ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA

ANNUAL FINANCIAL REPORT

For the year ended September 30, 2023

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2023

TABLE OF CONTENTS

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2023

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT

Honorable Chairman and Members
of the St. George Fire Protection District No. 2
Baton Rouge, Louisiana

Opinions

We have audited the accompanying financial statements of the governmental activities and the General Fund of the **ST. GEORGE FIRE PROTECTION DISTRICT NO. 2 (District)**, as of and for the year ended September 30, 2023, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, and the General Fund of the District, as of September 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the *Louisiana Governmental Audit Guide,* and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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.

6811 Jefferson Highway | Baton Rouge, LA 70806 | (225) 927-6811 | Facsimile: (225) 932-0000
1404 S. Burnside Avenue | Gonzales, LA 70737 | (225) 647-6811

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence 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 judgment, 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.

(continued)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, the schedule of changes in total other post-employment benefit liability and related ratios, the schedule of proportionate share of net pension liability, the schedule of contributions to each retirement system, and related notes to required supplementary information on pages 4 through 8 and 39 through 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The schedule of compensation, benefits, and other payments to agency head on page 45 is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information on page 45 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material aspects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2024 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
March 27, 2024

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

INTRODUCTION

This section of the St. George Fire Protection District No. 2’s (the District) financial report represents our discussion and analysis of the District's financial performance during the fiscal year ended September 30, 2023 with comparative prior year information with explanations of changes between the two years.

The District provides emergency services to a 84 square mile area of East Baton Rouge Parish. The District is located in the southern portion of East Baton Rouge Parish. It includes areas within East Baton Rouge Parish outside of the city limits of Baton Rouge with the parish line being the boundary on the eastern, western and southern ends and Harrell's Ferry Road being the northern boundary. The population of the District is approximately 106,500 and there are approximately 31,000 structures. The District is a separate government body and is governed by an appointed board of five citizens.

The District has a total staff of 199 employees that provide fire protection and related services. This includes 13 employees that provide administrative and office services.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of four components: (1) government-wide financial statements, (2) fund financial statements, (3) notes to the financial statements, and (4) required supplemental information. Please read it in conjunction with the District's financial statements which begin on page 9.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the District’s finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District’s assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between these items reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, the revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, earned but unused accumulated leave).

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as, on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also provides certain required supplementary information including the budgetary comparison schedule and historical information for the net pension liability and the total other postemployment benefit liability.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by $37,434,712 (net position - deficit), which represents a 6.9% deficit increased from September 30, 2022 as restated. A restatement of $82,158 was recorded to reduce net position for capital assets and accounts payable transactions applicable September 30, 2022, as further disclosed in Note 15. The increased deficit in net position was mainly due to net increase in net pension liability. The largest portion of the District's net position reflects its net investment in capital assets.

The following provides a summary of the net position (deficit):

Governmental Activities

	2023	2022 As Restated
Current and other assets	$ 8,170,179	$ 8,026,769
Capital assets	38,028,265	38,832,779
Total assets	46,198,444	46,859,548
Deferred outflows - resources	17,785,139	23,676,901
Other liabilities	12,892,295	11,634,503
Long-term liabilities	73,645,491	79,114,352
Total liabilities	86,537,786	90,748,855
Deferred inflows - resources	14,880,509	14,803,039
Net Position (Deficit):		
Net investment in capital assets	17,289,725	16,062,084
Restricted for debt service	940,221	362,207
Unrestricted	(55,664,658)	(51,439,736)
Total net position (deficit)	$ (37,434,712)	$ (35,015,445)

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

Governmental Activities

	2023	2022 As Restated
Revenues:		
Program Revenues:		
Charges for services	$ -	$ 8,313
Operating grants and contributions	2,962,886	2,501,844
Capital grants and contributions	1,052,355	479,809
General Revenues:		
Property taxes	25,088,182	24,181,195
Service charges	1,300,984	1,273,863
Intergovernmental revenues	1,002,181	1,106,903
Interest and other revenues	314,010	103,380
Total revenues	31,720,598	29,655,307
Expenses	34,139,865	32,756,754
Change in net position	(2,419,267)	(3,101,447)
Beginning net position (deficit), as restated	(35,015,445)	(31,913,998)
Ending net position (deficit)	$ (37,434,712)	$ (35,015,445)

The District receives property tax based on a millage of 12 mills for general operations, 1.25 mills for salary and benefits, 1.25 mills for capital improvements and general operations, and 1.50 mills for capital improvements and debt service. These taxes, which represent 79.09% of total revenue, increased by $906,987 or 3.75% from the period ending September 30, 2022.

The District also received grants and contributions from the federal government, the State of Louisiana for various grant programs or appropriations, a contribution from the District's separate non-profit foundation, and the District's allocation of non-employer contributions from the two pension plans. The operating and capital grants and contributions represent 12.66% of total revenue and increased by $ 1,033,588 or 34.66% from the period ending September 30, 2022. This increase was mainly due to receiving a federal Assistance to Firefighters (AFG) Grant for $661,909, grant revenue from the City of Baton Rouge/Parish of East Baton Rouge for $235,200 and increases is state supplemental pay of $233,064.

The District's expenses increased by $1,383,111 or 4.22%. Most of this increase was caused by expenses for personnel services and related benefits increasing by $994,949. Depreciation and amortization increased by $293,568 due to the completion of the new campus construction in fiscal year ending September 30, 2022. The remaining increase was caused by increases in various other expenditure accounts including contractual services, insurance, and interest expense.

FINANCIAL ANALYSIS OF FUNDS

The following provides a summary of the general fund's revenues, expenditures, and other financing sources for the years ended September 30, 2023 and 2022:

	General Fund		
	2023	2022 As restated	Variance
Revenues	$ 30,179,732	$ 27,928,264	$ 2,251,468
Expenditures	31,581,893	33,316,699	(1,734,806)
Other financing sources	262,429	94,999	167,430
Change in fund balance	$ (1,139,732)	$ (5,293,436)	$ 4,153,704

Revenues increased by $2,251,468 largely driven by increases in property tax and federal grant revenue of $906,987 and $728,629, respectively. The remaining variance was mainly due to increased revenue received for State Supplemental Pay, interest income, and service charge revenue. The federal revenue received by the District includes $661,909 in from the Assistance to Firefighters (AFG) Grant, as well as an additional $99,686 in FEMA reimbursements for disaster assistance. The District was also reimbursed $235,200 for certain expenditures under an agreement with the City of Baton Rouge – Parish of East Baton Rouge that is funded with the Coronavirus State and Local Fiscal Recovery Fund (SLFRF). In addition, the District received a grant from the State of Louisiana to purchase fire equipment for $250,000.

Public safety-fire protection expenditures decreased by $1,734,806 due mainly to a reduction in capital outlay expenditures of $2,159,358 offset by net increases in all other expenditures of $424,552.

Other sources of income increased because proceeds from the sale of capital assets recognized in the current year was more than the proceeds in the prior year. In addition, proceeds from lease agreements and Software Based Information Technology Arrangements (SBITAs), which is a new accounting standard implemented as described in Note 1Q, increased by $112,429.

BUDGETARY HIGHLIGHTS

The original budget was amended prior to the conclusion of the fiscal year.

	Original Budget	Final Budget	Actual	Variance with budget positive (negative)
Revenues	$ 28,076,200	$ 29,376,200	$ 30,179,732	$ 803,532
Expenditures	27,770,750	31,528,008	31,581,893	(53,885)
Other financing sources	200,000	200,000	262,429	62,429
Change in fund balance	$ 505,450	$ (1,951,808)	$ (1,139,732)	$ 812,076

Budget to Actual

Actual revenues exceeded budgeted revenue by $803,532 due most in part by federal grant revenue of $761,596 that was not included in the budget. The budget for personnel services and related benefits expenditures exceeded actuals by $1,564,211. Contractual services exceeded the budget by $948,138 mainly due to statutory pension plan withholdings from property tax by the Sheriff of $688,035 not being included in the budget. Debt service principal and interest exceeded the budget by a cumulative total of $280,841 due to interest expenditures not being included in the budget. Capital Outlay exceeded the budget by $369,996 due to year-end accruals that were recognized as fiscal year 2023 expenditures after the fiscal year budget was completed and approved. The remaining variance was caused by net budget overages in all other expenditures of $19,121. Actual Other Financing Sources exceeded the budget by $62,429. This was due to a budget deficit of $50,000 for the sale of capital assets. Additionally, the District recognized $112,429 in proceeds from the issuance of Leases and SBITAs that were not included in the budget.

CAPITAL ASSETS

At September 30, 2023, the District had $38,028,265 of capital assets including land, eight fire stations and an administrative building and campus, improvements, firefighting and other equipment, furniture and fixtures, capital leases, and SBITAs, net of accumulated amortization and depreciation.

LONG-TERM DEBT

The District has two equipment financings for the acquisition of fire trucks and medical with a balance due of $6,569,013, a construction loan with a balance due of $13,200,000 a retirement payoff loan with a balance of $733,544 and compensated absences balance of $2,821,155. Additionally, the District has a lease liability for office equipment with a balance owed of $57,080 and subscription liability for a subscription-based information technology arrangement with a balance owed of $33,735.

The District recognizes its proportionate share of its net pension liability for participating in two pension plans. The liability recorded as of September 30, 2023 is $31,007,365. In addition, the District recorded total other postemployment benefit liability of $19,223,599 that represents the actuarial determined liability for the District offering continuing health benefits for retirees.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to Gerard C. Tarleton, Fire Chief, St. George Fire Protection District located at 14100 Airline Highway, Baton Rouge, La. 70817.

