

**FIRE PROTECTION DISTRICT NO. 2
OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA**

Financial Report

For the Year Ended September 30, 2021

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT ACCOUNTANT'S REVIEW REPORT	1 - 2
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Position	5
Statement of Activities	6
Fund Financial Statements:	
Balance Sheet - Governmental Fund	8
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	9
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund	10
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Fund to the Statement of Activities	11
Notes to the Financial Statements	12 - 22
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule - General Fund	24
Note to the Required Supplementary Information	25
OTHER SUPPLEMENTARY INFORMATION	
Schedule of Compensation, Benefits and Other Payments to the Board of Commissioners	27
REQUIREMENTS OF THE <i>LOUISIANA GOVERNMENTAL AUDIT GUIDE</i>	
Independent Accountant's Report on Applying Agreed-upon Procedures	29 - 32
Louisiana Attestation Questionnaire	33 - 35
OTHER INFORMATION	
Summary Schedule of Prior Year Findings	36
Schedule of Findings and Responses	37
Management's Corrective Action Plan for Current Year Findings	38



INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Commissioners
Fire Protection District No. 2
of the Parish of St. Mary,
State of Louisiana
Centerville, Louisiana

We have reviewed the accompanying financial statements of the governmental activities and the major fund of Fire Protection District No. 2 of the Parish of St. Mary, State of Louisiana (hereinafter "District"), a component unit of the St. Mary Parish Council, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule on page 24 be presented to supplement the basic financial statements. Such information, although not a required 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. We have not audited, reviewed, or compiled the required supplementary information and we do not express an opinion, a conclusion, nor provide any assurance on it.

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

Supplementary Information

The accompanying supplementary information included in the Schedule of Compensation, Benefits and Other Payments to the Board of Commissioners is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

Darnall, Sikes & Frederick

(A Corporation of Certified Public Accountants)

Morgan City, Louisiana
March 28, 2022

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Statement of Net Position
September 30, 2021

	<u>Governmental Activities</u>
ASSETS	
Current assets	
Cash and interest-bearing deposits	\$ 95,810
Investments	406,964
Prepaid expenses	<u>3,191</u>
Total current assets	505,965
Noncurrent assets	
Nondepreciable capital assets	15,000
Depreciable capital assets, net of accumulated depreciation	<u>736,003</u>
Total noncurrent assets	<u>751,003</u>
TOTAL ASSETS	<u>\$ 1,256,968</u>
LIABILITIES AND NET POSITION	
Current liabilities	
Accounts payable	\$ 5,458
Accrued interest payable	225
Current portion of capital lease obligations	<u>62,722</u>
Total current liabilities	68,405
Noncurrent liabilities	
Noncurrent portion of capital lease obligations	<u>123,430</u>
Total liabilities	191,835
Net position	
Net investment in capital assets	564,851
Unrestricted	<u>500,282</u>
Total net position	<u>1,065,133</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 1,256,968</u>

See accompanying notes and independent accountant's review report.

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Statement of Activities
For the Year Ended September 30, 2021

Functions/Programs	Expenses	Net (Expense) Revenue and Changes in Net Position
Governmental activities:		
Public Safety:		
Fire Protection	\$ 250,457	\$ (250,457)
Interest and fiscal charges on debt	<u>7,707</u>	<u>(7,707)</u>
Total governmental activities	258,164	(258,164)
General revenue:		
Ad valorem taxes		236,159
Interest and investment earnings		551
Miscellaneous		<u>1,775</u>
Total general revenue		<u>238,485</u>
Change in net position		(19,679)
Net position - October 1, 2020		<u>1,084,812</u>
Net position - September 30, 2021		<u><u>\$ 1,065,133</u></u>

See accompanying notes and independent accountant's review report.

FUND FINANCIAL STATEMENTS

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Balance Sheet – Governmental Fund
September 30, 2021

	<u>General Fund</u>
ASSETS	
Current assets	
Cash and interest-bearing deposits	\$ 95,810
Investments	<u>406,964</u>
TOTAL ASSETS	<u><u>\$ 502,774</u></u>
LIABILITIES AND FUND BALANCE	
Current liabilities	
Accounts payable	\$ 5,458
Fund balance	
Unassigned	<u>497,316</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 502,774</u></u>

See accompanying notes and independent accountant's review report.

