE PROTECTION DISTRICT NO. 4  
Baton Rouge, Louisiana

Notes to the Basic Financial Statements

estimated to be earned) by the employee. No compensated absences liability is recorded on the governmental fund financial statements.

Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively. At December 31, 2021, the District recognized \$609,073 of deferred inflows of resources resulting from ad valorem tax collections, user fee collections, and state revenue sharing received more than 60 days after the close of the fiscal year in the fund financial statements. On the government-wide financial statements, the District recognized deferred inflows of resources and deferred outflows of resources attributable to pension benefits.

Equity Classifications

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increase by balances of deferred outflows of resources related to those assets.
- b. Restricted net position – Net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the District's debt. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.
- c. Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

In the fund financial statements, governmental fund equity is classified as fund balance. As such, fund balances of the governmental funds are classified as follows.

- a. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints

CENTRAL FIRE PROTECTION DISTRICT NO. 4  
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that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

- c. Committed – amounts that can be used only for specific purposes determined by a formal decision of the Board, which is the highest level of decision-making authority for the District.
- d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes determined by a formal decision of the Board.
- e. Unassigned – all other spendable amounts.

When an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District has provided otherwise in his commitment or assignment actions.

E. Use of Estimates

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

F. Pensions

The net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. Non-employer contributions are recognized as revenue in the government-wide financial statements. In the governmental fund financials, contributions are recognized as expenditures when due.

G. Postemployment Benefits Other than Pensions (OPEB)

The net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to OPEB, and OPEB expense, has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. In the governmental fund financial statements, contributions are recognized as expenditures when due.

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(2) Cash and Interest-Bearing Deposits

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in United States bonds, treasury notes, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

These deposits are stated at cost, which approximates market. Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District's deposits may not be recovered or will not be able to recover collateral securities that are in the possession of an outside party. The District does not have a policy for custodial credit risk; however, 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 pledging financial institution. 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. These securities are held in the name of the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) are secured as follows:

|   |                     |
|---|---------------------|
| Bank balances   | <u>\$ 1,606,829</u> |
| Deposits are secured as follows:  |                     |
| Insured deposits  | \$ 250,000          |
| Uninsured and collateral held by the pledging bank,<br>not in the District's name | <u>1,356,829</u>    |
| Total   | <u>\$ 1,606,829</u> |

(3) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied in September or October and billed to the taxpayers by the East Baton Rouge Parish Sheriff in November. Billed taxes are based on assessed values determined by the East Baton Rouge Parish Assessor and are collected by the East Baton Rouge Parish Sheriff.

Taxes were levied at the rate of 19.25 mills on property with net assessed valuations totaling \$283,489,287. Total taxes levied during 2021 were \$4,030,106, excluding \$1,427,064 due to homestead exemption. Taxes receivable at year end of \$953,368 consisted of \$981,368 gross taxes receivable less an allowance for uncollectible taxes of \$28,000.

(4) User Charges

The District is empowered to assess a user charge of \$32 for each residential and commercial structure in the District. The District has an agreement for the sheriff to place the user charges on the property tax statements. They are subject to the same enforcement procedures as property taxes. Total user charges levied during 2021 were \$403,514. User fees receivable at year-end of \$84,644 consisted of \$89,979 gross taxes receivable less an allowance for uncollectible accounts of \$5,335.

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(5) Due From Other Governmental Agencies

Amounts due from other governmental agencies consist of the following:

|                                  |                    |
|----------------------------------|--------------------|
| East Baton Rouge Parish Sheriff: |                    |
| Ad valorem taxes                 | \$3,055,645        |
| User charges                     | <u>314,163</u>     |
|                                  | <u>\$3,369,808</u> |

