

**LIVINGSTON PARISH FIRE PROTECTION DISTRICT NO 2
SPRINGFIELD, LOUISIANA**

ANNUAL FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2023



**Hebert Johnson
& Associates, Inc.**
Certified Public Accountants

A Professional Accounting Corporation

Livingston Parish Fire Protection District No. 2
Springfield, Louisiana
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As of and For the Year Ended December 31, 2023

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A P R O F E S S I O N A L A C C O U N T I N G C O R P O R A T I O N

Independent Auditor's Report

To the Board of Commissioners
Livingston Parish Fire Protection District No. 2
Springfield, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, and the general fund of Livingston Parish Fire Protection District No. 2, Springfield, Louisiana, a component unit of the Livingston Parish Council, as of and for the fiscal year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the general fund of Livingston Parish Fire Protection District No. 2, Springfield, Louisiana, a component unit of the Livingston Parish Council, as of December 31, 2023, and the respective changes in financial position, and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Livingston Parish Fire Protection District No. 2 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Livingston Parish Fire Protection District No.

2's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Livingston Parish Fire Protection District No. 2's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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 Supplemental Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Livingston Parish Fire Protection District No. 2's basic financial statements. The Schedule of Compensation, Benefits and Other Payments to Agency Head are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits and Other Payments to Agency Head are 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 April 25, 2024, on our consideration of the Livingston Parish Fire Protection District No. 2's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Livingston Parish Fire Protection District No. 2's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Livingston Parish Fire Protection District No. 2's internal control over financial reporting and compliance.

Respectfully submitted,

Chris Johnson

Hebert Johnson & Associates, Inc.
A Professional Accounting Corporation
Albany, Louisiana
April 25, 2024

Basic Financial Statements

Livingston Parish Fire Protection District No. 2
Springfield, Louisiana
Statement of Net Position
December 31, 2023

Exhibit A

	<u>Governmental Activities</u>
Assets	
Cash	\$ 1,093,573
Accounts Receivable, Net	297,441
Prepaid Insurance	52,016
Down Payment on Vessel	206,670
Land	108,371
Construction in Progress	54,437
Capital Assets, Net	<u>726,616</u>
Total Assets	<u>2,539,124</u>
Liabilities	
Accounts Payable	15,072
Payroll Liabilities	2,547
Pension Funds Payable	14,545
Deferred Grant Revenue	<u>945,563</u>
Total Liabilities	<u>977,727</u>
Net Position	
Net Investment in Capital Assets	889,424
Unrestricted	<u>671,973</u>
Total Net Position	<u>\$ 1,561,397</u>

The accompanying notes are an integral part of this statement.

Livingston Parish Fire Protection District No. 2
Springfield, Louisiana
Statement of Activities
For the Year Ended December 31, 2023

Exhibit B

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
General Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental Activities:					
Fire Protection	\$ 497,039	\$ -	\$ 83,111	\$ 107,437	\$ (306,491)
Depreciation Expense	105,511	-	-	-	(105,511)
Total Governmental Activities	\$ 602,550	\$ -	\$ 83,111	\$ 107,437	(412,002)
 General Revenues:					
Ad Valorem Tax Revenue					368,346
Donations					5,200
Hall Rent					5,000
Insurance Rebate					84,883
Interest Income					16,802
State Revenue Sharing					2,816
Insurance Reimbursement					28,146
Miscellaneous Income					709
Total General Revenues					511,902
Change in Net Position					99,900
Net Position - Beginning of the Year					1,461,497
Net Position - End of the Year					\$ 1,561,397

The accompanying notes are an integral part of this statement.

