

**FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE
MORGANZA, LOUISIANA**

**A COMPONENT UNIT OF THE
POINTE COUPEE PARISH COUNCIL**

**ANNUAL FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2022**

**FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE
MORGANZA, LOUISIANA
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2022**

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Independent Auditors' Report

Board of Commissioners
Fire Protection District No. 2 of the Parish of Pointe Coupee
Morganza, Louisiana

We have audited the accompanying financial statements of the governmental activities and each major fund of Fire Protection District No. 2 of the Parish of Pointe Coupee (District), a component unit of the Pointe Coupee Parish Council, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Fire Protection District No. 2 of the Parish of Pointe Coupee, a component unit of the Pointe Coupee Parish Council, as of December 31, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 8 and on page 27 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fire Protection District No. 2 of the Parish of Pointe Coupee's basic financial statements. The accompanying supplemental information schedules and other information as listed in the foregoing table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2023, on our consideration of Fire Protection District No. 2 of the Parish of Pointe Coupee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Fire Protection District No. 2 of the Parish of Pointe Coupee's internal control over financial reporting and compliance.

Major, Morrison & David
New Roads, Louisiana
June 23, 2023

A handwritten signature in blue ink that reads "Major, Morrison & David". The signature is written in a cursive, flowing style.

MANAGEMENT'S DISCUSSION AND ANALYSIS

**FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE
MORGANZA, LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022**

The Management's Discussion and Analysis (MD&A) of the Fire Protection District No. 2 of the Parish of Pointe Coupee (District) provides an overview and overall review of the District's financial activities for the fiscal year ended December 31, 2022. The intent of the MD&A is to look at the District's financial performance as a whole. It should, therefore, be read in conjunction with the District's financial statements found in the financial section starting on page 10, and the notes thereto. MD&A is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* issued June 1999.

FINANCIAL HIGHLIGHTS

- * The District's total net position decreased by \$76,633 over the course of this year's operations.
- * During the year, the District's expenses were \$535,021 more than the \$-0- generated in charges for services and operating grants for governmental programs.
- * The total cost of the District's programs was \$535,021, an increase of approximately \$175,421 or 48.8 percent.
- * Total revenues including general revenues were \$458,388, an increase of \$79,270 or 20.9 percent.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts—management's discussion and analysis (this section), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- * The first two statements on pages 10 and 11 are government-wide financial statements that provide information about the activities of the District as a whole and present a longer-term view of the District's finances.
- * The remaining statements starting on page 12 are fund financial statements that focus on individual parts of the District's government, reporting the District's operations in more detail than the government-wide statements.
 - The governmental funds statements tell how general government services, such as assessment services, were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide additional detailed data. The notes are followed by a section of required supplementary information that further explains and supports the information in the financial statements as well as providing budgetary comparison data. The last section of the report contains additional supplemental information regarding the governmental fund-general fund. The rest of this overview section of management's discussion and analysis explains the structure of contents of each of the statements.

Government-wide Statements

The government-wide statements report information about the District as a whole using the accrual basis of accounting, which is similar to that which is used by private sector companies. The statement of net position on page 10 includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities on page 11, regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. Net position – the difference between the District's assets and liabilities – is one way to measure the District's financial health, or financial position. Over time, increases and decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors will also need to be considered to assess the overall health of the District.

**FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE
MORGANZA, LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022**

The government-wide financial statements of the District, report only one type of activity – governmental activities. All of the District's basic services are included here, such as assessment services and general administration.