(6) Capital Assets

Capital asset balances and activity is as follows:

|                                     | Beginning<br>Balance | Additions        | Deletions      | Ending<br>Balance  |
|-------------------------------------|----------------------|------------------|----------------|--------------------|
| Land                                | \$ 264,018           | \$ -             | \$ -           | \$ 264,018         |
| Buildings                           | 2,246,241            | 216,214          | 1,800          | 2,460,655          |
| Equipment, furniture and fixtures   | <u>4,231,273</u>     | <u>164,402</u>   | <u>122,821</u> | <u>4,272,854</u>   |
| Totals                              | 6,741,532            | 380,616          | 124,621        | 6,997,527          |
| Less: accumulated depreciation      | <u>2,953,330</u>     | <u>363,686</u>   | <u>124,621</u> | <u>3,192,395</u>   |
| Capital assets, net of depreciation | <u>\$3,788,202</u>   | <u>\$ 16,930</u> | <u>\$ -</u>    | <u>\$3,805,132</u> |

Depreciation expense of \$363,686 was charged to public safety.

(7) Long-Term Liabilities

Note Payable – On January 25, 2017, the District entered into a note agreement with the Federal Emergency Management Agency (FEMA) for a Community Disaster Loan in the amount of \$779,500 bearing interest of 2% per annum. The principal and interest due on January 24, 2022, was canceled pursuant to Section 417 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5184) as of September 30, 2021. At December 31, 2021, the outstanding balance was \$0.

Capital Lease – On August 27, 2019, the District entered into an equipment lease purchase agreement, maturing on September 1, 2021, annual payments of \$42,612, including interest of 3.18%, secured by radios with a book value of \$55,185 (net of \$26,140 accumulated depreciation). At December 31, 2021, the outstanding balance was \$0.

Capital Lease – On January 24, 2020, the District entered into an equipment lease purchase agreement, maturing January 24, 2027, annual payments of \$176,291, including interest of 2.96%, secured by fire trucks and air packs with a book value of \$881,565 (net of \$100,985 accumulated depreciation). At December 31, 2021, the outstanding balance was \$956,269.

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During the year ended December 31, 2021, the following changes occurred in long-term liabilities:

|                      | Beginning<br>Balance | Additions         | Reductions          | Ending<br>Balance   | Due within<br>one year |
|----------------------|----------------------|-------------------|---------------------|---------------------|------------------------|
| Compensated absences | \$ 170,713           | \$ 197,163        | \$ 192,204          | \$ 175,672          | \$ -                   |
| Capital lease        | 1,141,299            | -                 | 185,030             | 956,269             | 147,985                |
| Note payable         | 757,801              | -                 | 757,801             | -                   | -                      |
| Totals               | <u>\$ 2,069,813</u>  | <u>\$ 197,163</u> | <u>\$ 1,135,035</u> | <u>\$ 1,131,941</u> | <u>\$ 147,985</u>      |

The annual debt service to maturity is as follows:

| Year Ending<br>December 31, | Principal         | Interest          |
|-----------------------------|-------------------|-------------------|
| 2022                        | 147,985           | 28,306            |
| 2023                        | 152,366           | 23,925            |
| 2024                        | 156,876           | 19,415            |
| 2025                        | 161,519           | 14,772            |
| 2026                        | 166,300           | 9,991             |
| 2027                        | 171,223           | 5,068             |
| Total                       | <u>\$ 956,269</u> | <u>\$ 101,477</u> |

(8) Other Post-Employment Benefits

**Plan Description:**

*Plan Description* – District administers a single-employer defined benefit healthcare plan. The plan provides health insurance benefits to eligible retirees and their spouses. Benefits provisions are established and may be amended by the Board of Commissioners. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board (GASB) Statement No. 75. The Plan does not issue a publicly available report.

*Benefits Provided* - Retirees may continue their coverage paying approximately 50% of premiums and receiving the same benefits as they did prior to their retirement. Current employees pay approximately 35%.

*Employees Covered by Benefit Terms* – At December 31, 2021, there were 37 active members and 3 retirees covered by the medical plan terms.

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**Total OPEB Liability**

The District's total OPEB liability of \$3,610,983 was measured as of December 31, 2021 and was determined by using an Alternative Measurement Method in place of an actuarial valuation.