Livingston Parish Fire Protection District No. 2
Springfield, Louisiana
 Governmental Fund – Balance Sheet
 December 31, 2023

Exhibit C

	<u>General Fund</u>
Assets	
Cash and Cash Equivalents	\$ 1,093,573
Accounts Receivable, Net	297,441
Prepaid Insurance	52,016
Down Payment on Vessel	206,670
Total Assets	<u>\$ 1,649,700</u>
Liabilities and Fund Balance	
Liabilities:	
Accounts Payable	\$ 15,072
Payroll Liabilities	2,547
Pension Funds Payable	14,545
Deferred Grant Revenue	945,563
Total Liabilities	<u>977,727</u>
Fund Balance:	
Nonspendable, Prepaid Insurance	52,016
Unassigned	619,957
Total Fund Balance	<u>671,973</u>
Total Liabilities and Fund Balance	<u>\$ 1,649,700</u>

The accompanying notes are an integral part of this statement.

Livingston Parish Fire Protection District No. 2
Springfield, Louisiana
Reconciliation of the Governmental Fund Balance Sheet to the
Government-Wide Statement of Net Position
For the Year Ended December 31, 2023

Exhibit D

Total Fund Balances, Governmental Funds (Exhibit C) \$ 671,973

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Governmental Capital Assets, Net of Depreciation 889,424

Net Position of Governmental Activities (Exhibit A) \$ 1,561,397

The accompanying notes are an integral part of this statement.

Livingston Parish Fire Protection District No. 2
Springfield, Louisiana
Statement of Governmental Fund Revenues, Expenditures, and
Change in Fund Balance
For the Year Ended December 31, 2023

Exhibit E

	General Fund
Revenues:	
Ad Valorem Tax Revenue	\$ 368,346
Grants	62,548
Donations	133,200
Hall Rent	5,000
Insurance Rebate	84,883
Interest Income	16,802
State Revenue Sharing	2,816
Insurance Reimbursement	28,146
Other Income	709
Total Revenues	702,450
Expenditures:	
Salaries and Related Benefits	165,096
Bank Charges	151
Building Maintenance	17,603
Insurance	62,979
Medical Supplies	405
Office Supplies	10,102
Pension Fee	14,545
Professional Fees	12,554
Supplies	76,986
Training	3,494
Travel	1,615
Utilities	32,305
Vehicle Maintenance	99,204
Capital Outlay	259,332
Total Expenditures	756,371
Net Change in Fund Balance	(53,921)
Fund Balance - Beginning of the Year	725,894
Fund Balance - End of the Year	\$ 671,973

The accompanying notes are an integral part of this statement.

Livingston Parish Fire Protection District No. 2

Exhibit F

Springfield, Louisiana

Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and
Change in Fund Balance to the Government-Wide Statement of Activities
For the Year Ended December 31, 2023

Net Change in Fund Balance, Governmental Funds (Exhibit E) \$ (53,921)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. These differences consist of:

Capital Outlay	259,332
Depreciation Expense	<u>(105,511)</u>

Change in Net Position of Governmental Activities (Exhibit B) \$ 99,900

The accompanying notes are an integral part of this statement.

Livingston Parish Fire Protection District No. 2
Springfield, Louisiana
Notes to Financial Statements
For the Year Ended December 31, 2023

Narrative Profile

The Fire Protection District No. 2 of Livingston Parish (hereinafter referred to as the “District”) was created on June 16, 1971, by the Livingston Parish Council (hereinafter referred to as the “Council”) as authorized by Act 194 of 1942 Regular Session of the Louisiana Legislature. The District was created for the purpose of acquiring, maintaining, and operating buildings, machinery, equipment, water tanks, water hydrants and waterlines, and other things necessary to provide proper fire prevention and control of the property within the District. The boundaries of the District encompass all of Ward 6 and Ward 10 of Livingston Parish and provide fire protection to approximately 4,200 residents. The District is governed by a board of commissioners consisting of five members who are resident taxpayers of the District. These five commissioners are referred to as the Board of Commissioners. Two members are appointed by the Council, one member is appointed by the Town of Springfield and one member is appointed by the Town of Killian, the municipal corporations located within the District. The fifth board member is selected by the other four board members and serves as chairperson. The members serve terms of two years. Vacancies are filled by the bodies making the original appointments.