Fund Financial Statements

The fund financial statements, beginning on page 12, provide more detail about the District's most significant funds – not the District as a whole. State laws require the establishment of some funds. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

The District uses only the governmental type of fund with the following accounting approach. Most of the District's basic services are included in governmental funds, which focus on how cash and other financial assets that can be readily converted to cash flow in and out of those funds, and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements therefore provide a detailed short-term view of the District's general government operations and the basic services it provides, and helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Since this information does not include the additional long-term focus of government-wide statements, we provide reconciliations on the subsequent pages that explain the relationship (or differences) between the two different type statements.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's combined net position decreased between fiscal years 2021 and 2022, going from approximately \$2,661,038 to \$2,584,405. (See Table 1 below)

**Table 1
District's Net Position**

	Governmental Activities 2021	Governmental Activities 2022
Assets:		
Current and other assets	\$ 1,393,676	\$ 1,341,887
Capital assets	1,296,746	1,253,855
Total assets	\$ 2,690,422	\$ 2,595,742
Deferred Outflows:		
Total deferred outflows	\$ -0-	\$ -0-
Liabilities:		
Current liabilities	29,384	11,337
Noncurrent liabilities	-0-	-0-
Total liabilities	\$ 29,384	\$ 11,337
Deferred Inflows:		
Total deferred inflows	\$ -0-	\$ -0-
Net Position:		
Invested in capital assets, net of related debt	1,296,746	1,253,855
Restricted	22,852	30,258
Unrestricted	1,341,440	1,300,292
Total net position	\$ 2,661,038	\$ 2,584,405

Net position of the District's governmental activities decreased by 2.9 percent to \$2,584,405.

**FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE
MORGANZA, LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022**

Changes in net position. The District's total revenues increased by 20.9 percent to \$458,388 (See Table 2), due to increased sales taxes. Approximately 95 percent of the District's revenue comes from an ad valorem tax assessed on the property owners in the district and sales and use taxes collected within the district.

The total cost of all programs and services increased approximately \$175,421 or 48.8 percent due to an increase in salaries, training, and operating expenses. The District hired a team of full-time firefighters this year. The District's expenses cover all services, which it offers to the public.

Governmental Activities

Revenues for the District's governmental activities increased by 20.9 percent, while total expenses increased 48.8 percent.

Table 2
Changes in District's Net Position

	Governmental Activities 2021	Governmental Activities 2022
Revenues		
General revenues		
Ad valorem taxes	\$ 159,304	\$ 156,330
Sales and use taxes	209,761	272,897
Other revenues	10,053	29,161
Total revenues	\$ 379,118	\$ 458,388
Expenses		
General government	359,600	535,021
Total expenses	\$ 359,600	\$ 535,021
Increase (decrease) in net position	\$ 19,518	\$ (76,633)

Table 3
Net Cost of District's Governmental Activities

	Total Cost of Services 2021	Net Cost of Services 2022
Public Safety Services	<u>\$ 359,600</u>	<u>\$ 535,021</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds reported a fund balance of \$1,330,550, reflecting a decrease over the prior year of \$33,742. Of the fund balance total, \$1,300,292 is unassigned indicating availability for continuing the District's activities. Non-spendable fund balance includes \$30,258 in the form of prepaid expenses. The revenues increase reflected an increase in sales taxes, and increases in operating expenditures were due to increased salaries and operating expenses. Expenses for 2023 should remain consistent with 2022.

**FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE
MORGANZA, LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the year, the District had invested \$1,253,855 in capital assets. (See Table 4).

**Table 4
District's Capital Assets
(net of accumulated depreciation)**

	Governmental Activities 2022
Land, buildings and improvements	\$ 372,730
Furniture and equipment	125,270
Vehicles	<u>755,855</u>
Total	<u>\$ 1,253,855</u>

Debt

At year-end, the District had no debt outstanding.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Approximately 95 percent of the District's revenues are derived from an ad valorem tax on the voters of the district and sales and use taxes collected within the district. The economy is not expected to generate any significant growth in assessment values and sales and use taxes for 2023 nor is there an expected increase in the District's millage rate. The District's operating expenses are not expected to increase; capital expenditures will increase due to a budgeted purchase of a pumper truck in 2023, therefore, future revenues are expected to remain consistent and future expenses are expected to increase compared to the current year. The budget for the year 2023 should reflect the increase in capital expenditures from the year 2022 budget.