*Actuarial Assumptions and other inputs* – The total OPEB liability was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified. The bond yield was based on a 20-year tax exempt municipal bond.

|                               |  |
|-------------------------------|--|
| Age Adjustment Factor         | 2.794301   |
| Average Retirement Age        | 60   |
| Actuarial Cost Method         | Entry Age Normal   |
| Amortization Method           | Level Percentage of Payroll  |
| Assets Backing OPEB Liability | None   |
| Plan Asset Return             | 0.00%  |
| Bond Yield                    | 2.44%  |
| Discount Rate                 | 2.44%  |
| Prior Year Discount Rate      | 2.44%  |
| Projected Salary Increases    | 3.00%  |
| Amortization Period           | 20   |
| Percentage Participation      | 100%   |
| NOL and ADC                   | Calculated Using the Alternative Measurement Method in accordance with GASB methodology.   |
| Mortality Table               | Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years.  |
| Turnover Assumption           | Derived from data maintained by the U.S. Office of Personnel Management regarding the most recent experience of the employee group covered by the Federal Employees Retirement System. |

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**Changes in the Total OPEB Liability**

|  |                            |
|--|----------------------------|
| Balance at December 1, 2020                    | <u>\$ 3,565,048</u>        |
| Changes for the year:                          |                            |
| Service cost                                   | \$ 97,342                  |
| Interest                                       | 89,337                     |
| Effect of economic/demographic gains or losses | (138,685)                  |
| Effect of assumptions changes or inputs        | -                          |
| Benefit payments and net transfers             | <u>(2,059)</u>             |
| Net changes                                    | <u>45,935</u>              |
| Balance at December 31, 2021                   | <u><u>\$ 3,610,983</u></u> |

*Sensitivity of the total OPEB liability to changes in the discount rate* – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.44%) or 1-percentage-point higher (3.44%) than the current discount rate:

|                      | 1% Decrease<br>1.44% | Current<br>Discount Rate<br>2.44% | 1% Increase<br>3.44% |
|----------------------|----------------------|-----------------------------------|----------------------|
| Total OPEB liability | \$ 4,166,588         | \$ 3,610,983                      | \$ 3,156,294         |

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates* – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (3.80%) or 1-percentage-point higher (5.80%) than the current healthcare trend rates:

|                      | 1% Decrease<br>3.90% | Current<br>Discount Rate<br>4.90% | 1% Increase<br>5.90% |
|----------------------|----------------------|-----------------------------------|----------------------|
| Total OPEB liability | \$ 3,049,919         | \$ 3,610,983                      | \$ 4,308,466         |

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

For the year ended December 31, 2021, the District recognized OPEB expense of \$45,935. At December 31, 2021, there were no deferred inflows or outflows of resources related to OPEB.

**Payables to the Plan**

At December 31, 2021, the District did not have any amounts payable to the plan.

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(9) Employee Retirement Systems

The District participates in a cost-sharing defined benefit plan, administered by a public employee retirement system. Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of the plan administered by the public employee retirement system to the State Legislature. The plan is not closed to new entrants. Substantially all District employees participate in the following retirement system:

Plan description: The Firefighters' Retirement System (the System) is the administrator of a cost-sharing multiple-employer plan. Members in the System consist of full-time firefighters, eligible employees of the retirement system, or any person in a position as defined in the municipal fire and police civil service system that earns at least \$375 per month, excluding state supplemental pay, and is employed by any municipality, parish, or fire protection district of the State of Louisiana, except for Orleans Parish and City of Baton Rouge. The System provides retirement benefits for their members. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

Firefighters' Retirement System issues a stand-alone report on its financial statements. Access to the audit report can be found on the System's website [www.lafirefightersret.com](http://www.lafirefightersret.com) or on the Office of Louisiana Legislative Auditor's official website [www.lla.state.la.us](http://www.lla.state.la.us).

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 informational purposes only. Participants should refer to the appropriate statutes for more complete information.

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.

No person who has attained age fifty or over shall become a member of the System, unless the person becomes a member by reasons 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 there from may become a member of 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 of 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.

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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.