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
September 30, 2021

Fund balance - governmental fund		\$ 497,316
----------------------------------	--	------------

Amounts reported for governmental activities in the Statement of Net Position are different because:

Expenses paid during the year but attributable to periods after the current year (primarily insurance) are recorded as prepaid expenses in the Statement of Net Position		3,191
--	--	-------

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund		(186,152)
---	--	-----------

Governmental funds do not report a liability for accrued interest until due and payable.		(225)
--	--	-------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Those assets consist of:

Fire truck, net of \$717,550 accumulated depreciation		318,594
Equipment, net of \$137,611 accumulated depreciation		186,033
Fire hydrants, net of \$35,112 accumulated depreciation		20,817
Building, net of \$396,905 accumulated depreciation		210,559
Land		<u>15,000</u>

Total		<u>751,003</u>
-------	--	----------------

Net position of governmental activities		<u>\$ 1,065,133</u>
---	--	---------------------

See accompanying notes and independent accountant's review report.

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Statement of Revenues, Expenditures, and Changes
in Fund Balance – Governmental Fund
For the Year Ended September 30, 2021

	General Fund
Revenues:	
Local sources-	
Ad valorem taxes	\$ 236,159
Interest income	551
Miscellaneous	1,775
Total revenues	238,485
Expenditures:	
Current-	
Public safety-	
Fire protection:	
General administrative	9,516
Insurance	23,348
Materials and supplies	23,710
Personal services	36,579
Professional services	18,000
Repairs and maintenance	22,445
Training	406
Utilities	8,166
Capital outlay	143,137
Debt service-	
Principal	61,136
Interest	7,772
Total expenditures	354,215
Deficiency of revenues over expenditures	(115,730)
Other financing sources:	
Proceeds from capital lease	140,037
Change in fund balance	24,307
Fund balance, beginning	473,009
Fund balance, ending	\$ 497,316

See accompanying notes and independent accountant's review report.

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF ST. MARY,
STATE OF 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, 2021

Change in fund balance - governmental fund	\$	24,307
<p>The change in net position reported for governmental activities in the Statement of Activities is different because:</p> <p>Repayment of long-term debt is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Interest is recognized as an expenditure in the governmental funds when it is due. In the Statement of Activities, however, interest expense is recognized as it accrues, regardless of when it is due.</p>		
Capital lease payments	61,136	
Change in accrued interest payable	65	61,201
<p>Capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position</p>		
		(140,037)
<p>Governmental funds report capital outlays as expenditures; however, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures, and Changes in Fund Balance	143,137	
Depreciation expense for the year ended September 30, 2021	(108,128)	35,009
<p>Expenses attributable to periods beyond the current year are not reported as current year expenses in the Statement of Activities</p>		
		(159)
Change in net position of governmental activities	\$	(19,679)

See accompanying notes and independent accountant's review report.

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Notes to the Financial Statements

INTRODUCTION

Fire Protection District No. 2 of the Parish of St. Mary, State of Louisiana (District), was created by Ordinance No. 990 of the St. Mary Parish Council on July 9, 1986. The District encompasses Ward Four of the Parish of St. Mary, State of Louisiana. The purpose of the District is to provide equipment to the Centerville Volunteer Fire Department and to reimburse them for fire protection expenses. The Centerville Volunteer Fire Department is located within the district which encompasses Fire Protection District No. 2.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of certain significant accounting policies:

Financial Reporting Entity

As the governing authority of the parish, for reporting purposes, the St. Mary Parish Council is the financial reporting entity for St. Mary Parish. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the St. Mary Parish Council 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. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a. the ability of the Parish Council to impose its will on the organization and/or
 - b. the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Parish Council.
2. Organizations for which the Parish Council does not appoint a voting majority but are fiscally dependent on the Parish Council.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the Parish Council appoints the governing body and has the ability to significantly impose its will, the District is a component unit of the St. Mary Parish Council, the financial reporting entity. The accompanying financial statements present information only on the

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

funds maintained by the District and do not present information on the Parish Council, the general government services provided by the governmental unit, or the other governmental units that comprise the financial reporting entity.

Basis of Presentation

The accompanying basic financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, issued in June 1999.