The District has ten paid employees: one clerical employee, one fire chief, and eight paid firefighters. The District maintains an office and fire station in Springfield, Louisiana, and four additional fire stations within the District in the communities of Killian, Lizard Creek, Bayou Barbary, and Hutchinson.

The accompanying financial statements 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 basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, issued in June 1999. Management has elected to omit the Management’s Discussion and Analysis.

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

As the governing authority of the Parish, for reporting purposes, the Council is the financial reporting entity for Livingston Parish. The financial reporting entity consists of (a) primary government (the Council), (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 statement to be misleading or incomplete. Because Board members of the District are appointed by the Council, the District was determined to be a component unit of the Council.

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

B. Fund Accounting

The District uses fund accounting to maintain its financial records and the results of its operations. 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.

Livingston Parish Fire Protection District No. 2

Springfield, Louisiana

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2023

Governmental Funds

Governmental funds account for all 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 that may be used to finance future period programs or operations of the District. The following is the District's governmental fund.

General Fund – the primary operating fund of the District, which accounts for all the operations of the District, 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.

C. Measurement Focus / Basis of Accounting

Basic Financial Statements – 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 non-fiduciary 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 demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Interest earnings and other revenues not properly included among program revenues are reported instead as general revenues.

The District does not allocate indirect expenses.

Basic Financial Statements – Governmental Fund

The amounts reflected in the General Fund 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 balance 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 District's operations.

The amounts reflected in the General Fund use the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become

Livingston Parish Fire Protection District No. 2

Springfield, Louisiana

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2023

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. The District considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related liability is incurred, except for interest and principal payments on long-term debt, which are recognized when due, 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 – Revenues are generally recognized when they become measurable and available as net current assets. Ad valorem tax revenue, state revenue sharing revenue, and interest revenue are recorded when due. Substantially all other revenues are recorded when received.

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

Reconciliation – Explanation of differences between the governmental fund balance sheet and the government-wide statement of net position is presented in Statement D of the basic financial statements. Explanation of differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities is presented in Statement F of the basic financial statements

D. Budgets and Budgetary Accounting

Budgetary procedures applicable to the District are defined in state law, Louisiana Revised Statutes (LRS) 39:1301-15. The budget is adopted on the cash basis of accounting. The major requirements of the Local Government Budget Act are summarized as follows:

1. The District adopts a budget each year for the general fund.
2. The District's secretary and Fire Chief prepare a proposed budget and submit it to the Board of Commissioners for consideration no later than fifteen days prior to the beginning of each fiscal year. At the same time, if total proposed expenditures are \$500,000 or more, a notice of public hearing on the proposed budget must be published in the official journal. The proposed expenditures were less than \$500,000; therefore, a public hearing was not required.
3. All action necessary to adopt and implement the budget must be completed prior to the beginning of the fiscal year. The budget was adopted on January 25, 2024. The District is not in compliance with Louisiana Local Government Budget Act.
4. Budgetary amendments involving the transfer of funds from one program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Commissioners. The District amended its budget on December 28, 2023.

Livingston Parish Fire Protection District No. 2

Springfield, Louisiana

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2023

5. Formal budgetary integration is not employed; however, periodic budget comparisons are made as a part of interim reporting. Budgeted amounts included in the accompanying financial statements include the revised adopted budget amounts. The amounts are reconciled to the amounts reflected on the budget comparison statements as follows:

Net Change in Fund Balance (Exhibit E)	\$ (53,921)
Add: Prior Year Receivables	306,610
Prior Year Prepaid Expenditures	44,394
Current Year Payables	29,617
Current Year Deferred Revenue	1,000,000
Less: Current Year Receivables	(297,441)
Current Year Prepaid Expenditures	(313,123)
Prior Year Payables	(25,414)
Prior Year Deferred Revenue	(500,000)
Net Change in Budgetary Fund Balance (Schedule 1)	<u>\$ 190,722</u>

E. Cash, Cash Equivalents, and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Under State law, the District may deposit funds in demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. In addition, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments for the District are stated at cost. The governing body has not formally adopted a deposit and investment policy.

F. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

G. Capital Assets

Capital outlays are recorded as expenditures of the governmental funds and as assets in the government-wide financial statements. Capital assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated capital assets are valued at their estimated fair market value at the date of donation. At December 31, 2023, the District did not have a formal capitalization policy establishing a capitalization / expense threshold.

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenditures that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

Livingston Parish Fire Protection District No. 2

Springfield, Louisiana

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2023

H. Deferred Revenues

The District reports deferred revenue on its government-wide and fund financial statements. Deferred revenues arise when potential revenue does not meet both “measurable” and “available” criteria for recognition in the current period (fund financial statements). Deferred revenues also arise when resources are unearned by the District and received before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures (fund financial statements and government-wide financial statements). In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenues is removed from the applicable financial statements and revenue is recognized.

I. Compensated Absences

The District does not pay for vacation or sick leave, and, as a result, has no liability for compensated absences at December 31, 2023.

J. Net Position

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

1. Net Investment in Capital Assets – consists of the historical cost of capital assets, including any 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 improvement of those assets.
2. Restricted – consists of assets that have constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted – all other net position is reported in this category.

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

K. Fund Balance

In the governmental fund financial statements, fund balance is classified as follows:

1. Nonspendable Fund Balance – amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.
2. Restricted Fund Balance – amounts that can be spent only for specific purposes because of enabling legislation, or externally imposed conditions by grantors, creditors, or citizens.
3. Committed Fund Balance – amounts that can be used only for the specific purposes determined by a formal action of the Board of Commissioners (the District’s highest level of decision-making authority).

Livingston Parish Fire Protection District No. 2
Springfield, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended December 31, 2023

4. Assigned Fund Balance – amounts that are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed.
5. Unassigned Fund Balance – all amounts not included in other spendable classifications.

When fund balance resources are available for a specific purpose in multiple classifications, the District will generally use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, the District’s management reserves the right to selectively spend unassigned resources first and to defer the use of the other classified funds.

As of December 31, 2023, the District did not have any restricted, committed, or assigned fund balances.

L. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make various estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. Levied Taxes

Ad valorem taxes attach as an enforceable lien on property on January 1 each year. Taxes are levied by the District during the year, are billed to taxpayers, and become due in November. Billed taxes become delinquent on December 31 of each year. Revenues from ad valorem taxes are budgeted in the year billed and recognized as revenue when billed. The Livingston Parish Sheriff’s Office bills and collects the property taxes using the assessed value determined by the Livingston Parish Tax Assessor. The taxes are generally collected in December of the current year and January and February of the ensuing year. For 2023, the District levied 10.00 mills for a total tax levy of \$377,019 on taxable property valuation totaling \$37,701,949.

3. Cash and Cash Equivalents

As reflected on Exhibit A, the District has cash and cash equivalents totaling \$1,093,573 at December 31, 2023. 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 pledged 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 bank. These pledged 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.

Custodial credit risk, as it relates to cash deposits, is the risk that in the event of a bank failure, the government’s deposits may not be returned. The District does not have a formal policy for custodial risk. At December 31, 2023, the District has \$1,106,717 in deposits. Collected bank balances, other than LAMP, consisted of \$317,856 in demand deposits. The demand deposits are secured by \$250,000 of federal deposit insurance. The remaining \$67,856 of deposits are exposed to custodial credit risk because while the amount is secured by pledged securities, such securities are held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are not held in the entity’s name, LRS 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

Livingston Parish Fire Protection District No. 2
Springfield, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended December 31, 2023

LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The District records its LAMP deposits within cash and cash equivalents.