**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) & (C).

**Deferred Retirement Option Plan Benefits:** 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 DROP, employer and employee contributions to the System cease. The monthly retirement benefits 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 DROP 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 DROP 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% increase in their original benefit. In order for the board to grant either of these increases, the System must meet certain criteria detailed in the statute related to funding status and interest earnings (R.S. 11:243). In lieu of these COLAs, pursuant to R.S. 11:241, the board may also grant an increase on a formula equal to up to \$1 times the total number of years credited service accrued at retirement or at death of the member or retiree plus the number of years since retirement or since death of the member of retiree to the system's fiscal year end preceding the payment of the benefit increase. If there are not

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sufficient funds to fund the benefit at the rate of one dollar per year for such total number of years, then the rate shall be reduced in proportion to the amount of funds that are available to fund the cost-of-living adjustment.

**Employer Contributions:** Employer contributions are actuarially determined each year. For the year ended June 30, 2021, employer and employee contributions 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.

**Non-employer Contributions:** According to state statute, the System receives insurance premium assessments from the state of Louisiana. The assessment is considered support from a non-employer contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions of \$227,399 are recognized as revenue during the year and excluded from pension expense.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:** The District reported a liability of \$2,820,903 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 a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the District's proportionate share was .796%, which was an increase of .032% from its proportionate share measured as of June 30, 2020.

The District recognized pension expense of \$419,271.

The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience   | \$ 40,256                            | \$ 253,323                          |
| Changes of assumptions   | 611,269                              | 1,711,889                           |
| Net difference between projected and actual earnings on pension plan investments                             | -                                    | -                                   |
| Change in proportion and differences between employer contributions and proportionate share of contributions | 503,480                              | -                                   |
| Employer contributions subsequent to the measurement date  | 351,745                              | -                                   |
| Total  | \$ 1,506,750                         | \$ 1,965,212                        |

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Deferred outflows of resources of \$351,745 resulting from the employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability during the year ending December 31, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions to be recognized in pension expense are as follows:

| Year Ended<br>December 31 |  |                     |
|---------------------------|--|---------------------|
| 2022                      |  | \$ (116,684)        |
| 2023                      |  | (143,322)           |
| 2024                      |  | (287,834)           |
| 2025                      |  | (426,215)           |
| 2026                      |  | 96,266              |
| Thereafter                |  | <u>67,582</u>       |
|                           |  | <u>\$ (810,207)</u> |

Actuarial 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 System's fiduciary net position.

A summary of the actuarial methods and assumptions used in determining the total pension liability of the System are as follows:

|   |  |
|---|--|
| Valuation Date                                | June 30, 2021  |
| Actuarial Cost Method for Financial Reporting | Entry Age Normal   |
| Investment Rate of Return (discount rate)     | 6.90% per annum (net of investment expenses, including inflation)  |
| Expected Remaining Service Lives              | 7  |
| Inflation Rate                                | 2.50% per annum  |
| Projected 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 (COLAs)            | 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. |

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

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

The 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 Consultants' Average Study included projected nominal rates of return, standard deviations of returns, and correlations of returns for a list of common asset classes collected from a number of investment consultants and investment management firms. Each consultant's response included nominal expected long term rates of return. In order to arrive at long term expected arithmetic real rates of return, the actuary normalized the data received from the consultant's responses in the following ways. Where nominal returns received were arithmetic, the actuary simply reduced the return assumption by the long term inflation assumption. Where nominal returns were geometric, the actuary converted the return to arithmetic by adjusting for the long term standard deviation and then reduced the assumption by the long term inflation assumption. Using the target asset allocation for the System and the average values for expected real rates of return, standard deviation of returns, and correlation of returns, an arithmetic expected nominal rate of return and standard deviation for the portfolio was determined. The System's long-term assumed rate of inflation of 2.50% was used in this process for the fiscal year ended June 30, 2021.