Government-wide Financial Statements:

The statement of net position and the statement of activities display information about the District as a whole. These statements include all the financial activities of the District. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

The statement of activities presents a comparison between direct expenses and program revenues for the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the District and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements:

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are classified into one category: governmental. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the District or its total assets, liabilities, revenues,

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

or expenditures of the individual governmental fund are at least 10 percent of the corresponding total for all governmental funds. The General Fund of the District is considered to be the major fund.

The major fund of the District is described below:

Governmental Fund –

General Fund

This fund is the primary operating fund of the District and it accounts for the operations of the District's office. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to District policy.

Measurement Focus/Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenues in the year for which they are earned.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, the government considers revenues to be *available* if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The District uses the following practices in recording certain revenues and expenditures:

Revenues

Ad valorem taxes (which are based on population and homesteads in the District) are recorded in the year the tax assessments are received from the parish tax collector.

Interest income on investments is recorded when the investments have matured and the income is available.

Substantially all other revenues are recorded when received.

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on long-term debt is recognized when due.

Assets, Liabilities, and Equity

Cash and Interest-bearing Deposits:

Cash and interest-bearing deposits include amounts in demand deposits, interest-bearing demand deposits, and time deposits.

Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Investments:

Under state law, the District may deposit funds with a fiscal agent organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana Law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool (LAMP), a nonprofit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. All of the District's investments are in LAMP, which are stated at amortized cost.

Capital Assets:

Government-wide Financial Statements:

In the government-wide financial statements, capital assets are accounted for as noncurrent assets. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$2,000 or more for capitalizing assets. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

depreciation purposes. All capital assets, other than land and construction in progress, are depreciated using the straight-line method over the following useful lives:

	<u>Years</u>
Fire Truck	15
Equipment	5-20
Fire Hydrants	20
Building	10-25

Fund Financial Statements:

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Capitalized Interest:

The District capitalizes interest costs and interest earned as part of the cost of constructing various projects when material. The District capitalized no interest for the year ended September 30, 2021.

Equity Classifications:

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

1. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
2. Restricted net position – consists of net position items with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional, provisional or enabling legislation.
3. Unrestricted net position – consists of the net amount of assets and liabilities that do not meet the definition of the above two components and is available for general use by the District.

The District does not have a formal policy regarding the use of restricted and unrestricted resources when both are available for use; however, restricted resources are generally used prior to any unrestricted resources.

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified in accordance with GASB Statement No. 54 as follows:

1. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
2. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
3. Committed – amounts that can be used only for specific purposes determined by a formal action of the Board of Commissioners. The Board of Commissioners is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions approved by the commissioners.
4. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used only for specific purposes.
5. Unassigned – all other spendable amounts

Use of Estimates

The District uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Subsequent Events

Management has evaluated subsequent events through March 28, 2022, the date the financial statements were available to be issued.

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 2 CASH AND INTEREST-BEARING DEPOSITS

At September 30, 2021, the District had cash balances (book balances) totaling \$95,810. These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At September 30, 2021, the District had \$96,105 in deposits (bank balances).

NOTE 3 INVESTMENTS

Investments held at September 30, 2021 consist of \$406,964 in the Louisiana Asset Management Pool (LAMP). LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with Louisiana Revised Statute 33:2955.

GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, requires the disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments.

LAMP is an investment pool that, to the extent practical, invests in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

Credit risk – LAMP is rated AAAM by Standard & Poor’s.

Custodial credit risk – LAMP participants’ investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity’s investment is with the pool, not with the securities that make up the pool; therefore, no disclosure is required.

Concentration of credit risk – pooled investments are excluded from the 5 percent disclosure requirement.

Interest rate risk – LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP’s total investments is 73 days as of September 30, 2021.

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 3 INVESTMENTS (CONTINUED)

Foreign currency risk – not applicable.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

NOTE 4 AD VALOREM TAXES

The District's property tax is levied in October of each year on the assessed value of property within the District's taxing area. The taxes are delinquent by January 1 at which time an enforceable lien is attached to the property. The taxes are collected on behalf of the District by the Sheriff and then remitted to the District. Most of the taxes are actually received in January and February.

Ad valorem taxes are budgeted and recorded in the year collected. For the year ended September 30, 2021, taxes applicable to the District's General Fund were levied at the rate of 3.91 mills on property with net assessed valuations totaling \$63,736,726. Total taxes levied during 2021 were \$249,206.