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

Statement A

ASSETS		
Cash and cash equivalents	$	7,111,615
Receivables:		
Property taxes and service charges		30,375
Federal grants		761,596
Other receivables		62,331
Deposits and prepaids		204,262
Capital assets		
Non-depreciable		2,775,113
Depreciable and amortizable, net		35,253,152
Total assets		46,198,444
DEFFERED OUTFLOWS OF RESOURCES		
Related to net pension liability		10,726,658
Related to total other postemployment benefit liability		7,058,481
Total deferred outflows of resources		17,785,139
LIABILITIES		
Accounts payable		1,230,460
Salary and benefits payable		1,309,386
Certificate of indebtedness		10,000,000
Accrued interest		352,449
Long-term liabilities:		
Bonds, financed equipment, debt, leases and SBITA and compensated absences:		
Due within one year		3,151,785
Due in more than one year		20,262,742
Net pension liability:		
Due in more than one year		31,007,365
Total other postemployment benefit liability:		
Due within one year		720,582
Due in more than one year		18,503,017
Total liabilities		86,537,786
DEFERRED INFLOWS OF RESOURCES		
Related to net pension liability		2,822,344
Related to total other postemployment benefit liability		12,058,165
Total deferred inflows of resources		14,880,509
NET POSITION (DEFICIT)		
Net investment in capital assets		17,289,725
Restricted for:		
Debt service		940,221
Unrestricted		(55,664,658)
Total net position (deficit)	$	(37,434,712)

The accompanying notes are an integral part of this statement.

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Statement B

		PROGRAM REVENUES			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	TOTAL
EXPENSES:					
Public safety - fire protection	$ 31,037,600	$ -	$ 2,962,886	$ 1,052,355	$ (27,022,359)
Depreciation	2,195,173	-	-	-	(2,195,173)
Interest	907,092	-	-	-	(907,092)
Total governmental activities	34,139,865	-	2,962,886	1,052,355	(30,124,624)

GENERAL REVENUES:	
Ad valorem taxes	25,088,182
Service charges	1,300,984
State revenue sharing	363,510
Fire insurance tax	638,671
Interest income	280,289
Miscellaneous	3,303
Net gain on disposal of assets	30,418
Total general revenues	27,705,357
Change in net position	(2,419,267)
Net position (deficit):	
Beginning of the year, as restated	(35,015,445)
End of the year	$ (37,434,712)

The accompanying notes are an integral part of this statement.

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA
GOVERNMENTAL FUND BALANCE SHEET
SEPTEMBER 30, 2023

Statement C

	GENERAL FUND
ASSETS	
Cash and cash equivalents	$ 7,111,615
Receivables:	
Property taxes and service charges	30,375
Federal grants	761,596
Other receivables	62,331
Deposits and prepaids	204,262
Total Assets	$ 8,170,179
LIABILITIES	
Accounts payable	$ 1,230,460
Salary and benefits payable	1,309,386
Accrued interest payable	38,222
Certificate of indebtedness	10,000,000
Total liabilities	12,578,068
Fund balances:	
Nonspendable	204,262
Restricted for debt service	1,137,671
Unassigned (deficit)	(5,749,822)
Total fund balance (deficit)	(4,407,889)
Total Liabilities and Fund Balance	$ 8,170,179

The accompanying notes are an integral part of this statement.

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2023

Statement D

Total fund balance (deficit) - governmental funds (Statement C)		$ (4,407,889)
Cost of capital assets	51,748,691	
Less: Accumulated depreciation and amortization	(13,720,426)	38,028,265
Deferred outflows and inflows of resources are not available to pay current period expenditures and, therefore are not reported in the governmental fund.		
Deferred outflow of resources - related to net pension liability	10,726,658	
Deferred outflow of resources - total other post-employment benefit liability	7,058,481	17,785,139
Deferred inflow of resources - related to net pension liability	(2,822,344)	
Deferred inflow of resources - total other post-employment benefit liability	(12,058,165)	(14,880,509)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term, are reported in the Statement of Net Position.		
Balances at September 30, 2023 are:		
Accrued interest		(314,227)
Long-term liabilities:		
Retirement payoff loan	(733,544)	
Revenue bonds	(13,200,000)	
Compensated absences payable	(2,821,155)	
Lease liability	(57,080)	
SBITA liability	(33,735)	
Financed equipment liability	(6,569,013)	
Net pension liability	(31,007,365)	
Total other post-employment benefit liability	(19,223,599)	(73,645,491)
Net Position (deficit) (Statement A)		$ (37,434,712)

The accompanying notes are an integral part of this statement.

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Statement E

	GENERAL FUND
REVENUES:	
Ad valorem taxes	$ 25,088,182
Service charges	1,300,984
State revenue sharing	363,510
Fire insurance tax	638,671
Supplemental pay	1,257,997
Federal grants	761,596
State and other grants	485,200
Interest income	280,289
Miscellaneous	3,303
Total revenues	30,179,732
EXPENDITURES:	
Personnel services and related benefits	22,045,109
Contractual services	1,580,906
Insurance	1,048,920
Legal and professional	271,443
Office supplies	392,085
Repairs and maintenance	463,576
Supplies	850,150
Telecommunications	291,325
Training	149,373
Utilities	401,639
Capital outlay	1,369,996
Debt service:	
Principal	1,784,929
Interest and other charges	932,442
Total expenditures	31,581,893
Excess (deficiency) of revenues over (under) expenditures	(1,402,161)
Other financing sources (uses):	
Proceeds from sale of assets	150,000
Proceeds from issuance of software based information technology arrangements	43,560
Proceeds from issuance of lease agreements	68,869
Total other financing sources (uses)	262,429
Net change in fund balance	(1,139,732)
Fund balance (deficit):	
Beginning of the year, as restated	(3,268,157)
End of the year	$ (4,407,889)

The accompanying notes are an integral part of this statement.

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Statement F

Net change in fund balance - total governmental funds (Statement E)	$ (1,139,732)
Amounts reported for governmental activities in the statement of activities (Statement B) are different as follows:	
Capital Assets:	
Capital outlay and other expenditures capitalized	1,369,996
Depreciation and amortizaton expense	(2,195,173)
Donation of capital assets	140,245
Loss on disposition of capital assets	(119,582)
Changes in Long Term Liabilities:	
Proceeds from issuance of SBITA agreements	(43,560)
Proceeds from issuance of lease agreements	(68,869)
Change in accrued interest payable	25,350
Principal paid on revenue bonds, financed equipment, lease and SBITA liability	1,784,929
Change in compensated absences payable	(171,731)
Change in total OPEB liability and associated deferrals	(942,659)
Change in net pension liability and associated deferrals	(1,058,481)
Change in net position (Statement B)	$ (2,419,267)

The accompanying notes are an integral part of this statement.

Notes to the Financial Statements
As of and for the Year ended September 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Introduction

On December 31, 1993, the Metropolitan Council of the City of Baton Rouge and Parish of East Baton Rouge (City/Parish) created the Advisory Board as a Board of Commissioners that governs the St. George Fire Protection District (the District) pursuant to Louisiana Revised Statutes 40:1491-1508 effective January 1, 1994. Article VI, Sections 15 and 19 of the Louisiana Constitution of 1974, authorized the Metropolitan Council to appoint 5 members to the Board of Commissions.

The District provides emergency services to a 84 square mile area of East Baton Rouge Parish. The District is located in the southern portion of East Baton Rouge Parish. It includes East Baton Rouge Parish outside of the city limits of Baton Rouge with the parish line being the boundary on the eastern, western and southern ends and Harrell's Ferry Road being the northern boundary.

The District presently has eight stations to provide fire protection within their district. The District has 199 employees.

B. Reporting Entity

As the governing authority of the parish, for reporting purposes, the City/Parish is the financial reporting entity. GASB Codification section 2100 established criteria for determining which component units should be considered part of the City-Parish for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. The criteria include:

1. Legal status of the potential component unit.
2. Fiscal accountability:
    a. The primary government appointing a voting majority of the potential component unit's governing body (and) has ability of the to impose its will on the potential component unit, (or)
    b. When a potential component unit is fiscally dependent on the primary government regardless of whether the organization has separate elected officials or boards.
3. Financial benefit/burden relationship between the primary government and potential component unit.
4. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature of significance of the relationship.

Although the Metropolitan Council appoints the members of the Board of Commissions, the District did not meet the remaining criteria to be considered a component unit of the City/Parish. Also, the District has no component units, as defined by the GASB or other legally separate organizations for which the District is financially accountable.

C. Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the District. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange or exchange-like transactions should be recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from non-exchange transactions should be recognized in accordance with the requirements of GASB Codification Section N50. The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to the specific function. Program revenues include (a) charges for services (b) operating grants and contributions consist of grants or contributions received from federal, state or other sources including the non-employer contributions proportion allocated by pension plans, and (c) capital grants and contributions consist of grants are restricted to meeting capital requirements of a specific program. Revenues that are not classified as program revenues, including all taxes, interest income and miscellaneous revenues are presented as general revenues.

Fund Financial Statements

The fund financial statements provide reports on its financial condition and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

Funds of the District are classified as governmental funds. Governmental funds account for the District’s general activities, including the collection and disbursement of specific or legally restricted monies. The District has one governmental funds, the General Fund. The General Fund is the operating fund of the District and accounts for all financial resources.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-wide financial statements (GWFS) use the economic resources measurement focus and the accrual basis of accounting in the preparation of the Statement of Net Position and the Statement of Activities. Revenues are recorded using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements (FFS) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers non-exchange transactions such as property taxes and service charges reported in the governmental funds when levied but subject to being available which generally means collected within sixty days after year end. Revenue from grants, entitlements and donations are recognized in the year in which all eligibility requirements have been satisfied and the availability criteria met which means twelve months.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Expenditures are recorded when the related fund liability is incurred, if measurable, except for unmatured principal and interest on long-term debt which is recognized when due. Compensated absences and claims and judgments are reported in the governmental fund only if the claims are due and payable.

D. Receivables

An allowance for uncollectable accounts is not being calculated when determining year-end receivables. Instead, it has been determined by management that recording the collections of taxes and service charges that are made up two months subsequent to year end is a reasonable amount based on historical collections.

E. Use of Estimates

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

F. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits that mature within 90 days after year end and other investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or under the laws of the United States.

In addition, under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days. However, if the original maturities are 90 days or less, they are classified as cash equivalents.