In the spring of 2020, there was a global outbreak of a new strain of coronavirus, COVID-19. The public health crisis has caused volatile economic conditions, impacting financial markets and disrupting general business activities across the United States. The District will monitor and take appropriate actions, if needed, to combat any impact of COVID-19 on the its current and future operations.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our parishioners, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Aaron Edwards, Fire Chief, P.O. Box 66, Morganza, Louisiana 70759.

BASIC FINANCIAL STATEMENTS

**FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE
MORGANZA, LOUISIANA**

Statement of Net Position

December 31, 2022

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 798,550
Investments	343,483
Due from other governmental units	169,596
Prepaid expenses	30,258
Capital assets, net of depreciation	<u>1,253,855</u>
Total assets	<u>2,595,742</u>
DEFERRED OUTFLOWS OF RESOURCES	
Total deferred outflows of resources	<u>-</u>
LIABILITIES	
Accounts payable and accrued expenses	<u>11,337</u>
Total liabilities	<u>11,337</u>
DEFERRED INFLOWS OF RESOURCES	
Total deferred inflows of resources	<u>-</u>
NET POSITION	
Invested in capital assets, net of related debt	1,253,855
Restricted for:	
Prepaid expenses	30,258
Unrestricted (deficit)	<u>1,300,292</u>
Total net position	<u><u>\$ 2,584,405</u></u>

**FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE
MORGANZA, LOUISIANA**

Statement of Activities

For the Year Ended December 31, 2022

FUNCTIONS/PROGRAMS	Expenses	<u>Program Revenues</u>		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Public safety	\$ 535,021	\$ -	\$ -	\$ (535,021)
Total governmental activities:				<u>(535,021)</u>
General revenues:				
Ad valorem taxes				156,330
Public safety sales and use tax				272,897
Fire insurance rebate				12,006
State revenue sharing				1,753
Miscellaneous				9,683
Unrestricted investment earnings				<u>5,719</u>
Total general revenues				<u>458,388</u>
Change in net position				(76,633)
Net position - beginning of the year				<u>2,661,038</u>
Net position - end of year				<u><u>\$ 2,584,405</u></u>

The accompanying notes are an integral part of this statement.

**FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE
MORGANZA, LOUISIANA
GOVERNMENTAL FUNDS**

December 31, 2022

	<u>GENERAL FUND</u>
ASSETS	
Cash and cash equivalents	\$ 798,550
Investments	343,483
Due from other governmental units	169,596
Prepaid expenses	<u>30,258</u>
Total assets	<u><u>\$ 1,341,887</u></u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ 10,586
Salaries and withholdings payable	<u>751</u>
Total liabilities	<u>11,337</u>
Fund balances:	
Nonspendable:	
Prepaid expenses	30,258
Unassigned	<u>1,300,292</u>
Total fund balance	<u>1,330,550</u>
Total liabilities and fund balance	<u><u>\$ 1,341,887</u></u>

The accompanying notes are an integral part of this statement.

**FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE
MORGANZA, LOUISIANA**

**Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position**

December 31, 2022

Total fund balance - governmental funds	\$ 1,330,550
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the Balance Sheet - governmental funds.	<u>1,253,855</u>
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Total net position of governmental activities	<u><u>\$ 2,584,405</u></u>
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The accompanying notes are an integral part of this statement.

**FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE
MORGANZA, LOUISIANA
GOVERNMENTAL FUNDS**

**Statement of Revenues, Expenditures,
and Changes in Fund Balance
For the Year Ended December 31, 2022**

	GENERAL FUND
REVENUES	
Ad valorem taxes	\$ 156,330
Intergovernmental revenues:	
Parish sales tax apportionment	272,897
State fire insurance rebate	12,006
State revenue sharing	1,753
Miscellaneous revenue	9,683
Use of money and property	5,719
 Total revenues	 458,388
EXPENDITURES	
Public safety:	
Personal services and related benefits	179,656
Legal and accounting	17,363
Operating services	41,744
Maintenance and supplies	96,394
Insurance	51,073
Utilities	12,050
Capital outlay	75,029
 Total expenditures	 473,309
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 (14,921)
OTHER FINANCING SOURCES (USES)	
Principal retirement & interest	(18,821)
 Total other financing sources (uses)	 (18,821)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	 (33,742)
FUND BALANCE AT BEGINNING OF YEAR	 1,364,292
FUND BALANCE AT END OF YEAR	 \$ 1,330,550

The accompanying notes are an integral part of this statement.

**FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE
MORGANZA, LOUISIANA**

**Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement of Activities**

For the Year Ended December 31, 2022

Net change in fund balances - total governmental funds \$ (33,742)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount which capital outlays exceeded depreciation in the current period.

Capital Outlays	75,029
Depreciation	<u>(117,920)</u>

Change in net position of governmental activities \$ (76,633)

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

**FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE
Morganza, Louisiana**

**Notes to the Financial Statements
As of and For the Year Ending December 31, 2022**

INTRODUCTION

On July 14, 1981, the 4th Ward Fire Protection District of the Parish of Pointe Coupee was re-designated Fire Protection District No. 2 of the Parish of Pointe Coupee (District) by a resolution of the Pointe Coupee Parish Council under the authority of Louisiana Revised Statute 40:1491. The District operates under a commission form of government and provides fire protection services to all the territory situated within the limits of Pointe Coupee Election District 3, as said Election District was constituted in 1981. The District has eleven employees.

In accordance with LRS 40:1494, the District is managed by a board of five commissioners. As of September 2022, Pointe Coupee Parish Council voted to have one consolidated board of commissioners across all five Fire Protection District's of Pointe Coupee Parish. The five commissioners were appointed by the Council. One commissioner from the separate Districts' boards was appointment to represent their District.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

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

B. REPORTING ENTITY

As stated above, the District was created by a resolution of the Pointe Coupee Parish Council in 1981 and is a political subdivision of the Pointe Coupee Parish Council. The District does not possess all of the corporate powers necessary to make it a legally separate entity. The Pointe Coupee Parish Council holds all of the District's corporate powers. For this reason, the District was determined to be a component unit of the Pointe Coupee Parish Council, the financial reporting entity.

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

C. FUND ACCOUNTING

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Governmental Funds

Governmental funds account for all or most of the District's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources, which may be used to finance future period programs or operations of the District. The following are the District's governmental funds:

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE
Morganza, Louisiana
Notes to the Financial Statements

General Fund – the primary operating fund of the District and it accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to District policy.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Government-Wide Financial Statements (GWFS)

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. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

Program Revenues – Program revenues included in the Statement of Activities are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the District’s general revenues.

Fund Financial Statements (FFS)

The amounts reflected in the General Fund of the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the District’s operations (See the reconciliation statements).

The amounts reflected in the General Fund in the FFS use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both 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. For this purpose, the District considers revenues to be available if they are collected within 60 days after the fiscal end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes and the related state revenue sharing (which is based on population and homesteads in the District) are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, become due on or about November 15 of each year, and become delinquent on December 31. Taxes are generally collected in December of the current year and January and February of the following year.

Revenues from sales and use taxes are considered “measurable” when in the hands of collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE
Morganza, Louisiana
Notes to the Financial Statements

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

E. BUDGETS

The District prepares an annual budget for the General Fund on the modified accrual basis of accounting. The proposed budget is made available for public inspection no later than 15 days prior to the beginning of each fiscal year. The budget is legally adopted and amended, as necessary, by the District. All appropriations lapse at year end. In accordance with Louisiana Revised Statute 47:1908, the District carries forward any unexpended appropriation into subsequent years. The 2022 budget was legally adopted in an open meeting on December 8, 2021.

F. ENCUMBRANCES

The District does not use encumbrance accounting.

G. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash includes amounts in interest bearing demand 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 or any other state of the United States, or under the laws of the United States.

Investments are limited by R.S. 33:2955 and the District's investment policy. The District may invest in United States bonds, treasury notes, or certificates of deposits. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. All external pool deposits are considered investments.