(The remainder of this page was intentionally left blank.)

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2021 was as follows:

	Balance 09/30/2020	Additions	Deletions	Balance 09/30/2021
Capital assets not being depreciated:				
Land	\$ 15,000	\$ -	\$ -	\$ 15,000
Capital assets being depreciated:				
Fire Truck	1,036,144	-	-	1,036,144
Equipment	180,507	143,137	-	323,644
Fire Hydrants	55,929	-	-	55,929
Building	<u>607,464</u>	<u>-</u>	<u>-</u>	<u>607,464</u>
Total capital assets being depreciated	1,880,044	143,137	-	2,023,181
Less accumulated depreciation for:				
Fire Truck	659,767	57,783	-	717,550
Equipment	114,951	22,660	-	137,611
Fire Hydrants	33,102	2,010	-	35,112
Building	<u>371,230</u>	<u>25,675</u>	<u>-</u>	<u>396,905</u>
Total accumulated depreciation	<u>1,179,050</u>	<u>108,128</u>	<u>-</u>	<u>1,287,178</u>
Capital assets being depreciated, net	<u>700,994</u>	<u>35,009</u>	<u>-</u>	<u>736,003</u>
Capital assets, net	<u>\$ 715,994</u>	<u>\$ 35,009</u>	<u>\$ -</u>	<u>\$ 751,003</u>

Depreciation expense in the amount of \$108,128 was charged to public safety.

NOTE 6 CAPITAL LEASES

The District entered into a capital lease agreement for financing the acquisition of a fire truck which will become the property of the District when all terms of the lease agreement are met or when the purchase option price has been paid to the lessor. Annual payments are due on September 22 of each year with an initial lease payment of \$50,000 on September 22, 2016 and seven payments in the amount of \$38,099 at a fixed interest rate of 3.20% beginning September 22, 2017.

The District entered into a capital lease agreement for financing the acquisition of self-contained breathing apparatus (SCBAs) and related equipment which will become the property of the District when all terms of the lease agreement are met or when the purchase option price has been paid to the lessor. Annual payments are due on September 15 of each year for five years beginning September 15, 2021, in the amount of \$30,809 at a fixed interest rate of 3.37%.

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 6 CAPITAL LEASES (CONTINUED)

The following is a summary of changes in debt outstanding as of September 30, 2021:

	Balance 09/30/2020	Additions	Payments	Balance 09/30/2021	Due Within One Year
Capital Leases:	\$ 107,251	\$ 140,037	\$ 61,136	\$ 186,152	\$ 62,722

The following is a schedule of future minimum lease payments under the capital lease agreement and the present value of the net minimum lease payments:

Year	Principal	Interest	Total
2022	\$ 62,722	\$ 6,186	\$ 68,908
2023	64,792	4,115	68,907
2024	28,833	1,976	30,809
2025	29,805	1,004	30,809
Totals	\$ 186,152	\$ 13,281	\$ 199,433

Equipment and related accumulated amortization under capital lease are as follows:

	Governmental Activities
Fire trucks	\$ 285,144
Equipment	139,142
Less: accumulated amortization	(109,387)
Net value	\$ 314,899

Amortization of leased equipment under capital assets is included with depreciation expense.

NOTE 7 OPERATING LEASE

The District is a participant in a cancelable operating lease for land where the District's Shadyside substation is located. A payment of \$200 for this lease was made during the year ended September 30, 2021.

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 8 COOPERATIVE ENDEAVOR AGREEMENT

In July 2001, the District entered into a cooperative endeavor agreement with St. Mary Parish Waterworks District No. 5 and St. Mary Parish Sewerage District No. 5 (consolidated into St. Mary Parish Water and Sewer Commission No. 3 effective October 2016) for the planning, construction, use and maintenance of a multi-purpose building which was completed during 2004. The District has a 66% ownership interest in the building.

Utility consumption by the District is metered and billed separately. Housekeeping and maintenance expenses are the responsibility of the respective Districts, based upon each District's occupancy portion of the building as a whole. Expenses for landscaping, maintenance of the grounds, and exterior maintenance of the multi-purpose building are shared equally by the Districts.