G. Deferred Outflows/Inflows of Resources

The statement of net position reports in a separate section for deferred inflows and outflows of resources. Deferred outflows of resources is a consumption of net assets by the government that is applicable to a future reporting period while deferred inflows of resources is an acquisition of net assets by the government that is applicable to the future reporting period.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Compensated Absences

Employees of the District earn vacation hours at various amounts on a sliding scale that range from 160 hours per year with 1 to 10 years of service to 360 hours per year with more than 21 years of service and also varies based one of three personnel categories, staff, line or communications. An employee begins accruing the vacation time after completing one year of service with the hours prorated from the anniversary date to the end of the calendar year. All other vacation is earned on January 1. Employees can also accrue compensated leave time in lieu of cash payments for overtime work based on the discretion of the Fire Chief. Per L.S.A. R.S. 33:1995, each employee is entitled to 52 weeks of continuous paid leave to recuperate for any illness of injury that is not brought about by the employees own negligence of culpable indiscretion. Upon termination of employment, employees are paid for accrued vacation and compensated leave. The cost of leave privileges is recognized as a current-year expenditure in the General Fund as leave is taken. The cost of leave privileges not requiring current resources is recorded as a long-term debt as a governmental activity.

I. Revenues

General revenues

Property taxes and the service charges are assessed each calendar year and are recorded on the modified accrual basis and, therefore, recorded when they are both measurable and available. These revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the fiscal year. The calendar of events for the 2022, ad valorem tax calendar was as follows:

	Service charges and Ad valorem taxes
Assessment date	January 1, 2022
Levy date	May 19, 2022
Tax roll completed by	November 15, 2022
Collection date	December 31, 2022

State law requires the sheriff to collect property taxes in the calendar year in which the assessment is made. Property taxes become delinquent January 1 of the following year. If taxes are not paid by the due date, taxes bear interest at the rate of 1.25% per month until the taxes are paid. After notice is given to the delinquent taxpayers, the sheriff is required by the Constitution of the State of Louisiana to sell the least quantity of property necessary to settle the taxes and interest owed. State revenue sharing revenues and the 2% fire insurance tax protection rebate are recorded when the District is entitled to the funds.

Program Revenues

The Statement of Activities presents three categories of program revenues - (1) charges for services, (2) operating grants and contributions, and (3) capital grants and contributions. Charges for services are revenues from exchanges or exchange-like transactions with external parties that purchase, use or directly benefit from the programs goods, services, or privileges. These revenues typically include fees charged for specific services, operating special assessments, and include payments from exchange transactions with other governments.

Grants and contributions whether operating or capital in nature, are revenues arising from receipts that are reserved for a specific use.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Compensated absences are recognized as expenditures when leave is actually taken or when the employees (or heirs) are paid for accrued leave upon termination or death, while the cost of leave privileges not requiring current resources are recorded as a long-term debt.

K. Other Financing Sources (Uses)

Proceeds from the sale of fixed assets and debt acquired for the construction and purchase of capital assets are accounted for as other financing sources and are recognized when received. Capital assets acquired through leases or SBITAs for qualifying agreements are recorded as other financing sources at the time of issuance of the contract and expenditures at the time of acquisition.

L. Capital Assets

Assets used in operations with an initial useful life that extends beyond one year are capitalized. Equipment, furniture and fixtures, leasehold improvements, and buildings are depreciated over their estimated useful lives. Depreciation is not calculated on land, land improvements or construction in progress. Accumulated depreciation is recorded at net of depreciable assets in the Statement of Net Position.

Capital assets purchased in excess of $5,000 are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). Estimated useful life is management's estimate of how long the asset is estimated to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

Buildings	10-40 years
Furniture	5-40 years
Equipment	5-40 years
Vehicles	5-10 years

Right-of-use leased assets and Subscription-Based Information Technology Arrangements (SBITAs) that have an initial individual value that are material to the financial statements and whose terms call for a period or term of greater than one year are capitalized. Right-of-use leased assets and SBITAs are amortized on a straight-line basis over the term of the underlying agreement.

M. Budget Practices

The proposed budget for 2022 - 2023 was made available for public inspection on September 16, 2022. The proposed budget, prepared on the modified accrual basis of accounting, was published in the official journal at least (10) days prior to the public hearing, which was held at the St. George Fire Station on 14100 Airline Highway on September 28, 2022, for the comments from taxpayers. The budget is legally adopted and amended, as necessary, by the Board of Commissioners.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Budget Practices (continued)

All expenditure appropriations lapse at year end. Unexpended appropriations and any excess revenues over expenditures are carried forward to the subsequent year as beginning fund balance.

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

N. Equity Classifications

Government-Wide Statements:

1. Net investment in capital assets - Consists of net capital assets reduced by the outstanding balance of any related debt obligations and deferred inflows of resources and increase by any balances of unspent debt proceeds deferred outflows of resources attributable to the acquisition, construction, or improvement of those assets.

2. Restricted net position - Net position is considered restricted if their use is constrained to a particular purpose. Restrictions can be imposed by either external organization such as creditors (such as debt covenants), grants, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted net position is reduced by liabilities and deferred inflows of resource related to the restricted assets.

3. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

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

Fund Financial Statements:

Five fund balance classifications comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in government funds. The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in dependable form-prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

Restricted Fund Balance - This classification reflects the constraints imposed on resources either (a) externally by creditors, granters, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Equity Classifications (continued)

Committed Fund Balance - These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Commission - the highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Board removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual requirements.

Assigned Fund Balance - These are amounts that are constrained by the Commission's *intent* to be used for specific purposes but are neither restricted nor committed. The District's management has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as non-spendable and are neither restricted nor committed.

Unassigned Fund Balance - This fund balance is the residual classification for the General Fund. This represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

When both restricted and unrestricted resources are available for use, it is the District's policy to use externally restricted resources first, then unrestricted resources - committed, assigned, and unassigned - in order as needed.

O. Post-Employment Health Care and Dental Insurance Benefits

The District provides certain continuing health care and dental benefits for its retired employees. The District recognized the cost of providing these retiree benefits as expenditure in the General Fund when paid during the year. The Statement of Net Position records these health care benefits based on an actuarial valuation prepared by the District's actuary with the details of this liability reported in Note 8 as total other postemployment benefit liability.

P. Pension Plans

The District is a participating employer in two cost-sharing multiple-employer defined benefit pension plan as described in Note 7. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Firefighters' Retirement System (FRS) and the City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System (CPERS) and additions to/deductions from FRS's and CPERS's fiduciary net position have been determined on the same basis as they are reported by FRS and CPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value in the plan.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. Adoption of New Accounting Standard

The District adopted the provisions of GASB Statement 96, *Subscription Based Information Technology Arrangements (SBITA's).* The objective of this statements is to better meet the information needs of financial statement users by improving accounting and financial reporting for information technology subscription agreements by governments.

GASB statement No. 96 requires recognition of certain subscription assets and liabilities for agreements that previously were expensed as incurred and recognized inflows of resources or outflows of resources based on the payment provisions of the contract. The District recognizes a liability and intangible subscription asset in the financials for non-cancellable information technology subscriptions.

2. CASH AND DEPOSITS WITH FINANCIAL INSTITUTIONS

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposits. All deposits are carried at cost plus accrued interest. Under state law these deposits must be secured by federal deposit insurance, or the pledge of securities owned by the fiscal agent bank. The depository bank places approved pledged securities for safekeeping and trust with the District in an amount sufficient to protect the District's funds on a day-to-day basis. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposits Insurance Corporation (FDIC) Insurance.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. As of September 30, 2023, St. George Fire District No. 2's bank balance totaled $7,161,328. Of this balance, $556,903 was insured by federal deposit insurance and the remaining $6,604,424 was collateralized with securities held by the pledging financial institutions' trust department or agent in the District's name.

3. LEVIED TAXES AND CHARGES

The following table details each of the District's 2022 assessment roll's ad valorem tax millage rates, levied millage and expiration date of each along with the assessed service charge and expiration date.

	Authorized Millage/Rate	Levied Millage	Expiration Date
Ad valorem taxes			
General operations	4.00	4.00	2023 [1]
General operations	6.00	6.00	2027
General operations	2.00	2.00	2034
For salaries and related benefits	1.25	1.25	2031
General operations and capital improvements	1.25	1.25	2034
Capital improvements and debt service	1.50	1.50	2031
Service charge (maximum rate) per structure	$32.00		2031

[1] This tax was renewed for ten years on November 18, 2023. The renewal is effective in 2024 and will expire in 2033.

4. CAPITAL ASSETS

Capital assets as of September 30, 2023 are as follows:

	Beginning Balance As restated	Additions	Deletions	Ending Balance
Land	$ 2,632,730	$ 142,383	$ -	$ 2,775,113
Total non-depreciable	2,632,730	142,383	-	2,775,113
Land Improvements	-	6,298	-	6,298
Building	28,357,525	77,516	-	28,435,041
Furniture and appliances	339,812	13,645	-	353,457
Vehicle	1,051,270	275,680	-	1,326,950
Equipment	18,230,757	872,465	373,644	18,729,578
Total depreciable	47,979,364	1,245,604	373,644	48,851,324
Land Improvements	-	35	-	35
Building	3,715,831	701,577	-	4,417,408
Furniture and appliances	198,503	34,169	-	232,672
Vehicle	855,735	76,884	-	932,619
Equipment	7,009,246	1,363,654	254,062	8,118,838
Accumulated depreciation	11,779,315	2,176,319	254,062	13,701,572
Net depreciable capital asset	36,200,049	(930,715)	119,582	35,149,752
Right of use leased assets				
Equipment	-	68,869	-	68,869
Accumulated amortization for leased assets				
Equipment	-	12,626		12,626
Net amortized leased assets	-	56,243	-	56,243
Right of use SBITA assets				
SBITA	-	53,385		53,385
Accumulated amortization for SBITA assets				
SBITA	-	6,228		6,228
Net amortized SBITA assets	-	47,157	-	47,157
Capital assets, net	$ 38,832,779	$ (684,932)	$ 119,582	$ 38,028,265

5. SHORT-TERM DEBT

The District borrowed money during the year to finance expenditures for the general operations that are budgeted evenly throughout the year, which are expected to be paid with ad-valorem taxes and service fees. The borrowing was advanced to the District through a certificate of indebtedness bearing interest at 6.40%.