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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 is summarized in the following table:

|                        | Asset Type                       | Target Asset Allocation | Long-term Expected Real Rates of Return |
|------------------------|----------------------------------|-------------------------|---|
| Equity                 | U.S. Equity                      | 27.50%                  | 5.86%                                   |
|                        | Non-U.S. Equity                  | 11.50%                  | 6.44%                                   |
|                        | Global Equity                    | 10.00%                  | 6.40%                                   |
|                        | Emerging Market Equity           | 7.00%                   | 8.64%                                   |
| Fixed Income           | U.S. Core Fixed Income           | 18.00%                  | 0.97%                                   |
|                        | U.S. TIPS                        | 3.00%                   | 0.40%                                   |
|                        | Emerging market Debt             | 5.00%                   | 2.75%                                   |
| Multi-Asset Strategies | Global Tactical Asset Allocation | 0.00%                   | 4.17%                                   |
|                        | Risk Parity                      | 0.00%                   | 4.17%                                   |
| Alternatives           | Private Equity                   | 9.00%                   | 9.53%                                   |
|                        | Real Estate                      | 6.00%                   | 9.53%                                   |
|                        | Real Assets                      | 3.00%                   | ***                                     |
| Total                  |                                  | <u>100%</u>             |   |

\*\*\* Subsequent to the actuary's calculation of the long term expected real rate of return in January 201, the Board voted to amend the target asset allocation (which included a target weight in private real assets).

The discount rate used to measure the total pension liability was 6.90% a decrease of .10% from the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those 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 the Discount Rate: The following presents the net pension liability of the Parish, calculated using the discount rate of 6.90%, as well as what the Parish's net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate.

|                               | 1% Decrease<br><u>5.90%</u> | Current<br>Discount Rate<br><u>6.90%</u> | 1% Increase<br><u>7.90%</u> |
|-------------------------------|-----------------------------|--|-----------------------------|
| Net Pension Liability (Asset) | \$ 5,411,694                | \$ 2,820,903                             | \$ 660,211                  |

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(8) Risk Management

The District is exposed to risks of loss in the areas of auto and property liability and surety bonds. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year, nor have settlements exceeded coverage for the past three years.

(9) Litigation

There was no litigation pending against the District at December 31, 2021.

(10) Board of Commissioners

The District is governed by a Board of Commissioners. The members receive no compensation or per diem allowances for their service.

(11) Compensation, Benefits, and Other Payments to Agency Head

The schedule of compensation, benefits, and other payments to the District's agency head is as follows:

| Purpose:               | Stephen Branscum,<br><u>Fire Chief</u> |
|------------------------|--|
| Salary                 | \$ 101,836                             |
| Benefits - insurance   | 20,229                                 |
| Benefits - retirement  | 35,586                                 |
| State supplemental pay | <u>6,000</u>                           |
| Total                  | <u>\$ 163,651</u>                      |

(12) Tax Abatement

The District is subject to industrial tax abatements granted by the Board of Commerce and Industry. The Louisiana Industrial Ad Valorem Tax Exemption Program is a state incentive program which offers an attractive tax incentive for manufacturers who make a commitment to jobs and payroll in the state. The program provides an 80% property tax abatement for an initial term of five years and the option to renew for five additional years. As a result of this program, the District's ad valorem tax revenues were reduced by approximately \$7,180 for the year ended December 31, 2021.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

CENTRAL FIRE PROTECTION DISTRICT NO. 4  
Baton Rouge, Louisiana

Budgetary Comparison Schedule  
General Fund  
For the Year Ended December 31, 2021