NOTE 9 COVID-19 PANDEMIC

In December 2019, a novel strain of coronavirus (COVID-19) was reported to have surfaced in China. The World Health Organization has characterized COVID-19 as a pandemic. The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our customers, taxpayers, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

REQUIRED SUPPLEMENTARY INFORMATION

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Budgetary Comparison Schedule
General Fund
For the Year Ended September 30, 2021

	Budget		Actual	Variance-
	Original	Final		Favorable (Unfavorable)
Revenues:				
Local Sources-				
Ad valorem taxes	\$ 235,000	\$ 236,457	\$ 236,159	\$ (298)
Interest income	1,500	240	551	311
Miscellaneous	<u>800</u>	<u>1,774</u>	<u>1,775</u>	<u>1</u>
Total revenues	237,300	238,471	238,485	14
Expenditures:				
Current-				
Public Safety-				
Fire Protection:				
General administrative	10,200	8,037	9,516	(1,479)
Insurance	28,400	23,348	23,348	-
Materials and supplies	10,000	8,025	23,710	(15,685)
Personal services	31,400	35,045	36,579	(1,534)
Professional services	18,000	18,000	18,000	-
Rent	201	201	-	201
Repairs and maintenance	43,500	22,047	22,445	(398)
Training	7,000	406	406	-
Travel	2,500	-	-	-
Utilities	7,300	6,896	8,166	(1,270)
Capital outlay	149,000	156,898	143,137	13,761
Debt Service	<u>68,842</u>	<u>68,842</u>	<u>68,908</u>	<u>(66)</u>
Total expenditures	<u>376,343</u>	<u>347,745</u>	<u>354,215</u>	<u>(6,470)</u>
Excess (deficiency) of revenues over expenditures	(139,043)	(109,274)	(115,730)	(6,456)
Other financing sources:				
Proceeds from capital lease	<u>134,000</u>	<u>142,000</u>	<u>140,037</u>	<u>(1,963)</u>
Change in fund balance	(5,043)	32,726	24,307	(8,419)
Fund balance, beginning	<u>473,009</u>	<u>473,009</u>	<u>473,009</u>	<u>-</u>
Fund balance, ending	<u>\$ 467,966</u>	<u>\$ 505,735</u>	<u>\$ 497,316</u>	<u>\$ (8,419)</u>

See independent accountant's report and accompanying notes to the required supplementary information.

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Note to the Required Supplementary Information

NOTE 1 BUDGETARY BASIS OF ACCOUNTING

The District prepares and adopts a budget in accordance with Louisiana Revised Statute 39:1301 et seq. The annual budget for the general fund is prepared in accordance with the basis of accounting utilized by that fund (generally accepted accounting principles).

Neither encumbrance accounting nor normal integration of the budget into the accounting records is employed as a management control device. However, periodic comparisons of budget and actual amounts are made.

OTHER SUPPLEMENTARY INFORMATION

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Schedule of Compensation, Benefits and Other Payments to the Board of Commissioners
For the Year Ended September 30, 2021

John Higdon, Chairman	\$ 300
Alton Broussard, Commissioner	360
Wilson Judice, Commissioner	300
Ulysses Knight, Jr., Commissioner	-
Larry Leblanc, Commissioner	<u>330</u>
	<u>\$ 1,290</u>

Act 706 of the 2014 Legislative Session amended RS 24:513A requiring additional disclosure of total compensation, reimbursements, benefits, or other payments made to an agency head or chief officer. With the exception of per diem, no other payments which would require disclosure were made to the Commission's chairman. For the year ended September 30, 2021, the Commission's chairman, John Higdon, received \$300 in per diem payments.

See independent accountant's review report.

**REQUIREMENTS OF THE
*LOUISIANA GOVERNMENTAL AUDIT GUIDE***



INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners
Fire Protection District No. 2
of the Parish of St. Mary,
State of Louisiana
Centerville, Louisiana

To the Fire Protection District No. 2 of the Parish of St. Mary, State of Louisiana and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the Fire Protection District No. 2 of the Parish of St. Mary, State of Louisiana's (hereinafter "District") compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire during the fiscal year ended September 30, 2021, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*. The District's management is responsible for its financial records and compliance with applicable laws and regulations.