Short-term debt activity for the year ended September 30, 2023, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Certificate of indebtedness	$ 9,000,000	$ 10,000,000	$ 9,000,000	$ 10,000,000

5. LONG-TERM LIABILITIES

The following is a summary of the long-term obligations during the year ended September 30, 2023:

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
Government Activities					
Compensated absences	$ 2,649,424	$ 1,454,824	$ 1,283,093	$ 2,821,155	$ 1,315,170
Direct placement debt:					
Retirement payoff loan	750,878	-	17,334	733,544	18,518
Construction loan	14,070,000	-	870,000	13,200,000	900,000
Financed equipment liability:					
Fire Vehicles	7,351,706	-	840,998	6,510,708	862,173
Medical Equipment	93,288	-	34,983	58,305	34,983
Lease liability	-	68,869	11,789	57,080	13,275
SBITA liability	-	43,560	9,825	33,735	7,666
	$ 24,915,296	$ 1,567,253	$ 3,068,022	$ 23,414,527	$ 3,151,785

Direct Placement Debt:

A loan that totaled $16,500,000 was obtained on September 28, 2018, for constructing and equipping a fire station, a special service building, a training facility, and a communications center on Airline Highway and constructing and equipping a fire station on Bluebonnet Boulevard with an interest rate of 3.6% that matures November 1, 2034. There will be an annual payment on November 1 of each year starting in 2019 with graduated principal payments starting at $780,000 in 2020 to $1,320,000 in 2034, plus interest. Security for this loan is all revenues of the two (2) mills ad valorem tax levied on May 2, 2015 and renewed on April 28, 2018 by the voters for a 10-year period up to and including the year 2034. The loan agreement contains a requirement that, in the event of default, that the interest rate will be adjusted to be the rate applicable on the loan plus 2%.

6. LONG-TERM LIABILITIES (continued)

The retirement payoff loan was enacted by Act 365 of the 2013 Regular Louisiana Legislative Session created an upgrade of accrual rate applied to transfer service for certain firefighters from the St. George Fire Department into the Firefighters' Retirement System (FRS) as of December 1, 2013. The actuary calculated a liability of $961,141 payable over a 30-year period with an annual payment of $73,628 due July 1 of each year. These payments are for the total increase of present value of future benefits of certain employees of the District whose increased benefit accrual rate is treated as being merged into FRS, as of December 1, 2013. The loan agreement does not contain any specific events of default requirement other than the continuance of interest accrual on the loan and FRS can recover amounts due by action of court decision.

A financed equipment loan was obtained on April 16, 2020 to purchase 12 fire trucks in the amount of $7,770,217 with an interest rate of 2.49% and 10 annual payments starting in February of 2021. The first and second payments will be in the amount of $250,000 and $525,000, respectively. The remaining 8 payments will be in the amount of $1,026,104.

A financed equipment loan was obtained on March 30, 2020 to purchase medical equipment in the amount of $174,915 with 60 monthly payments of approximately $2,915.

The District entered into a subscription-based information technology arrangement (SBITA) involving fleet management software. Pursuant to GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, the District has recorded a subscription asset and liability for future payment. The total of the District's subscription asset is recorded at a cost of $53,385, less accumulated amortization of $6,228, for a net SBITA asset of $47,157 at September 30, 2023. A one-time implementation fee of $9,825 was capitalized as part of the SBITA asset. The subscription liability, recorded at present value using a discount rate of 6.40%, is $33,735 as of September 30, 2023.

The District leases office equipment to conduct administrative activities. The lease consists of two copy machines covered under one lease agreement, which has a lease term of 5 years. The agreement requires monthly payments. In accordance with GASB Statement No. 87, Leases, a liability has been recorded for the present value of lease payments over the lease term. As of September 30, 2023, the lease liability was $57,080. A discount rate of 3.31% was used to determine the present value of the lease payments. Variable payments for machine usage was not considered in determining the lease liability. As of September 30, 2023, the recorded value of the right-of-use asset was $68,869, offset by accumulated amortization of $12,626, for a net right-of-use asset balance of $56,243 at the end of the fiscal year.

6. LONG-TERM LIABILITIES (continued)

The annual principal and interest payments on loans and financed equipment liability outstanding at September 30, 2023, are as follows:

	Principal Payments			Interest			
Year Ending	Loans	Financed Equipment	Total	Loans	Financed Equipment	Total	Total
2024	$ 918,518	$ 897,156	$ 1,815,674	$ 512,889	$ 163,930	$ 676,819	$ 2,492,493
2025	955,058	907,204	1,862,262	478,412	142,222	620,634	2,482,896
2026	986,562	906,137	1,892,699	442,802	119,967	562,769	2,455,468
2027	1,023,179	928,952	1,952,131	405,913	97,152	503,065	2,455,196
2028	1,059,784	952,341	2,012,125	367,780	73,762	441,542	2,453,667
2029-2033	5,920,527	1,977,223	7,897,750	1,211,532	74,985	1,286,517	9,184,267
2034-2038	2,823,280	-	2,823,280	239,188	-	239,188	3,062,468
2039-2042	246,636	-	246,636	47,882	-	47,882	294,518
	$ 13,933,544	$ 6,569,013	$ 20,502,557	$ 3,706,398	$ 672,018	$ 4,378,416	$ 24,880,973

The annual principal and interest payments on leases and SBITA liability outstanding at September 30, 2023, are as follows:

	Principal Payments			Interest			
Year Ending	Leases	SBITAs	Total	Leases	SBITAs	Total	Total
2024	$ 13,275	$ 7,666	$ 20,941	$ 1,689	$ 1,979	$ 3,668	$ 24,609
2025	13,721	8,157	21,878	1,243	1,529	2,772	24,650
2026	14,182	8,679	22,861	782	1,051	1,833	24,694
2027	14,659	9,233	23,892	305	542	847	24,739
2028	1,243	-	1,243	3	-	3	1,246
	$ 57,080	$ 33,735	$ 90,815	$ 4,022	$ 5,101	$ 9,123	$ 99,938

7. PENSION PLANS

Effective January 1, 1999, there are two retirement systems. Employees hired before January 1, 1999, are covered by the City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System (CPERS) while employees hired after December 31, 1998 are members of the Firefighters' Retirement System (FRS). On July 1, 2007, the employees that were members of CPERS were given the option to remain as a member in CPERS or transfer their accumulated benefits to FRS. One employee opted to remain in the CPERS plan while all others opted to transfer to FRS.

Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of FRS plan to the Louisiana State Legislature. The City of Baton Rouge and Parish of East Baton Rouge Metropolitan Council has the authority to establish and amend benefits of the CPERS plan. Each system is administered by a separate board of trustees.

7. PENSION PLANS (continued)

Each of the systems issues an annual publicly available financial report that includes financial statements and required supplementary information for each system. These reports may be obtained by writing, calling or downloading the reports as follows:

FRS	CPERS:
3100 Brentwood Drive	209 St. Ferdinand Street
Baton Rouge, Louisiana 70809	Baton Rouge, LA 70802
(225) 925-4060	(225) 389-3272
www.ffret.com	www.brla.gov/264/Retirement-System

Plan Description

Firefighters Retirement System (FRS) is the administrator of a cost-sharing defined benefit pension plan established by Act 434 of 1979. The plan provides retirement, disability, and survivor benefits to firefighters in Louisiana as provided for in LRS 11:2251-11-2272.

City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System (CPERS) is the administrator of a cost-sharing defined benefit pension plan established by the City of Baton Rouge and Parish of East Baton Rouge Plan of Government.

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

	FRS	CPERS
Final average salary	Highest 36 months	Highest 36 to 60 months [2]
Years of service required and/or age eligible for benefits	20 years age 50 12 years age 55 25 years any age	Hired before 9/1/15: 25 years any age [3] 20 years any age [4] 10 years age 55 [4] Hired after 9/1/15: 25 years age 55 NSP [5] or age 50 PS[5] [3] 20 years any age [4] 10 age 60 NSP [5] or age 55 PS[5] [4]
Benefit percent per years of service	3.33%[1]	2.5% to 3.0%

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

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

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

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

[5] NSP = non-public safety and PS = public safety

7. PENSION PLANS (continued)

Contributions

For FRS, Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee. In accordance with state statute, FRS receives ad valorem taxes and state revenue sharing funds.

These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations. For CPERS, the contributions rates for each participating employer and one covered employee are established by actuarial valuations and approved by the Metropolitan Council of the City-Parish.

Contributions to the plans are required and determined and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended September 30, 2023, for the District and covered employees were as follows:

	District	Employees
Firefighters' Retirement System (FRS)		
Employees receiving compensation above poverty guidelines of US Department of Health	33.25%	10.00%
Employees receiving compensation below poverty guidelines of US Department of Health	35.25%	8.00%
City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System (CPERS)	38.76%	9.50%

The contributions made to the Systems for the past two fiscal years, which equaled the required contributions for each of these years, were as follows:

	2023	2022
Firefighters' Retirement System	$ 4,224,071	$ 4,328,956
City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System	37,893	34,984

7. PENSION PLANS (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The following schedule lists the District's proportionate share of the Net Pension Liability allocated by each of the pension plans based on the June 30, 2023 for FRS and December 31, 2022 for CPERS, measurement date of the liability for each plan. The District uses this measurement to record its Net Pension Liability and associated amounts as of September 30, 2023, in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2023 for FRS and December 31, 2022, along with the change compared to the prior year measurement rates for each plan. The District's proportion of the Net Pension Liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

	Measurement date (MD)	Net Pension Liability at MD	Proportionate Rate at MD	Increase (Decrease) compared to prior year MD
Firefighters' Retirement System	6/30/2023	$ 30,519,811	4.6761%	-0.3937%
City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System	12/31/2022	487,554	0.0643%	0.0022%
Total		$ 31,007,365		

The following schedule list each pension plan's proportionate share of recognized pension expense for the District for the year ended September 30, 2023:

	Total expenses
Firefighters' Retirement System	$ 6,624,030
City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System	66,618
	$ 6,690,648

The District recognized its proportionate share of the ad-valorem tax withheld by the Sheriff from taxing districts that was paid to FRS and CPERS. The revenue was recognized in the amount of $1,370,203.