GASB Statement No. 31 requires the District to report investments at fair value in the balance sheet, except as follows:

1. Investments in nonparticipating interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, should be reported using a cost-based measure, provided that the fair value of those contracts is not significantly affected by the impairment of the credit standing of the issuer or other factors.
2. The District may report at amortized cost money market investments and participating interest earning investment contracts that have a remaining maturity at time of purchase of one year or less, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations. Interest-earning investment contracts that include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

In accordance with GASB Statement No. 31, the District reports investments at amortized cost, money market investments and participating interest-bearing investment contracts that have a remaining maturity at time of purchase of one year or less, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations. Investments of the District are reported at fair market value which approximates cost (see note 4).

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE
Morganza, Louisiana
Notes to the Financial Statements

H. CAPITAL ASSETS

Capital assets are capitalized at historical cost or estimated historical 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 \$500 or more for capitalizing capital assets.

Capital assets are recorded in the Statement of Net Position and Statement of Activities. 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 depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Buildings & improvements	10-40 years
Equipment & furniture	5-12 years
Vehicles	10-15 years

I. PREPAID ITEMS

The District records prepaid assets for any significant expenditure that can be allocable to future periods in both the government-wide and fund financial statements.

J. BAD DEBTS

The District uses the allowance method whereby uncollectible amounts due from other governmental entities are recognized as bad debts through the use of an allowance account or charged off at the time information becomes available which indicates the particular receivable is not collectible. No amounts were charged off in the year ending December 31, 2022.

K. RESTRICTED NET POSITION

For government-wide statement of net position, net position is reported as restricted when constraints placed on net position use are either:

- 1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; and
- 2) imposed by law through constitutional provisions or enabling legislation.

L. FUND EQUITY

The District has adopted Governmental Accounting Standards Board (GASB) Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions." This statement establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types. The following describes the different classifications available for fund balances of governmental funds:

Non-spendable – amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.

Restricted – amounts for which constraints have been externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or amounts that are imposed by law through constitutional provisions or enabling legislation.

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE
Morganza, Louisiana
Notes to the Financial Statements

Committed – amounts that can be used only for specific purposes determined by formal action of the District, who is the highest level of decision-making authority for the Fire Protection District No. 2 of the Parish of Pointe Coupee’s Office. Commitments cannot be used for any other purpose unless the same action that established them decides to modify or remove them.

Assigned – amounts that do not meet the criteria to be classified as either restricted or committed but are intended to be used for specific purposes. Amounts can only be assigned by the District.

Unassigned – the residual fund balance in the general fund.

When fund balance resources are available for a specific purpose, the District considers the most restrictive funds to be used first. However, the District reserves the right to spend unassigned resources first and to defer the use of more restrictive funds.

M. USE OF ESTIMATES

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

2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following individual funds had actual expenditures over budgeted appropriations for the year ended December 31, 2022.

<u>Fund</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
None				

3. LEVIED TAXES

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

	<u>Authorized Millage</u>	<u>Levied Millage</u>
Fire District No. 2	5,160	5,160

The following are the principal taxpayers for the parish and related ad valorem tax revenue for the District:

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>% of Total Valuation</u>	<u>Ad Valorem Tax Revenue for District</u>
Kirby Inland Marine, LP	Transport	\$ 9,565,640	31.56%	\$ 49,359
Acadian Gas Pipeline	Oil & Gas	5,921,270	19.54%	30,554
Transcontinental Pipeline	Oil & Gas	2,888,580	9.53%	14,905
Genesis Marine, LLC	Transport	1,412,880	4.66%	7,290
Union Pacific Railroad Co	Transport	<u>1,112,620</u>	<u>3.67%</u>	<u>5,741</u>
Total		<u>\$ 20,900,990</u>	<u>68.96%</u>	<u>\$ 107,849</u>

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE
Morganza, Louisiana
Notes to the Financial Statements

4. DEPOSITS AND INVESTMENTS

A. Cash and Cash Equivalents

Cash and Cash equivalents include bank accounts and short-term investments. See Note 1(G) for additional cash disclosure note information.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure the District’s deposits may not be returned. Deposits are exposed to custodial credit risk if they are either (a) uninsured and uncollateralized, or (b) uninsured and collateralized with securities held by the pledging financial institution or its trust department/agent but not in the name of the District. The District’s cash and investment policy, as well as state law, require that deposits be fully secured by federal deposit insurance or the pledge of securities owned by the bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the bank. The following chart represents bank balances for the District as of December 31, 2022. Deposits are listed in terms of whether they are exposed to custodial credit risk.