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 District's compliance with the laws and regulations contained in the accompanying Louisiana Attestation Questionnaire during the fiscal year ended September 30, 2021. Additionally, the Louisiana Legislative Auditor 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 associated findings are as follows:

Public Bid Law

1. Obtain documentation for all expenditures made during the year for materials and supplies exceeding \$30,000, and public works exceeding \$250,000. Compare the documentation for these expenditures to Louisiana Revised Statute (R.S.) 39:1551-39:1775 (the state procurement code); R.S. 38:2211-2296 (the public bid law), or the regulations of the Division of Administration and the State Purchasing Office, whichever is applicable; and report whether the expenditures were made in accordance with these laws.

One expenditure was made during the year for materials and supplies exceeding \$30,000, and no expenditures were made for public works exceeding \$250,000. We examined documentation that indicated these expenditures had been properly advertised and accepted in accordance with the provisions of the applicable statutes.

Code of Ethics for Public Officials and Public Employees

2. Obtain a list of the immediate family members of each board member as defined by R.S. 42:1101-1124 (the ethics law).

Management provided us with the requested information.

3. Obtain a list of all employees paid during the fiscal year.

The District has no employees; therefore, no listing was obtained.

4. Report whether any employees' names appear on both lists obtained in Procedures 2 and 3.

The District has no employees; therefore, we were not able to perform this procedure.

5. Obtain a list of all disbursements made during the year; and a list of outside business interests of board members, employees, and board members' and employees' immediate families. Report whether any vendors appear on both lists.

Management provided the requested information. None of the businesses of board members and board members' immediate families appeared as vendors on the list of disbursements. The District has no employees.

Budgeting

6. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original and amended budgets.

7. Trace documentation for the adoption of the budget and approval of any amendments to the minute book, and report whether there are any exceptions.

We traced adoption of the original budget to documentation in the minutes of the meeting of the District's commissioners held on September 8, 2020. We traced adoption of the amended budget to documentation in the minutes of the meeting of the District's commissioners held on August 10, 2021.

8. Compare the revenues and expenditures of the final budget to actual revenues and expenditures. Report whether actual revenues failed to meet budgeted revenues by 5% or more, and whether actual expenditures exceeded budgeted amounts by 5% or more.

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues exceeded budgeted revenues. Expenditures for the year did not exceed budgeted amounts by more than 5%.

Accounting and Reporting

9. Obtain the list of all disbursements made during the fiscal year. Randomly select six disbursements, and obtain documentation from management for these disbursements. Compare the selected disbursements to the supporting documentation, and:

- a. Report whether the six disbursements agree to the amount and payee in the supporting documentation.

Each of the six selected disbursements agreed with the amount and payee in the supporting documentation.

- b. Report whether the six disbursements were coded to the correct fund and general ledger account.

All six disbursements were properly coded to the correct fund (general fund) and general ledger account.

- c. Report whether the six disbursements were approved in accordance with management's policies and procedures.

Inspection of documentation supporting each of the six disbursements indicated proper approval by District personnel.

Meetings

10. Obtain evidence from management to support that agendas for meetings recorded in the minute book were posted or advertised as required by R.S. 42:11 through 42:28 (the open meetings law); and report whether there are any exceptions.

Management represented that the District is only required to post a notice of each meeting and the accompanying agenda on the door of the District's office building. Although management has asserted that such documents were properly posted, no evidence was provided to support management's assertion other than copies of the notices and agendas which noted the date and time of posting.

Debt

11. Obtain bank deposit slips for the fiscal year, and scan the deposit slips in order to identify and report whether there are any deposits that appear to be proceeds of bank loans, bonds, or like indebtedness. If any such proceeds are identified, obtain from management evidence of approval by the State Bond Commission, and report any exceptions.

We scanned copies of all bank deposit slips for the fiscal year, and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

12. Obtain the list of payroll disbursements and meeting minutes of the governing board, if applicable. Scan these documents to identify and report whether there are any payments or approval of payments to employees that may constitute bonuses, advances, or gifts.

The District has no employees; therefore, we were not able to perform this procedure.

State Audit Law

13. Report whether the agency provided for a timely report in accordance with R.S. 24:513.

The District's report was due on March 31, 2022, and it was submitted timely.

14. Inquire of management and report whether the agency entered into any contracts that utilized state funds as defined in R.S. 39:72.1 A.(2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

The District was in compliance with the audit law for the fiscal year ended September 30, 2021.