7. PENSION PLANS (continued)

At September 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to each pension plan and total from the following sources:

Deferred outflows	FRS	CPERS	Total
Differences between expected and actual experience	$ 952,859	$ 21,348	$ 974,207
Changes of assumptions	1,846,737	-	1,846,737
Net difference between projected and actual earnings on pension plan investments	4,136,581	61,125	4,197,706
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,640,143	24,287	2,664,430
Employer contributions subsequent to the measurement date	1,014,911	28,667	1,043,578
Total	$ 10,591,231	$ 135,427	$ 10,726,658

Deferred Inflows	FRS	CPERS	Total
Differences between expected and actual experience	$ (1,045,624)	$ -	$ (1,045,624)
Changes of assumptions	-	(3,866)	(3,866)
Net difference between projected and actual earnings on pension plan investments	-	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	(1,772,375)	(479)	(1,772,854)
Total	$ (2,817,999)	$ (4,345)	$ (2,822,344)

The amount reported in the above table totaling $1,043,578 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2023 for FRS and December 31, 2022 for CPERS, will be recognized as a reduction in Net Pension Liability in the year ended September 30, 2024.
Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	FRS	CPERS	Total
2024	$ 1,886,569	$ 18,741	$ 1,905,310
2025	1,031,855	26,973	1,058,828
2026	4,055,475	25,653	4,081,128
2027	(23,582)	31,048	7,466
2028	(32,428)	-	(32,428)
2029	(159,568)	-	(159,568)
	$ 6,758,321	$ 102,415	$ 6,860,736

7. PENSION PLANS (continued)

A summary of the actuarial methods and assumptions used in determining the total pension liability for each pension plan as of September 30, 2023, are as follows:

	FRS	CPERS
Valuation Date	June 30, 2023	December 31, 2022
Actuarial Cost Method	Entry Age Normal Cost	Entry Age Normal Cost
Actuarial Assumptions:		
Expected Remaining Service Lives	7 years	4 years
Investment Rate of Return	6.90%	7.00%
Inflation Rate	2.50%	2.25%
Mortality	• For active members, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees. • For annuitants and beneficiaries, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees. • For disabled retirees, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees. • In all cases the base table was multiplied by 105% for males and 115% for females, each with full generational projection using the appropriate MP2019 scale.	Healthy - RP-2006 Blue Collar (employee for active and annuitant for inactives) Projected back to 2001, Generational with MP 2018 (2016 base year) Disabled - RP-2006 Disability Table Projected back to 2001, Generational with MP-2018 (2016 base year)
Salary Increases	14.10% in first two years of service and 5.20% with 3 more years of service; includes inflation and merit increases	BREC/Regular with <1 year of service ranges from 1.50% to 7.60% based on age BREC/Regular with 1+ year of service ranges from 0.75% to 7.60% based on age Fire/Police with <1 years of service is 15.50% for all ages Fire/Police with 1+ years of service ranges from 2.00% to 6.5% based on age
Cost of Living Adjustments	For the purpose of determining the present value of benefits, COLAs were deemed not to be sustantively automatic and only those previously granted were included.	None

7. **PENSION PLANS** (continued)

The following schedule list the methods used by each of the retirement systems in determining the long-term rate of return on pension plan investments:

FRS	CPERS
The June 30, 2023, 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 2023, and the Curran Actuarial Consulting average studies for 2023. The consultants' average studies 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 longterm inflation assumption. Using the target asset allocation for Firefighters' Retirement System and the average values for expected real rates of return, standard deviation of returns, and correlation of returns, an arithmetic expected nominal rate of return and standard deviation for the portfolio was determined. Subsequent to the actuary's calculation of the long term expected real rate of return in January 2023, the FRS board voted to amend the target asset allocation. These changes include an increase to target weight in U.S. public equity, a decrease in the target weight to emerging market equity, and the inclusion of a target weight to multisector fixed income to further diversify fixed income exposures. The System's long-term assumed rate of inflation of 2.50% was used in this process for the fiscal years ended June 30, 2023 . 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, standard deviations, 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. Best estimates of arithmetic real rates of return for each major class included in the System's target asset allocation as of June 30, 2023, are summarized in the following table:	The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These expected future real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are as follows:

7. PENSION PLANS (continued)

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in each of the Retirement Systems target asset allocations:

	Target Allocation		Long-Term Expected Real Rate of Return	
Asset Class	FRS	CPERS	FRS	CPERS
US Equity	29.50%	32.50%	6.24%	7.50%
Non-US Equity	11.50%	17.50%	6.49%	8.50%
Global Equity	10.00%	-	6.49%	-
Emerging Market Equity	5.00%	-	8.37%	-
US Core Fixed Income	20.00%	-	1.89%	-
U.S. TIPS	2.00%	-	1.72%	-
Emerging Market Debt	2.00%	-	4.30%	-
Global Tactical Asset Allocation	-	-	4.02%	-
Risk Parity	-	-	-	-
Real estate	6.00%	15.00%	4.41%	4.50%
Alternative Assets	-	5.00%	-	5.70%
Private equity	9.00%	-	9.57%	-
Domestic bonds	-	25.00%	-	2.50%
International bonds	-	5.00%	-	3.50%
Real Assets	3.00%	-	5.62%	-
Multisector Fixed Income	2.00%	-	-	-
Total	100.00%	100.00%		

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for FRS and CPERS was 6.90% and 7.00%, respectively.

7. **PENSION PLANS** (continued)

The following table presents the District's proportionate share of the Net Pension Liability (NPL) using the discount rate of each Retirement System as well as what the District's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by each of the Retirement Systems:

	1.0% Decrease	Current Discount Rate	1.0% Increase
FRS			
Rates	5.9%	6.9%	7.9%
District's Share of NPL	$ 47,082,906	$ 30,519,811	$ 16,705,447
CPERS			
Rates	6.0%	7.0%	8.0%
District's Share of NPL	$ 600,580	$ 487,554	$ 392,395

The District recorded an accrued liability to the Firefighters Retirement Systems for the year ended September 30, 2023, mainly due to the accrual for payroll at the end of the fiscal year. The amount due is included in liabilities under the amounts reported as salaries and benefits payable. The balance due to each of the retirement systems at September 30, 2023 is as follows:

FRS	$ 449,985
CPERS	-
	$ 449,985

Also, see Note 6 for details of the retirement payoff loan between the District and FRS.

8. **OTHER POST-EMPLOYMENT BENEFITS**

Plan Description. The District has a single employer defined benefit OPEB plan that provides post employee benefits for all permanent full-time employees and their spouses and/or dependents if they were included in the active employees' policy 5 years before retiring. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits provided. The plan provides postemployment healthcare, vision and dental benefits to the qualified retirees of the District with 20 or more years of service who have attained age 50, or employees who have 12 years of service who have attained age 55, or 25 years of service at any age. Retirees are eligible to receive the same benefits as active employees until such time as the retiree becomes eligible for Medicare.

Funding policy. The District pays 67% for the retiree's health insurance and 60% of the cost of the dental insurance as incurred on a pay-as-you-go basis. The retirees are responsible for the difference. Also, retirees can purchase coverage for their spouse and/or dependents if they were included on their policy 5 years before retiring.

8. OTHER POST-EMPLOYMENT BENEFITS (continued)

As of October 1, 2021, the actuarial valuation date, the following participants were covered by the plan:

Retirees and surviving spouses	32
Active participants	192
	224

Changes in the Total OPEB Liability

Balance at September 30, 2022	$ 18,131,227
Changes for the year:	
Service cost	1,154,004
Interest costs	919,906
Changes in benefit terms	-
Difference between expected and actual experience	8,973
Changes in assumption and other inputs	(304,242)
Benefit payments	(686,269)
Net changes	1,092,372
Balance at September 30, 2023	$ 19,223,599

Actuarial assumptions- The total OPEB liability as of September 30, 2023 was based on an actuarial valuation as of October 1, 2021, using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Cost method	Entry age
Valuation date	October 1, 2021
Inflation	2.94%
Salary increases	3.50%
Discount rate	4.87% S&P Municipal Bond High Grade Rate Index, increased from prior year of 4.77%
Healthcare cost trend rates	Initial rate 10%, Ultimate rate 4% grading period 5 years
Mortality	RP 2014 Table projected to 2021 with scale BB
Withdrawal rates	

Years of service	Rate
<1	10.0%
1 - 3	6.0%
4 - 6	3.5%
7-10	2.0%
>10	1.0%

8. OTHER POST-EMPLOYMENT BENEFITS (continued)

Sensitivity of the Total OPEB liability to changes in the discount rate - The following presents the total OPEB liability of the District, as well as what the commission's total OPEB liability would be if it were calculated using a discount rate that is 1-percent point lower or 1 percentage point higher than the current discount rate:

	1.0% Decrease 3.87%	Current discount rate 4.87%	1.0% Increase 5.87%
Total OPEB liability	$ 22,449,319	$ 19,223,599	$ 16,626,491

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates - The following presents the total OPEB liability of the District, as well as what the district's total OPEB liability would be if it were calculated using a discount rate that is 1-percent point lower or 1 percentage point higher than the current healthcare cost trend rates.

	1% Decrease	Current healthcare cost trend rate Initial 10%, Ultimate 4.00%	1% Increase
Total OPEB liability	$ 16,472,702	$ 19,223,599	$ 22,589,651

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

For the year ended September 30, 2023, the District recognized an OPEB expense of $1,628,928 and reported deferred outflows of resources and deferred inflows of resources related to OPEB for the following sources:

Differences between expected and actual experience	$ 3,480,037	$ (690,747)
Changes in assumptions and other inputs	3,578,444	(11,367,418)
	$ 7,058,481	$ (12,058,165)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending September 30:	
2024	$ (444,982)
2025	(444,982)
2026	(444,983)
2027	(444,983)
2028	(444,983)
Thereafter	(2,774,771)
	(4,999,684)

9. ON BEHALF PAYMENTS:

The full-time firefighters of the fire department receive supplemental pay from the State of Louisiana under the provisions of L.R.S. 33:2002. Each full-time firefighter after their second year of service, received $500 per month. These supplemental state funds are paid directly to the firefighters, and do not pass through the fire department, they are included in total salaries and as revenue. The total amount received by the qualified full-time firefighters was $1,257,997.