Bank Balances

	<u>Uninsured & Uncollateralized</u>	<u>Uninsured & Collateralized with Securities held by Pledging Institution or It’s Trust Department/Agent But Not in the Entity’s Name</u>	<u>Total Bank Balances – All Deposits</u>	<u>Total Carrying Value – All Deposits</u>
Cash and Cash Equivalents	\$ -	\$ -	\$ 799,830	\$ 798,500

B. Investments

Investments are stated at fair value. See also Note 1 (G) for additional investment disclosure information.

Credit Risk - Investments

Investments permitted by state statute include obligations issued, insured or guaranteed by the U.S. government including certificates or other ownership interest in such obligations and/or investments in registered mutual or trust funds consisting solely of U.S. government securities. The District’s investment program is limited to purchases of bank certificate of deposits, U.S. treasury and government agency obligations, U.S. corporate bonds that meet the requirements of Louisiana Revised Statute 33:2955(A)(1)(l) as well as investments in the Louisiana Asset Management Pool, Inc. (LAMP). LAMP is a nonprofit corporation formed by an initiative of the State Treasurer, and organized under the laws of the State of Louisiana which operates a local government investment pool. LAMP is rated AAAM by Standard & Poor’s. It is the District’s opinion that since these securities are governmental agencies, credit risk is not a factor.

Custodial Credit Risk - Investments

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of the investment. Investments are exposed to custodial risk if the securities are (a) uninsured and unregistered and held by the counterparty or (b) uninsured, unregistered and held by the counterparty’s trust

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE
Morganza, Louisiana
Notes to the Financial Statements

department or agent but not in the name of the District. The following chart presents the investment position of the District as of December 31, 2022. The various types of investments are listed and presented by whether they are exposed to custodial credit risk.

Investments

	Uninsured, Unregistered, and Held by the <u>Counterparty</u>	Uninsured, Unregistered, and Held by the Counterparty's Trust Department/Agent But not in the <u>Entity's Name</u>	All Investments – Reported <u>Amount</u>	All Investments – Fair Value
LAMP	\$ -	\$ -	\$ 343,483	\$ 343,483
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 343,483</u>	<u>\$ 343,483</u>

Interest Rate Risk - Investments

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of investments. Investments can be highly sensitive to changes in interest rates due to their terms or characteristics. The District's investment policy with regards to interest rate risk is to match cash flow requirements with cash flows from investments. This matching allows for securities to be held to maturity thereby avoiding realizing losses due to liquidation of securities prior to maturity, especially in a rising interest rate environment. Investing in longer term maturities that contain a "step up" in coupon interest rates will also contribute to the reduction of 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 60 days and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments is 52 as of December 31, 2022. Investments classified by maturity dates at December 31, 2022 are summarized below:

<u>Investment</u>	<u>Fair Value</u>	<u>0-1 Years Before Maturity</u>	<u>1-5 Years Before Maturity</u>	<u>6 + Years Before Maturity</u>
LAMP	\$ 343,483	\$ 343,483	\$ -	\$ -
Total	<u>\$ 343,483</u>	<u>\$ 343,483</u>	<u>\$ -</u>	<u>\$ -</u>

Fair Value Measurements

The District has adopted GASB Statement No. 72, *Fair Value Measurement and Application*. This statement establishes a hierarchy of inputs to valuation techniques used to measure fair value. The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles using a market approach technique. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities in active markets that the entity has the ability to access
- Level 2: Inputs (other than quoted prices included within level 1) that are observable of the asset or liability, either directly or indirectly
- Level 3: Unobservable inputs significant to the fair value measurement

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE
Morganza, Louisiana
Notes to the Financial Statements

At December 31, 2022, the District had the following recurring fair value measurements:

<u>Investments by fair value level</u>	<u>Fair Value Measurements Using</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Not categorized by fair value level:			
LAMP (2a-7 investment pool)	343,483	-	-
Total Investments	<u>\$ 343,483</u>	<u>\$ -</u>	<u>\$ -</u>

5. RECEIVABLES

The following is a summary of receivables at December 31, 2022:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Total</u>
Ad Valorem Taxes	\$ 150,264	\$ 150,264
Sales Taxes	19,332	19,332
Total	<u>\$ 169,596</u>	<u>\$ 169,596</u>

6. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2022 are as follows:

	<u>Land, Buildings & Improvements</u>	<u>Furniture & Equipment</u>	<u>Vehicles</u>	<u>Total</u>
Cost of capital assets, December 31, 2021	\$ 456,357	\$ 422,113	\$ 1,951,837	\$ 2,830,307
Additions	21,808	49,512	3,709	75,029
Deletions	-0-	-0-	34,296	34,296
Cost of capital assets, December 31, 2022	<u>478,165</u>	<u>471,625</u>	<u>1,921,250</u>	<u>2,871,040</u>
Accumulated depreciation,				
December 31, 2021	92,863	328,212	1,112,486	1,533,561
Additions	12,572	18,142	87,206	117,920
Deletions	-0-	-0-	34,296	34,296
Accumulated depreciation,				
December 31, 2022	<u>105,435</u>	<u>346,354</u>	<u>1,165,396</u>	<u>1,617,185</u>
Capital assets net of accumulated				
Depreciation, at December 31, 2022	<u>\$ 372,730</u>	<u>\$ 125,271</u>	<u>\$ 755,854</u>	<u>\$ 1,253,855</u>

Depreciation expense of \$117,920 for the year ended December 31, 2022 was charged to the general fund governmental function.

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE
Morganza, Louisiana
Notes to the Financial Statements

7. ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$11,337 as of December 31, 2022, are as follows:

	<u>General Fund</u>	<u>Total</u>
Accounts	\$ 10,586	\$ 10,586
Salaries and withholdings	<u>751</u>	<u>751</u>
Total	<u>\$ 11,337</u>	<u>\$ 11,337</u>

8. COMPENSATION PAID TO BOARD MEMBERS

In compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature, compensation paid to board members during the year ended December 31, 2022 is as follows:

Members of the Board of Commissioners:	<u>Compensation</u>
Marty Frey, Board Chairman	<u>360</u>
<i>Appointed as District No. 2 representative</i>	
Total	<u>\$ 360</u>

9. RISK MANAGEMENT

The District is exposed to risks of loss in the areas of general and automobile liability. Those risks are handled by purchasing commercial insurance. There was no significant reduction in insurance coverage during the current year.

10. LITIGATION

There is no litigation pending against the District at December 31, 2022. No litigation costs were incurred for the year ended December 31, 2022.

11. SUBSEQUENT EVENTS

Management has performed an evaluation of the District's activities through June 23, 2023, and has concluded the following significant subsequent events requiring recognition or disclosure through the date and time these financial statements were available to be issued on June 23, 2023.

In the spring of 2020, there was a global outbreak of a new strain of coronavirus, COVID-19. The public health crisis has caused volatile economic conditions, impacting financial markets and disrupting general business activities across the United States. The timing and extent of the impact of COVID-19 on the District's current and future operations is unknown at the date of this report.