|   | Budget              |                     | Actual              | Variance with<br>Final Budget |
|---|---------------------|---------------------|---------------------|-------------------------------|
|   | Original            | Final               |                     | Positive<br>(Negative)        |
| <b>Revenues:</b>                        |                     |                     |                     |                               |
| Ad valorem taxes                        | \$ 3,782,500        | \$ 3,782,500        | \$ 3,934,410        | \$ 151,910                    |
| Charges for services                    | 400,000             | 400,000             | 398,892             | (1,108)                       |
| Intergovernmental                       |                     |                     |                     |                               |
| Federal grants                          | 5,000               | 352,594             | 134,236             | (218,358)                     |
| State revenue sharing                   | 299,000             | 299,000             | 309,571             | 10,571                        |
| Fire insurance rebate                   | 121,500             | 121,500             | 121,541             | 41                            |
| State supplemental pay                  | 218,000             | 218,000             | 208,500             | (9,500)                       |
| Interest earnings                       | 19,500              | 19,500              | 20,521              | 1,021                         |
| Miscellaneous                           | 1,000               | 1,000               | 31,279              | 30,279                        |
| Total revenues                          | <u>4,846,500</u>    | <u>5,194,094</u>    | <u>5,158,950</u>    | <u>(35,144)</u>               |
| <b>Expenditures:</b>                    |                     |                     |                     |                               |
| Public safety -                         |                     |                     |                     |                               |
| Salaries                                | 2,423,500           | 2,423,500           | 2,359,245           | 64,255                        |
| Employee benefits                       | 1,282,800           | 1,282,800           | 1,268,166           | 14,634                        |
| Contractual services                    | 601,950             | 803,950             | 555,747             | 248,203                       |
| Supplies                                | 165,750             | 165,750             | 150,720             | 15,030                        |
| Debt service -                          |                     |                     |                     |                               |
| Principal retirement                    | 185,030             | 185,030             | 185,030             | -                             |
| Interest charges                        | 33,873              | 33,873              | 33,873              | -                             |
| Capital outlay                          | 153,597             | 279,492             | 410,484             | (130,992)                     |
| Total expenditures                      | <u>4,846,500</u>    | <u>5,174,395</u>    | <u>4,963,265</u>    | <u>211,130</u>                |
| Excess of revenues over<br>expenditures | <u>-</u>            | <u>19,699</u>       | <u>195,685</u>      | <u>175,986</u>                |
| <b>Other financing sources:</b>         |                     |                     |                     |                               |
| Proceeds from the disposal of assets    | <u>-</u>            | <u>-</u>            | <u>23,861</u>       | <u>23,861</u>                 |
| Net changes in fund balance             | -                   | 19,699              | 219,546             | 199,847                       |
| Fund balance, beginning                 | <u>5,260,807</u>    | <u>5,260,807</u>    | <u>5,260,807</u>    | <u>-</u>                      |
| Fund balance, ending                    | <u>\$ 5,260,807</u> | <u>\$ 5,280,506</u> | <u>\$ 5,480,353</u> | <u>\$ 199,847</u>             |

CENTRAL FIRE PROTECTION DISTRICT NO. 4  
Baton Rouge, Louisiana

Schedule of Changes in Total OPEB Liability and Related Ratios  
For the Year Ended December 31, 2021

|  | 2018               | 2019               | 2020               | 2021               |
|--|--------------------|--------------------|--------------------|--------------------|
| <b>Total OPEB Liability</b>                                      |                    |                    |                    |                    |
| Service cost   | \$ 71,297          | \$ 73,849          | \$ 73,849          | \$ 97,342          |
| Interest   | 105,124            | 120,868            | 74,738             | 89,337             |
| Changes in benefit terms   | -                  | -                  | -                  | -                  |
| Differences between expected and actual experience               | -                  | -                  | -                  | -                  |
| Changes in assumptions   | 137,027            | 106,863            | 773,178            | (138,685)          |
| Benefit payments and net transfers                               | <u>(1,051)</u>     | <u>(1,203)</u>     | <u>(1,203)</u>     | <u>(2,059)</u>     |
| Net Changes  | 312,397            | 300,377            | 920,562            | 45,935             |
| Total OPEB liability - beginning                                 | <u>2,031,712</u>   | <u>2,344,109</u>   | <u>2,644,486</u>   | <u>3,565,048</u>   |
| Total OPEB liability - ending                                    | <u>\$2,344,109</u> | <u>\$2,644,486</u> | <u>\$3,565,048</u> | <u>\$3,610,983</u> |
| Covered employee payroll   | \$1,944,228        | \$1,958,915        | \$1,954,807        | \$2,048,611        |
| Total OPEB liability as a percentage of covered-employee payroll | 120.57%            | 135.00%            | 182.37%            | 176.26%            |