4. Investments

Investments are categorized into these categories of credit risk:

1. Insured or registered, or securities held by the District or its agent in the District's name
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the District's name
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the District's name

In accordance with GASB Codification Section I50.165, the investment in LAMP at December 31, 2023, is not categorized in the three risk categories provided by GASB Codification Section I50.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. The investment in LAMP is stated at the value of the pool share, which is the same as the fair value, and has been categorized as cash equivalents.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government 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 LA – R.S. 33:2955.

GASB Statement No. 40 Deposit and Investment Risk Disclosure, requires 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, invest 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 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

Livingston Parish Fire Protection District No. 2
Springfield, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended December 31, 2023

floating/variable rate investments. The WAM for LAMP's total investments is 70 days as of December 31, 2023

- 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.

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value arising from increasing interest rates.

5. Receivables

The Governmental Fund receivables at December 31, 2023:

Ad Valorem Taxes	\$ 312,845
State Revenue Sharing	2,596
Less: Allowance for Uncollectible Taxes	<u>(18,000)</u>
Receivable, Net	<u>\$ 297,441</u>

6. Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2023 are as follows:

	Balance 01/01/23	Increases	Decreases	Balance 12/31/23
Capital Assets Not Being Depreciated:				
Land	\$ 108,371	\$ -	\$ -	\$ 108,371
Construction in Progress	<u>-</u>	<u>54,437</u>	<u>-</u>	<u>54,437</u>
Total Capital Assets Not Being Depreciated	108,371	54,437	-	162,808
Other Capital Assets:				
Buildings	389,683	6,950	-	396,633
Equipment	915,782	86,131	-	1,001,913
Vehicles	<u>871,526</u>	<u>111,814</u>	<u>(103,835)</u>	<u>879,505</u>
Total Other Capital Assets	2,176,991	204,895	(103,835)	2,278,051
Less Accumulated Depreciation:				
Buildings	(165,470)	(10,126)	-	(175,596)
Equipment	(691,142)	(62,579)	-	(753,721)
Vehicles	<u>(693,147)</u>	<u>(32,806)</u>	<u>103,835</u>	<u>(622,118)</u>
Total Accumulated Depreciation	<u>(1,549,759)</u>	<u>(105,511)</u>	<u>103,835</u>	<u>(1,551,435)</u>
Other Capital Assets, Net	627,232	99,384	-	726,616
Totals	<u>\$ 735,603</u>	<u>\$ 153,821</u>	<u>\$ -</u>	<u>\$ 889,424</u>

Depreciation expense for December 31, 2023 is \$105,511.

Livingston Parish Fire Protection District No. 2

Springfield, Louisiana

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2023

In 2023, the District entered into a contract with a company to construct a custom aluminum vessel for \$516,675. The District had to put a down payment of \$206,670 in 2023. The estimated completion date is unknown at this time.

Construction in progress of \$54,437 consists of engineering fees, dirt work, and concrete of a new training center. Estimated completion date is unknown at this time.

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

Construction in Progress	N/A
Land	N/A
Buildings	40 Years
Equipment	5 - 12 Years
Vehicles	5 - 15 Years

7. Compensation Paid Board Members

In accordance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature, the District is required to present a schedule of per diem payments to Board members. As authorized by LRS 40:1498, each member of the Board shall be reimbursed \$30 for attending meetings of the board, not to exceed two meetings in any one calendar month and may be reimbursed any expenses incurred in performing the duties imposed upon them by virtue of their serving as members. Currently, the District does not pay compensation to board members.

8. Contingent Liabilities

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks of loss are covered by a comprehensive commercial insurance policy and workers compensation insurance. Claims resulting from these risks have historically not exceeded insurance coverage. Therefore, no accrual for any loss contingency has been made in the financial statements.