REQUIRED SUPPLEMENTARY INFORMATION

**FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE
MORGANZA, LOUISIANA
GENERAL FUND**

**BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2022**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Ad valorem taxes	\$ 140,000	\$ 150,000	\$ 156,330	\$ 6,330
Intergovernmental revenues:				
Parish sales tax apportionment	160,000	210,000	272,897	62,897
State fire insurance rebate	7,000	12,000	12,006	6
State revenue sharing	1,800	1,800	1,753	(47)
Miscellaneous revenue	300	300	9,683	9,383
Use of money and property	3,200	3,200	5,719	2,519
Total revenues	312,300	377,300	458,388	81,088
EXPENDITURES				
Public safety:				
Personal services and related benefits	113,050	221,000	179,656	41,344
Legal and accounting	15,500	18,000	17,363	637
Operating services	36,300	57,650	41,744	15,906
Maintenance and supplies	45,300	87,300	96,394	(9,094)
Insurance	48,800	67,800	51,073	16,727
Utilities	6,000	18,000	12,050	5,950
Capital outlay	42,000	101,100	75,029	26,071
Total expenditures	306,950	570,850	473,309	97,541
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,350	(193,550)	(14,921)	178,629
OTHER FINANCING SOURCES (USES)				
Sale of fixed assets	-	-	-	-
Principal Retirement & Interest	-	(18,821)	(18,821)	-
Total other financing sources (uses)	-	(18,821)	(18,821)	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	5,350	(212,371)	(33,742)	178,629
FUND BALANCE AT BEGINNING OF YEAR	-	-	1,364,292	1,364,292
FUND BALANCE AT END OF YEAR	\$ 5,350	\$ (212,371)	\$ 1,330,550	\$ 1,542,921

SUPPLEMENTAL INFORMATION

**FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE
MORGANZA, LOUISIANA**

**SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO AGENCY HEAD**

For the Year Ended December 31, 2022

AGENCY HEAD NAME: Aaron Edwards, Fire Chief

<u>PURPOSE</u>	<u>AMOUNT</u>
Salary	\$ 39,000
Conferences - Travel, Lodging & Meals	565
Reimbursements	<u>300</u>
TOTAL	<u><u>\$ 39,865</u></u>

**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**

Board of Commissioners
Fire Protection District No. 2 of the Parish of Pointe Coupee
Morganza, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Fire Protection District No. 2 of the Parish of Pointe Coupee (District), a component unit of the Pointe Coupee Parish Council, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 23, 2023.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

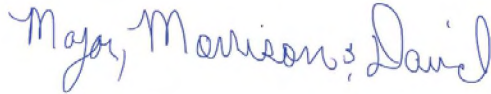
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in blue ink that reads "Major, Morrison & David". The signature is written in a cursive, flowing style.

Major, Morrison & David
New Roads, Louisiana
June 23, 2023

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE

Morganza, Louisiana

Schedule of Findings and Responses

For the Year Ended December 31, 2022

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Deficiency(s) in internal control identified not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding 22-1

Criteria: Article 7, Section 14 of the Louisiana Constitution of 1974 states "the funds, credit, property, or things of value of the state or any political subdivision shall not be loaned, pledged or donated to or for any person, association, or corporation, public or private".

Condition: The District overpaid an invoice for maintenance projects completed at the fire station.

Effect: Funds were expended and efforts to collect a refund from the vendor were not successful.

Cause: Improper use of accounting software. An invoice was entered into the software without an invoice number to identify it. It was later entered and paid a second time and included an invoice number. The overpayment was not realized at that time by the bookkeeper or management. The District pursued and failed to collect the money that was overpaid from the vendor.

Recommendation: Management should properly use accounting tools available in their software to ensure controls over invoice payments.

Management's Response: Management agrees with the finding and has indicated that they have reminded employees of proper use of policies and procedures. Additionally, Management will improve their review processes for invoices being paid.

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE
Morganza, Louisiana
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2022

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>	<u>Planned Corrective Action/Partial Corrective Action Taken</u>
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Section I – Internal Control and Compliance Material to the Financial Statements:

Not applicable.

Section II – Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III – Management Letter:

No management letter issued.

**FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE
Morganza, Louisiana
Corrective Action Plan for
Current Year Audit Findings
For the Year Ended December 31, 2022**

<u>Ref. No.</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completed</u>
Section I – Internal Control and Compliance Material to the Financial Statements:				
22-1	Violation of Article 7, Section 14 of Louisiana Constitution of 1974 regarding improper use of public funds	Additional steps will be taken by employees and management to improve invoice payment and accounting records.	Aaron Edwards	06/2023

Section II – Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III – Management Letter:

No management letter issued.