\* Equal to net OPEB liability

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

CENTRAL FIRE PROTECTION DISTRICT NO. 4  
Baton Rouge, Louisiana

Schedule of Employer's Share of Net Pension Liability  
Firefighters' Retirement System  
For the Year Ended December 31, 2021

| *<br>Year<br>ended<br>December 31, | Employer<br>Proportion<br>of the<br>Net Pension<br>Liability<br>(Asset) | Employer<br>Proportionate<br>Share of the<br>Net Pension<br>Liability<br>(Asset) | Employer's<br>Covered<br>Payroll | Employer's<br>Proportionate Share<br>of the Net Pension<br>Liability (Asset) as<br>a Percentage of its<br>Covered Payroll | Plan Fiduciary<br>Net Position<br>as a Percentage<br>of the Total<br>Pension Liability |
|------------------------------------|---|--|----------------------------------|---|--|
| 2015                               | 0.601%  | 3,243,416  | 1,277,138                        | 254.0%  | 72.45%   |
| 2016                               | 0.618%  | 4,044,398  | 1,394,183                        | 290.1%  | 68.16%   |
| 2017                               | 0.691%  | 3,962,936  | 1,614,962                        | 245.4%  | 73.55%   |
| 2018                               | 0.720%  | 4,139,161  | 1,713,238                        | 241.6%  | 73.55%   |
| 2019                               | 0.746%  | 4,668,886  | 1,802,023                        | 259.1%  | 73.96%   |
| 2020                               | 0.764%  | 5,294,948  | 1,901,791                        | 278.4%  | 72.61%   |
| 2021                               | 0.796%  | 2,820,903  | 1,906,286                        | 148.0%  | 86.78%   |

\* The amounts presented have a measurement date of June 30.

CENTRAL FIRE PROTECTION DISTRICT NO. 4  
Baton Rouge, Louisiana

Schedule of Employer Contributions  
Firefighters' Retirement System  
For the Year Ended December 31, 2021

| Year ended<br>December 31, | Contractually<br>Required<br>Contribution | Contributions<br>in Relation to<br>Contractual<br>Required<br>Contribution | Contribution<br>Deficiency<br>(Excess) | Employer's<br>Covered<br>Payroll | Contributions<br>as a % of<br>Covered<br>Payroll |
|----------------------------|---|--|--|----------------------------------|--|
| 2015                       | \$371,326                                 | \$371,326  | -                                      | \$ 1,362,664                     | 27.25%   |
| 2016                       | 391,662                                   | 391,662  | -                                      | 1,492,046                        | 26.25%   |
| 2017                       | 444,995                                   | 444,995  | -                                      | 1,719,787                        | 25.88%   |
| 2018                       | 456,264                                   | 456,264  | -                                      | 1,721,751                        | 26.50%   |
| 2019                       | 506,487                                   | 506,487  | -                                      | 1,867,204                        | 27.13%   |
| 2020                       | 577,694                                   | 577,694  | -                                      | 1,935,236                        | 29.85%   |
| 2021                       | 645,869                                   | 645,869  | -                                      | 2,002,423                        | 32.25%   |

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

CENTRAL FIRE PROTECTION DISTRICT NO. 4  
Baton Rouge, Louisiana

Notes to the Required Supplementary Information

(1) Budgets and Budgetary Accounting

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Prior to January 1, the Fire Chief submits to the Board a proposed budget for the ensuing year. The operating budget includes proposed expenditures and the means of financing them.
- b. A public hearing is held on the proposed budget at least ten days after publication of the call for a hearing.
- c. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.
- d. All budgetary appropriations lapse at the end of each fiscal year.
- e. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts included in the accompanying financial statements are as originally adopted or as finally amended by the Fire District.

(2) Other Postemployment Benefits

Benefit Changes –

There were no changes of benefit terms

Changes of assumptions –

| <u>Year ended</u><br><u>December 31,</u> | <u>Discount</u><br><u>Rate</u> | <u>Healthcare</u><br><u>Cost Trend</u><br><u>Rates</u> | <u>Projected</u><br><u>Salary</u><br><u>Increase</u> |
|--|--------------------------------|--|--|
| 2018                                     | 3.40%                          | 4.60%  | 3.00%  |
| 2019                                     | 2.75%                          | 4.70%  | 3.00%  |
| 2020                                     | 2.44%                          | 4.80%  | 3.00%  |
| 2021                                     | 2.44%                          | 4.90%  | 3.00%  |

CENTRAL FIRE PROTECTION DISTRICT NO. 4  
Baton Rouge, Louisiana

Notes to the Required Supplementary Information

(3) Pension Plan

Changes of Benefit Terms:

There were no changes of benefit terms.