9. Property Tax Abatement

The Louisiana Industrial Ad Valorem Tax Exemption Program (ITEP) is an original state incentive program, which offers an attractive tax incentive for manufacturers who make a commitment to jobs and payroll in the state. With approval by the Board of Commerce and local governmental entities, the program provides an 80% property tax abatement for an initial term of five years and the option to renew for five additional years at 80% property tax abatement on a manufacturer's qualifying capital investment related to the manufacturing process in the state. For the 2023 calendar year, approximately \$3,988 of the District's ad valorem tax revenues were abated by the state of Louisiana through this program.

10. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, April 25, 2024, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Required Supplemental Information:

Budgetary Comparison Schedule

Livingston Parish Fire Protection District No. 2

Schedule 1

Springfield, Louisiana

Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – General Fund
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual Amounts - Cash Basis	Variance with Final Budget Favorable / (Unfavorable)
Revenues:				
Ad Valorem Tax Revenue	\$ 325,000	\$ 363,607	\$ 378,152	\$ 14,545
Grants	145,000	8,112	8,112	-
Donations	-	633,200	633,200	-
Hall Rent	4,000	5,000	5,000	-
Insurance Rebate	75,000	84,884	84,883	(1)
Interest Income	100	215	16,802	16,587
State Revenue Sharing	3,259	2,581	2,581	-
Miscellaneous Income	-	33,146	28,856	(4,290)
Total Revenues	<u>552,359</u>	<u>1,130,745</u>	<u>1,157,586</u>	<u>26,841</u>
Expenditures:				
Salaries and Related Benefits	130,000	190,012	165,096	24,916
Bad Debts	10,000	-	-	-
Bank Fees	-	120	150	(30)
Building Maintenance	25,000	20,558	9,453	11,105
Fuel	20,000	24,936	24,936	-
Insurance	60,000	70,601	70,601	-
Medical Supplies	1,000	405	405	-
Office Supplies	7,000	8,687	8,944	(257)
Pension Fee	10,000	-	14,545	(14,545)
Professional Fees	10,000	12,566	12,566	-
Supplies	65,000	139,855	56,805	83,050
Training	-	3,494	3,494	-
Travel	-	1,615	1,615	-
Utilities	28,500	31,380	32,480	(1,100)
Vehicle Maintenance	40,000	158,581	99,772	58,809
Down Payment on Boat	-	261,107	261,107	-
Capital Outlay	500,000	54,437	204,895	(150,458)
Total Expenditures	<u>906,500</u>	<u>978,354</u>	<u>966,864</u>	<u>11,490</u>
Net Change in Budgetary Fund Balance	(354,141)	152,391	190,722	38,331
Budgetary Fund Balance - January 1	<u>904,447</u>	<u>904,447</u>	<u>904,447</u>	<u>-</u>
Budgetary Fund Balance - December 31	<u>\$ 550,306</u>	<u>\$ 1,056,838</u>	<u>\$ 1,095,169</u>	<u>\$ 38,331</u>

See independent auditor's report.

Other Supplemental Information

Livingston Parish Fire Protection District No. 2

Schedule 2

Springfield, Louisiana

Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2023

Agency Head: Brian Drury, Chief

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 21,200
Benefits - Insurance	-
Benefits - Retirement	-
Deferred Compensation	-
Benefits - Other - Supplemental Pay	-
Car Allowance	-
Vehicle Provided by Government	-
Vehicle Rental	-
Cell Phone	-
Dues	-
Per Diem	-
Reimbursements	-
Travel	-
Registration Fees	-
Conference Travel	-
Housing	-
Unvouchered Expenses	-
Special Meals	-
Other	-
	<u>\$ 21,200</u>

See independent auditor's report.