10. LITIGATION

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

The District is in pending litigation involving former employees of the District with a possible loss ranging from $300,000- $500,000. This matter is currently in the discovery phase with the ultimate resolution and determination of an unfavorable outcome uncertain. As such, a liability was not recognized in this matter in the financial statements.

11. PROPERTY TAX ABATEMENT

The Louisiana Industrial Ad Valorem Tax Exemption program (Louisiana Administrative Code. Title 13, Chapter 5) is a state incentive program which abates, up to ten years, local ad valorem taxes on a manufacturer's new investment and annual capitalized additions related to the manufacturing site. Application to exempt qualified property for five years are approved by the Board of Commerce and Industry. For the fiscal year ended September 30, 2023, approximately $23,466 of the District's ad valorem tax revenues were abated by the state of Louisiana through this program.

12. BOARD OF COMMISSIONERS

The District is governed by a Board of Commissioners. The members receive no compensation or per diem allowances for their services. Below is a list of the Board members and their respective titles:

Johnny R Suchy	President
David Carnes	Secretary
Christopher Corzo	Board Member
Darrell P Ourso	Board Member
Chris Rosendahl	Board Member

13. GRANTS FROM OTHER GOVERNMENTAL UNITS OR CONTRIBUTIONS

The District participates in local, state or federal grant programs or receives contributions similar to grants, which are governed by various rules, regulations and eligibility requirements. Costs charged to the respective programs may be subject to audit and adjustment by the grantor agencies. In management's opinion, there are no contingent liabilities relating to compliance with the rules, regulations or eligibility requirements governing local, state or federal grants or contributions. Audits of prior years have not resulted in any significant disallowed costs or refunds. Any costs that may be identified to be disallowed, if any, would be recognized in the period agreed upon by the grantor agency and the District.

13. GRANTS FROM OTHER GOVERNMENTAL UNITS OR CONTRIBUTIONS (continued)

On August 12, 2022, the District was awarded a grant from the City of Baton Rouge, East Baton Rouge Parish (City-Parish) for $675,000. The grant was funded by the City-Parish from federal Coronavirus State and Local Fiscal Recovery Funds (SLFRF) enacted under the American Rescue Plan Act. The grant is for reimbursement of funds spent on eligible costs and requires the District to spend the funds by December 31, 2026. As of September 30, 2023, the District recognized $235,200 in revenue related to this grant.

On December 27, 2022, the District entered into a Cooperative Endeavor Agreement with the Department of the Treasury, State of Louisiana for the purpose of purchasing equipment for the benefit of first responders and community partners. The District was reimbursed $250,000 upon purchasing three emergency response vehicles.

14. DEFICIT FUND BALANCE

The General Fund's deficit resulted from an increase in debt and interest payments of $641,486 along with increases in various other accounts totaling $583,852. Although the current year change in fund balance is $(1,139,732) deficit, this is a change of $4,153,704 over the prior year change in fund balance deficit of $(5,293,436). The District intends to reduce expenditures in the subsequent years to eliminate the deficit fund balance of $4,407,889. Additionally, the District was authorized in December 2022 to levy and collect a new 4 mill ad valorem tax with which is expected to generate $4 million in revenues.

15. CURRENT YEAR RESTATEMENT OF NET POSITION AND FUND BALANCE

The District reported prior period adjustments in the current year to net position and fund balance to correct errors that excluded the matters described in the schedule below from the prior year financial statements:

	Government-Wide Net Position	General Fund - Fund Balance
Net position (deficit) at September 30, 2022	$ (34,933,287)	$ (3,007,145)
Adjustment to capital assets	188,654	-
Adjustment to accumulated depreciation	(9,800)	-
Adjustment to accounts payable	(261,012)	(261,012)
Net position (deficit) at September 30, 2022, as restated	$ (35,015,445)	$ (3,268,157)

The error correction is necessary to properly report the accrual of accounts payables for expenditures incurred during year ended September 30, 2022, and adjustment to capital assets. The above adjustments resulted in reduction of change in net position of $82,158 and a decrease in net position of fund balance of $261,012 for the year ended September 30, 2022.

16. SUBSEQUENT EVENTS

On November 18, 2023, an election was held where voters authorized the District to renew the ad valorem tax of four (4.0) mills for 10 years beginning in the fiscal year ending September 30, 2024 through September 30, 2033. The estimated tax for the first year is expected to be $6 million according to the voter's proposition, which will increase if the property values in the District increase.

REQUIRED SUPPLEMENTAL INFORMATION – PART II

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Ad valorem taxes	$ 25,389,400	$ 25,389,400	$ 25,088,182	$ (301,218)
Service charges	1,300,000	1,300,000	1,300,984	984
State revenue sharing	349,800	349,800	363,510	13,710
Fire insurance tax	740,000	740,000	638,671	(101,329)
Supplemental pay	-	1,300,000	1,257,997	(42,003)
Federal grants	-	-	761,596	761,596
State and other grants	250,000	250,000	485,200	235,200
Interest income	35,000	35,000	280,289	245,289
Miscellaneous	12,000	12,000	3,303	(8,697)
Total revenues	28,076,200	29,376,200	30,179,732	803,532
EXPENDITURES:				
Personnel services and related benefits	21,068,550	23,609,320	22,045,109	1,564,211
Contractual services	515,200	632,768	1,580,906	(948,138)
Insurance	1,008,560	1,008,560	1,048,920	(40,360)
Legal and professional	319,200	278,440	271,443	6,997
Office supplies	232,700	350,980	392,085	(41,105)
Repairs and maintenance	447,220	451,740	463,576	(11,836)
Supplies	879,480	910,480	850,150	60,330
Telecommunications	294,000	264,000	291,325	(27,325)
Training	225,050	225,050	149,373	75,677
Utilities	360,140	360,140	401,639	(41,499)
Capital outlay	1,061,150	1,000,000	1,369,996	(369,996)
Debt service	1,359,500	2,436,530	2,717,371	(280,841)
Total expenditures	27,770,750	31,528,008	31,581,893	(53,885)
Excess (deficiency) of revenues over (under) expenditures	305,450	(2,151,808)	(1,402,161)	749,647
Other financing sources (uses):				
Proceeds from sale of assets	200,000	200,000	150,000	(50,000)
Proceeds from issuance of software based information technology arrangements	-	-	43,560	43,560
Proceeds from issuance of lease agreements	-	-	68,869	68,869
Total other financing sources (uses)	200,000	200,000	262,429	62,429
Net change in fund balance	505,450	(1,951,808)	(1,139,732)	812,076
Fund balance (deficit):				
Beginning of the year, as restated	(3,007,145)	(3,007,145)	(3,268,157)	(261,012)
End of the year	$ (2,501,695)	$ (4,958,953)	$ (4,407,889)	$ 551,064

Notes to Required Supplementary Information
Budget and Actual
For the Year Ended September 30, 2023

Budgetary Process

The proposed budget for 2022 - 2023 was made available for public inspection on September 16, 2022. The proposed budget, prepared on the modified accrual basis of accounting, was published in the official journal at least (8) days prior to the public hearing, which was held at the St. George Fire Station on 14100 Airline Highway on September 28, 2022, for the comments from taxpayers. The budget is legally adopted and amended, as necessary, by the Board of Commissioners.

All expenditure appropriations lapse at year end. Unexpended appropriations and any excess revenues over expenditures are carried forward to the subsequent year as beginning fund balance.

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

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA

SCHEDULE OF CHANGES IN TOTAL OTHER POST-EMPLOYMENT BENEFIT LIABILITY AND RELATED RATIOS
YEAR ENDED SEPTEMBER 30, 2023

Financial statement reporting date	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Measurement date	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Service cost	$ 1,154,004	$ 800,616	$ 773,131	$ 694,548	$ 959,855	$ 1,001,614
Interest	919,906	612,653	554,496	619,995	791,297	683,476
Difference between actual and expected experience	8,973	4,054,902	51,780	(803,772)	(163,946)	(12,211)
Changes of assumptions or other inputs	(304,242)	(11,132,677)	(942,898)	1,522,230	3,736,708	(1,542,952)
Benefit payments	(686,269)	(615,724)	(456,267)	(303,286)	(281,321)	(194,786)
Net change in total OPEB liability	1,092,372	(6,280,230)	(19,758)	1,729,715	5,042,593	(64,859)
Total OPEB liability - beginning	18,131,227	24,411,457	24,431,215	22,701,500	17,658,907	17,723,766
Total OPEB liability - ending	$ 19,223,599	$ 18,131,227	$ 24,411,457	$ 24,431,215	$ 22,701,500	$ 17,658,907
Covered employee payroll	$ 11,358,210	$ 10,974,116	$ 10,934,909	$ 10,565,129	$ 12,019,920	$ 12,019,920
Total OPEB liability as a percentage of covered payroll	169.25%	165.22%	223.24%	231.24%	188.87%	146.91%

Notes to Schedule:

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

There are no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB 75 for this OPEB plan.

Changes of Assumptions.