Changes of assumptions –

| *<br>Year ended<br>December 31, | Discount<br>Rate | Investment<br>Rate of<br>Return | Inflation<br>Rate | Expected<br>Remaining<br>Service Lives | Projected<br>Salary<br>Increase |
|---------------------------------|------------------|---------------------------------|-------------------|--|---------------------------------|
| 2015                            | 7.50%            | 8.24%                           | 2.875%            | 7                                      | 4.75% - 15%                     |
| 2016                            | 7.50%            | 8.34%                           | 2.875%            | 7                                      | 4.75% - 15%                     |
| 2017                            | 7.40%            | 8.29%                           | 2.775%            | 7                                      | 4.75% - 15%                     |
| 2018                            | 7.30%            | 8.09%                           | 2.700%            | 7                                      | 4.75% - 15%                     |
| 2019                            | 7.15%            | 7.94%                           | 2.500%            | 7                                      | 4.50% - 14.75%                  |
| 2020                            | 7.00%            | 7.00%                           | 2.500%            | 7                                      | 5.20% - 14.10%                  |
| 2021                            | 6.90%            | 6.90%                           | 2.500%            | 7                                      | 5.20% - 14.10%                  |

\* The amounts presented have a measurement date of June 30.

**COMPLIANCE, INTERNAL CONTROL  
AND  
OTHER MATTERS**

# KOLDER, SLAVEN & COMPANY, LLC

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

Board of Commissioners  
Central Fire Protection District No. 4  
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Central Fire Protection District No. 4 (the District), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which comprise the District's basic financial statements and have issued our report thereon dated April 19, 2022.

### Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of current and prior year audit findings as items 2021-001 to be material weaknesses.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 that are required to be reported under *Government Auditing Standards*.

## **The District's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of current and prior year audit findings and management's corrective action plan. The District's response was not subject to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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. However, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Baton Rouge, Louisiana  
April 19, 2022

CENTRAL FIRE PROTECTION DISTRICT NO. 4  
Baton Rouge, Louisiana

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
Year Ended December 31, 2021

Part I. Current Year Findings and Management's Corrective Action Plan

A. Internal Control Over Financial Reporting

2021-001 Inadequate Segregation of Accounting Functions

CONDITION: The District did not have adequate segregation of functions within the accounting system.

CRITERIA: AU-C§315.04, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, defines internal control as:

“A process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.”

CAUSE: The cause of the condition is the fact that the District does not have a sufficient number of staff performing administrative and financial duties to provide adequate segregation of accounting and financial duties.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Management should evaluate the cost vs. benefit of complete segregation and whenever possible, reassign incompatible duties among different employees to ensure that a single employee does not have a control of more than one of the following responsibilities: (1) authorization; 2) custody (3) record keeping; and (4) reconciliation.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Board of Commissioners concurs with the audit finding. Due to the size of the operations and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

B. Compliance

No items to report.

CENTRAL FIRE PROTECTION DISTRICT NO. 4  
Baton Rouge, Louisiana

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
Year Ended December 31, 2021

Part II. Current Year Findings and Management's Corrective Action Plan

A. Internal Control Over Financial Reporting

2020-001 Inadequate Segregation of Accounting Functions

CONDITION: The District did not have adequate segregation of functions within the accounting system.

RECOMMENDATION: Management should evaluate the cost vs. benefit of complete segregation and whenever possible, reassign incompatible duties among different employees to ensure that a single employee does not have a control of more than one of the following responsibilities: (1) authorization; 2) custody (3) record keeping; and (4) reconciliation.

CURRENT STATUS: Unresolved. See item 2021-001.

B. Compliance

No items reported.