Prior-Year Comments

15. Obtain and report management's representation as to whether any prior-year suggestions, exceptions, recommendations, and/or comments have been resolved.

See the Summary Schedule of Prior Year Findings for the status of prior comments and recommendations.

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 the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. 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 the District's compliance with the foregoing matters. 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 the District's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, 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 Louisiana Legislative Auditor as a public document.

Darnall, Sikes & Frederick

(A Corporation of Certified Public Accountants)

Morgan City, Louisiana
March 28, 2022

ST. MARY PARISH FIRE PROTECTION DISTRICT NO. 2
LOUISIANA ATTESTATION QUESTIONNAIRE
Year Ended September 30, 2021

Darnall, Sikes & Frederick, CPAs
1201 Brashear Avenue, Suite 301
Morgan City, Louisiana 70380

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of September 30, 2021 and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you.

Public Bid Law

It is true that we have complied with the state procurement code (R.S. 39:1551 – 39:1755); the public bid law (R.S. 38:2211-2296), and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes No N/A

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes No N/A

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes No N/A

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes No N/A

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes No N/A

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes No N/A

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes No N/A

We did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Yes No N/A

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes No N/A

We have complied with R.S. 24:515.2 regarding reporting of pre- and post- adjudication court costs, fines and fees assessed or imposed; the amounts collected; the amounts outstanding; the amounts retained; the amounts disbursed, and the amounts received from disbursements.

Yes No N/A

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.

Yes No N/A

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes No N/A

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes No N/A

Prior-Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes No N/A

General

We acknowledge that we are responsible for the Agency's compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes No N/A

We acknowledge that we are responsible for determining that that the procedures performed are appropriate for the purposes of this engagement.

Yes No N/A

We have evaluated our compliance with these laws and regulations prior to making these representations.

Yes No N/A

We have provided you with all relevant information and access under the terms of our agreement.

Yes No N/A

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations.

Yes No N/A

We are not aware of any material misstatements in the information we have provided to you.

Yes No N/A

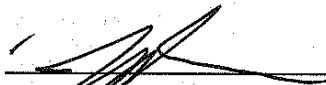
We have disclosed to you any communications from regulatory agencies, internal auditors, other independent practitioners or consultants, and others concerning noncompliance with the foregoing laws and regulations, including communications received during the period under examination; and will disclose to you any such communication received between the end of the period under examination and the date of your report.

Yes No N/A

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies all known noncompliance and other events subsequent to the date of this representation and the date of your report that could have a material effect on our compliance with laws and regulations and the internal controls with such laws and regulations, or would require adjustment or modification to the results of the agreed-upon procedures.

Yes No N/A

The previous responses have been made to the best of our belief and knowledge.



John Higdon, Chairman

11/11/2022

Date

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Summary Schedule of Prior Year Findings
For the Year Ended September 30, 2021

2020-001 Inadequate segregation of accounting functions

Status: This finding is unresolved. See current year finding 2021-001.

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Schedule of Findings and Responses
For the Year Ended September 30, 2021

The following finding is related to the review of the District's September 30, 2021 financial statements.

2021-001 Inadequate segregation of accounting functions

Criteria: A strong internal control system requires the segregation of responsibilities between different individuals responsible for separate major areas of the accounting system.

Condition: Due to the small number of accounting personnel, the District did not have adequate segregation of functions within the accounting system.

Cause: The failure to design and implement policies and procedures necessary to achieve adequate internal control led to this condition.

Effect: The likelihood that a material misstatement will not be prevented or detected and corrected on a timely basis is increased. The perpetration of fraudulent activity is easier to achieve under this condition.

Recommendation: An analysis of the benefits that would be obtained by adequately segregating functions within the accounting system and the costs to employ additional individuals to achieve adequate segregation should be performed.

Views of Responsible Officials and Planned Corrective Actions: This information is in the District's separate Management's Corrective Action Plan for Current Year Findings.

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF ST. MARY,
STATE OF LOUISIANA

Management's Corrective Action Plan for Current Year Findings
For the Year Ended September 30, 2021

Response to Finding 2021-001:

The District is aware of the condition and has determined that based upon the size of the operation and the cost-benefit consideration of additional personnel, it is not feasible to achieve complete segregation of duties.

Name and Title of Contact Person: John Higdon, Chairman