The changes in assumptions balance was a result of changes in the discount rate, and change in the inflation rates. The following are the discount rates and inflation rates used in each measurement of total OPEB liability

	Discount rates		Inflation rates	
Measurement Date	Rate	Change	Rate	Change
9/30/2023	4.87%	0.10%	2.94%	0.10%
9/30/2022	4.77%	2.34%	2.84%	2.34%
9/30/2021	2.43%	0.23%	0.50%	-0.50%
9/30/2020	2.20%	-0.45%	1.00%	0.00%
9/30/2019	2.65%	-1.60%	1.00%	-1.60%
9/30/2018	4.25%		2.60%	

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
COST SHARING PLANS ONLY
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Pension Plan	Year	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Firefighters' Retirement System (1)						
	2023	4.6761%	30,519,811	$ 12,547,878	243.2269%	61.66%
	2022	5.0698%	35,748,592	13,056,952	273.7897%	74.68%
	2021	4.7771%	16,929,254	11,984,225	141.2628%	86.78%
	2020	4.5739%	31,704,096	11,388,659	278.3830%	72.61%
	2019	4.4248%	27,707,643	10,699,218	258.9689%	73.96%
	2018	4.2119%	24,227,333	10,013,746	241.9408%	74.76%
	2017	3.9893%	22,866,232	9,310,574	245.5942%	73.55%
	2016	4.0056%	26,200,082	9,027,902	290.2123%	68.16%
	2015	4.2529%	22,953,520	9,029,945	254.1934%	72.45%
	2014	4.3065%	19,163,597	8,778,740	218.2955%	76.02%
City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System (2)						
	2023	0.0643%	$ 487,554	$ 90,266	540.1303%	77.69%
	2022	0.0621%	319,237	85,306	374.2257%	73.35%
	2021	0.0611%	357,052	82,737	431.5506%	68.78%
	2020	0.0598%	376,094	79,008	476.0201%	65.47%
	2019	0.0539%	395,663	70,470	561.4630%	59.36%
	2018	0.0475%	254,087	66,248	383.5391%	68.80%
	2017	0.0466%	276,894	65,152	424.9969%	64.09%
	2016	0.0427%	246,449	58,794	419.1737%	63.95%
	2015	0.0413%	181,447	55,935	324.3890%	70.95%

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

(1) The amounts presented have a measurement date of June 30th of the previous year identified.
(2) The amounts presented have a measurement date of December 31st of the previous year identified.

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA
SCHEDULE OF CONTRIBUTIONS TO EACH RETIREMENT SYSTEM
COST SHARING PLANS ONLY
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Pension Plan:	Year	Contractually Required Contribution[1]	Contributions in Relation to Contractually Required Contribution[2]	Contribution Deficiency (Excess)	Covered Payroll[3]	Contributions as a % of Covered Payroll
Firefighters' Retirement System						
	2023	$ 4,224,071	$ 4,224,071	$ -	$ 12,692,509	33.28%
	2022	4,328,956	4,328,956	-	12,869,423	33.64%
	2021	3,960,551	3,960,551	-	12,136,067	32.63%
	2020	3,333,588	3,333,588	-	11,537,505	28.89%
	2019	2,921,448	2,921,448	-	10,892,968	26.82%
	2018	2,685,307	2,685,307	-	10,133,230	26.50%
	2017	2,431,000	2,431,000	-	9,509,337	25.56%
	2016	2,427,986	2,427,986	-	9,076,845	26.75%
	2015	2,590,370	2,590,370	-	9,008,030	28.76%
	2014	2,522,992	2,522,992	-	8,851,445	28.50%
City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System						
	2023	$ 36,282	$ 36,282	$ -	$ 94,927	38.22%
	2022	34,984	34,984	-	90,470	38.67%
	2021	32,378	32,378	-	85,241	37.98%
	2020	30,119	30,119	-	81,935	36.76%
	2019	27,306	27,306	-	78,359	34.85%
	2018	24,801	24,801	-	72,598	34.16%
	2017	18,615	18,615	-	56,341	33.04%
	2016	19,816	19,816	-	67,778	29.24%
	2015	17,644	17,644	-	58,149	30.34%
	2014	16,293	16,293	-	54,991	29.63%

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

For reference only:

[1] *Employer contribution rate multiplied by covered payroll*

[2] *Actual employer contributions remitted to Retirement Systems*

[3] *Employer's covered employee payroll amount for the year ended September 30 of each year*

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLANS - NET PENSION LIABILITY
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Changes in Benefit Terms Include:

Plan	Measurement Date	Description of Benefit Term Change
FRS	06/30/2015	Ad hoc cost of living increases (COLAs) deemed to not be substantively automatic or that COLAs will be granted on a predictable basis in the future
CPERS	12/31/2016	Members with dates of hire after September 1, 2015 are subject to updated age and service requirements along with the calculation of average compensation of service

Changes in Assumptions Include:

Changes in Discount Rates: Following includes the year that a change was made

Plan	
FRS	06/30/2021 - 6.90% 06/30/2020 - 7.00%; 06/30/2019 - 7.15%; 06/30/2018 - 7.30%; 06/30/2017 - 7.40%; 06/30/2014 - 7.50%
CPERS	12/31/2019 - 7.00%; 12/31/2018 - 7.04%; 12/31/2017 - 7.25%; 12/31/2014 - 7.50%

Changes in Inflation Rates:

Plan	
FRS	06/30/2019 - 2.50%; 06/30/2018 - 2.70%; 06/30/2017 - 2.775%; 06/30/2015 - 2.880% 06/30/2014 - 3.00%
CPERS	12/31/2019 - 2.25%; 12/31/2015 - 2.75%; 12/31/2014 - 3.50%

Changes in Salary Increases:

Plan	Measurement Date	
FRS	06/30/2020	14.10% in the first 2 years of service and 5.20% with 3 or more years
	06/30/2019	Vary from 14.75% in the first 2 years of service to 4.50% with 25 or more years
	06/30/2015	Vary from 15.00% in the first 2 years of service to 4.75% with 25 or more years
	06/30/2014	Vary from 15.00% in the first 2 years of service to 5.50% after 14 years
CPERS	12/31/2020	BREC/Regular with <1 year of service ranges from 1.50% to 7.60% based on age BREC/Regular with 1+ year of service ranges from 1.55% to 7.60% based on age Fire/Police with <1 years of service is 15.50% for all ages Fire/Police with 1+ years of service ranges from 2.00% to 6.5% based on age
CPERS	12/31/2019	BREC/Regular with <1 year of service ranges from 1.50% to 7.60% based on age BREC/Regular with 1+ year of service ranges from 3.25% to 7.60% based on age Fire/Police with <1 years of service is 15.50% for all ages Fire/Police with 1+ years of service ranges from 3.00% to 6.5% based on age
CPERS	12/31/2013	BREC/Regular ranges from .50% to 2.5% based on age up to age 50 Fire/Police ranges from 1.00% to 4.00% based on age up to age 45

Changes in Mortality Tables:

Plan	Measurement Date	
FRS	06/30/2020	Pub-2010 Public Retirement Plans Mortality for Safety multiplied by 105% for males and 115% for females based on experience study from July 1, 2014 to June 30, 2019
	06/30/2015	RP-2000 Sex Distinct Tables projected to 2031 Scale AA based on experience study from July 1, 2009 to June 30, 2014
	06/30/2014	RP-2000 Sex Distinct Tables projected to 2031 Scale AA based on experience study from July 1, 2004 to June 30, 2009
CPERS	12/31/2019	Healthy - RP-2006 Blue Collar Projected back to 2001, Generational with MP 2018 (2016 base year) Disabled - RP-2006 Disabled Table Projected back to 2001, Generational with MP 2018 (2016 base year)
	12/31/2013	Healthy - RP-2000 Healthy Combined Blue Collar Projected to 2019 using Scale BB Disabled - RP-2000 Disabled Mortality Projected to 2019 using Scale BB

OTHER INFORMATION

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Gerard C. Tarlenton, Fire Chief		
Salary (including state supplemental pay)	$	202,395
Benefits - retirement		66,897
Benefits - insurance		5,385
Total Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer	$	274,677

FAULK & WINKLER
CPAs - BUSINESS ADVISORS

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

Honorable Chairman and Members
of the St. George Fire Protection District No. 2
Baton Rouge, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *the Louisiana Governmental Audit Guide* and *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the General Fund of the **ST. GEORGE FIRE PROTECTION DISTRICT NO. 2 (District)** as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 27, 2024.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations during our audit we did not identify any deficiencies in internal control that we consider to be material weakness. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and recommendations as item 2023-001 that we consider to be a significant deficiency.

6811 Jefferson Highway | Baton Rouge, LA 70806 | (225) 927-6811 | Facsimile: (225) 932-0000
1404 S. Burnside Avenue | Gonzales, LA 70737 | (225) 647-6811

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and recommendations as item 2023-002 and 2023-003.

The District's Response to Findings

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

Purpose of this Report

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

This report is intended solely for the information and use of the District's management, the Louisiana Legislative Auditor, and federal and state agencies, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
March 27, 2024

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

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

For the year ended September 30, 2023

1) Summary of Auditors' Results:

A) The type of report issued on the financial statements: **Unmodified opinion.**

B) Significant deficiencies in internal control that were disclosed by the audit of financial statements: **2023-001.**

Material weaknesses: **None.**

C) Noncompliance which is material to the financial statements: **2023-002** and **2023-003.**

2) Findings related to the financial statements reported in accordance with *Governmental Accounting Standards*: **2023-001, 2023-002** and **2023-003.**

3) FINDING – FINANCIAL STATEMENTS:

2023-001 Controls over Credit Card Administration

Fiscal Year Finding Originated: 2022

Criteria: Credit card statements, including supporting documentation, should be reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.

Condition: We observed that charges on one of the five credit cards utilized by the District did not have evidence of review and approval by someone other than the authorized card holder. Additionally, on one of the five authorized card holders incurred charges in which the purchase requisition did not contain evidence of approval.

Cause: Unknown.

Effect: Expenditures that lack supervisory review and approval increase the risk of being improper or noncompliant due to fraud or error.

Recommendation: For transactions made by members of management, the District should have another member of management or a board member approve monthly charges before payment is remitted.

Response: Management concurs with this matter and intends to reinforce the established policies regarding purchases made by use of credit cards.

4) FINDINGS – NONCOMPLIANCE WITH STATE LAWS AND REGULATIONS

2023-002 Louisiana Government Budget Act

Fiscal Year Finding Originated: 2020

Criteria: In accordance with Louisiana R.S. 39:1301 - 1315, *Louisiana Governmental Budget Act* (LGBA), political subdivisions are required to monitor the adopted budget and duly authorize adopted amendments to the budgets for all legally adopted budgets. Additionally, management of the political subdivision is required to advise the governing authority to adopt a budget amendment, in writing, for all legally adopted budgets when the following conditions exist:

- The budget document setting forth the proposed financial plan for the General Fund and each special revenue fund shall include a budget message signed by the budget preparer which shall include a summary description of the proposed financial plan, policies, and objectives, assumptions, budgetary basis, and a discussion of the most important features.

(continued)

4) FINDINGS – NONCOMPLIANCE WITH STATE LAWS AND REGULATIONS (CONTINUED)

2023-002 Louisiana Government Budget Act (Continued)

Additionally, the budget document must also present the estimated fund balances at the beginning of the year, estimates of all receipts and revenues to be received, revenues itemized by source, recommended expenditures itemized by agency, department, function, and character, other financing sources and uses by source and use, and the estimated fund balance at the end of the fiscal year. Such statements shall also include a clearly presented side-by-side detailed comparison of such information for the current year, including the fund balances at the beginning of the year, year-to-date actual receipts and revenues received and estimates of all receipts and revenues to be received the remainder of the year; estimated and actual revenues itemized by source, year-to-date actual expenditures and estimates of all expenditures to be made the remainder of the year itemized by agency, department, function, and character, other financing sources and uses by source and use, both year-to-date actual and estimates for the remainder of the year; the year-to-date actual and estimated fund balances as of the end of the fiscal year, and the percentage change for each item of information (R.S. 39:1305(C)).

- The total of proposed expenditures shall not exceed the total of estimated funds available for the ensuing fiscal year (R.S. 39:1305(E)).

- Total revenues and other sources plus projected revenues and other sources for the remainder of the year, within a fund, are failing to meet total budgeted revenue and other sources by 5% or more (R.S. 39:1311(A)(1)).

- Total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by 5% or more (R.S. 39:1311(A)(2)).

- Actual beginning fund balance, within a fund, fails to meet estimated beginning fund balance by 5% or more and fund balance is being used to fund current year expenditures (R.S. 39:1311(A)(3)).

Condition: The District adopted a budget in which the total proposed expenditures (including other financing uses) exceeded the sum of total estimated funds available (estimated beginning fund balance, revenues and other financing sources). Therefore, the District is not in compliance with the LGBA. Additionally, the District's budget documents did not include all detailed information as required by R.S. 39:1305(C).

Cause: Unknown.

Effect: The District may not be compliant with the LGBA.

2023-002 Louisiana Government Budget Act (Continued)

Recommendation: We recommend that the District comply with all aspects of the LGBA.

Response: Management concurs with this matter and plans to comply with the LGBA in future periods.

2023-003 Compliance with Debt Service Covenants

Fiscal Year Finding Originated: 2022

Criteria: In accordance with Bond Resolution No. 10-11-2018-01 Section 10 of the District's $16,500,000 Revenue Bond – Series 2018 (Bond) the District shall create a Sinking Fund and deposit sufficient amounts into the Sinking Fund to pay promptly and fully the principal of and the interest on the Bond as they become due and payable. The required deposits of the Fund are to be paid monthly in advance on or before the business day prior to the last day of each month. The required monthly deposits related to the Bond's principal and interest payments are as follows:

- A sum equal to one-twelfth (1/12th) of the principal falling due on the Bond's next principal payment date.
- A sum equal to one-sixth (1/6th) of the interest falling due on the Bond's next interest payment date.

Condition: The District's Sinking Fund was not funded monthly during fiscal year. The District had a Sinking Fund balance of $572,671 as of September 30, 2022, which funded the District's November 2022 schedule debt payment of $560,000. In August 2023, the District transferred $1,125,000 to the Sinking Fund. The bond agreement requires monthly Sinking Fund deposits of approximately $114,490 from November 2022 to October 2023 to fund the scheduled debt service payments due on May 1, 2023 and November 1, 2023 totaling $1,373,880.

Cause: The District did not make monthly deposits into the Sinking Fund as required by the Bond agreement.

Effect: The District may not be compliant with all debt service covenants as required by the Bond agreement. Although, the District fulfilled all debt service payment obligations of the Bond agreement, as due and in full in November 2023, the required monthly sinking fund transfers were not made according to the bond agreement.

Recommendation: We recommend the District make monthly deposits of sufficient amounts into the Sinking Fund on or before the business day prior to the last day of each month in order to maintain compliance with the Bond agreement.

Response: Management concurs with this matter and plans to comply with its debt service covenant requirements in future periods.

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

SUMMARY OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

For the year ended September 30, 2023

2021-001 Local Government Budget Act

This finding has been reclassified as Item 2022-002.

Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2

Baton Rouge, Louisiana

For the year ended September 30, 2023

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Honorable Chairman and Members
of the St. George Fire Protection District No. 2
Baton Rouge, Louisiana

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2022 through September 30, 2023. The **ST. GEORGE FIRE PROTECTION DISTRICT NO. 2's (District's)** management is responsible for those C/C areas identified in the SAUPs.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period October 1, 2022 through September 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and schedule of exceptions are as follows:

1) Written Policies and Procedures

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

vi. ***Contracting,*** including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

viii. ***Credit Cards*** (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

ix. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

xi. ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

xii. ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

2) Board or Finance Committee

A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds. Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds comprised more than 10% of the entity's collections during the fiscal period.

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

iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

3) Bank Reconciliations

A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

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

vi. Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

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

4) Collections (excluding electronic funds transfers)

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

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

i. Employees responsible for cash collections do not share cash drawers/registers.

ii. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

iii. Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and

iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

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

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

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

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

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

B. For each location selected under #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

   i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
   ii. At least two employees are involved in processing and approving payments to vendors.
   iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
   iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

   v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

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

C. For each location selected under #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

   i. Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
   ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

6) Credit Cards/Debit Cards/Fuel Cards/P-Cards

A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

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

C. Using the monthly statements or combined statements selected under #7B above, <u>excluding fuel cards</u>, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

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

A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

viii. If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

ix. If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

x. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and

xi. Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

8) Contracts

A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, <u>excluding the practitioner's contract</u>, and:

i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

iii. If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

9) Payroll and Personnel

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

B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #9A above, obtain attendance records and leave documentation for the pay period, and:

   i. Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
   ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials.
   iii. Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
   iv. Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

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

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

10) Ethics

A. Using the 5 randomly selected employees/officials from procedure #9A under "Payroll and Personnel" above, obtain ethics documentation from management, and:
   i. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
   ii. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

11) Debt Service

A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

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

12) Fraud Notice

C. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

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

13) Information Technology Disaster Recovery/Business Continuity

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

   i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on government's local server or network, and (c) was encrypted.

   ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

   iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

14) Sexual Harassment

A. Using the 5 randomly selected employees/officials from procedure #9A under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

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

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

i. Number and percentage of public servants in the agency who have completed the training requirements;

ii. Number of sexual harassment complaints received by the agency;

iii. Number of complaints which resulted in a finding that sexual harassment occurred;

iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

v. Amount of time it took to resolve each complaint.

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
Baton Rouge, Louisiana

SCHEDULE OF EXCEPTIONS

For the year ended September 30, 2023

Exceptions:

No exceptions were found as a result of applying the procedures listed above, except as follows:

1) Written Policies and Procedures:

i Budgeting - The District has no written policy addressing preparing, adopting, monitoring, and amending the budget.

ii (2) Purchasing - The District has no written policy addressing how vendors are added to the vendor list.

iv Receipts/Collections - The District has no written policy addressing processing, recording, and preparing deposits.

v (1)(2) Payroll/Personnel - The District has no written policy addressing payroll processing and reviewing and approving time and attendance records.

vi (1)(2)(3)(4)(5) Contracting -The District has no written policies and procedures addressing types of services requiring written contracts, standard terms and conditions of contracts, legal review of contracts, the approval process of contracts, and the monitoring process of contracts.

vii (2) Travel and expense reimbursement - The District has no written policy addressing dollar thresholds by category of expense for travel and expense reimbursements.

ix (1)(2)(3)(4) Ethics - The District has no written policy addressing the prohibitions as defined in Louisiana Revises Statute (R.S.) 42:1111-1121, actions to be taken if an ethics violation takes place, a system to monitor possible ethics violations, a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

x (1)(2)(3)(4) Debt Service - The District has no written policy addressing debt issuance approval, continuing disclosure/EMMA reporting requirements, debt reserve requirements, and debt service requirements.

xi (1)(2)(3)(4)(5)(6) IT Disaster Recovery/Business Continuity - The District has no written policy addressing the identification of critical data and frequency of data backups, storage of backups in a separate physical location isolated from the network, periodic testing/verification that backups can be restored, use of antivirus software on all systems, timely application of all available system and software patches/updates, and identification of personnel, processes, and tools needed to recover operations after a critical event.

2) Board or Finance Committee:

A(iii) - We did not observe evidence in the minutes that referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund from prior year audit report.

A(iv) - We did not observe evidence that the board or finance committee received written updates on the progress of resolving audit findings.

4) Collections:

D(iv) - Based on the observation of the two deposits totaling $17,475, one deposit totaling $1,054 was not made within one day of receipt at the collection location.

6) Credit Cards/Debit Cards/Fuel Cards/P-Cards:

B(i) - Based on the observation of five cards and the related monthly statement and support, two cards did not have supporting documentation that was approved by someone other than the authorized cardholder.

7) Travel and Travel-Related Expense Reimbursements:

A(i) - Based on the observation of five travel reimbursements, one reimbursement for mileage did not match the mileage rate established by U.S. General Services Administration. The employee reimbursed was overpaid by $3.48, or $.10 per mile.

10) Ethics:

B - The District has not appointed an ethics designee.

11) Debt Service:

B - The District did not make monthly sinking fund deposits, as required by the Series 2018 Bond agreement during the fiscal year ended September 30, 2023; a lump sum transfer was made in August 2023, which provided for sufficient funding of the required sinking fund balance as of September 30, 2023.

Additionally, the District fulfilled all debt service payment obligations of the Bond as due and in full in November 2023 through the utilization of sinking fund cash.

12) Fraud Notice:

B - We could not locate on the District's premises and website the notice concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

13) Information Technology Disaster Recovery/Business Continuity:

A,B - We performed the related procedures and discussed the results with management.

Management's Response:

Management of the District concurs with the exceptions and are working to address the exceptions identified.

We were engaged by the District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
March 27, 2024