Other Independent Auditor's Report

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A PROFESSIONAL ACCOUNTING CORPORATION

Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

To the Board of Commissioners
Livingston Parish Fire Protection District No. 2
Springfield, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of the Livingston Parish Fire Protection District No. 2, Springfield, Louisiana, a component unit of the Livingston Parish Council, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Livingston Parish Fire Protection District No. 2's basic financial statements, and have issued our report thereon dated April 25, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of

Current Year Audit Findings, Recommendations and Responses as item 2023-01 that we consider to be a material weakness.

Report Compliance and Other Matters

As part of obtaining reasonable assurance about whether Livingston Parish Fire Protection District No. 2's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Current Year Audit Findings, Recommendations and Responses as item 2023-02.

Livingston Parish Fire Protection District No. 2's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Livingston Parish Fire Protection District No. 2's response to the findings identified in our audit and described in the accompanying Schedule of Current Year Audit Findings, Recommendations and Responses. Livingston Parish Fire Protection District No. 2's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Chris Johnson

Hebert Johnson & Associates, Inc.
A Professional Accounting Corporation
Ponchatoula, Louisiana
April 25, 2024

**Livingston Parish Fire Protection District No. 2
Springfield, Louisiana**

**Schedule of Current Year Audit Findings, Recommendations and Responses
For the Year Ended December 31, 2023**

We have audited the basic financial statements of the Livingston Parish Fire Protection District No. 2 as of and for the year ended December 31, 2023, and have issued our report thereon dated April 25, 2024. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2023 resulted in an unmodified opinion.

Section I - Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control
Material Weakness, Yes Significant Deficiencies, No

Compliance
Compliance Material to Financial Statements, Yes

b. Federal Awards

Not Applicable

Was a management letter issued? No

Section II - Financial Statement Findings

Internal Control

2023-01 Bank Reconciliations

Criteria:

Reconciling the bank balances with the book balances is necessary to ensure that (1) all receipts and disbursements are recorded by the entity (an essential process in ensuring complete and accurate monthly financial statements); (2) checks are clearing the bank in a reasonable time; (3) reconciling items (errors, unrecorded deposits and checks, etc.) are appropriate and are being recorded; and (4) the reconciled cash balance agrees to the general ledger cash balance.

**Livingston Parish Fire Protection District No. 2
Springfield, Louisiana**

**Schedule of Current Year Audit Findings, Recommendations and Responses
For the Year Ended December 31, 2023**

Condition:

In January 2023, the District opened up a separate bank account for grant funds that were received from the state general fund to be used for improvements. The District did not reconcile the monthly bank statements until February 2024.

Cause:

The District's bank did not mail the monthly bank statements until 2024. The secretary did go to the bank and inquire about the balance each month, but did not obtain a bank statement.

Effect:

Bank reconciliations for the grant account were not being reconciled on a monthly basis and the District was not able to ensure that the cash balance for the grant account was complete and accurate.

Recommendation:

We recommend the secretary reconcile all bank accounts each month within one month of the statement ending date. We recommend management to examine the bank statement for unauthorized debits and canceled checks for unauthorized signatures or alterations. R.S. 10:4-406(d)(2) allows the District thirty days to examine bank statements and canceled checks for unauthorized signatures or alterations. After thirty days, the District is precluded from asserting a claim against the bank for unauthorized signatures or alterations.

Management's Response:

The secretary is now receiving the bank statements for the grant account. Bank statements will be reconciled on a monthly basis. Responsible Party is Bernie Ross, Board President 225-294-5651.

2023-02 Violation of Louisiana Local Government Budget Act

Criteria:

R.S. 39:1307 A. states "Political subdivisions with total proposed expenditures of five hundred thousand dollars or more from the general fund and any special revenue funds in a fiscal year or other similar budgetary period shall afford the public an opportunity to participate in the budgetary process prior to adoption of the budget."

R.S. 39:1307 B states" Upon completion of the proposed budget and, if applicable, its submission to the governing authority, the political subdivision shall cause to be published a notice stating that the proposed budget is available for public inspection. The notice shall be published at least ten days prior to the date of the first public hearing."

R.S. 39:1309 A. states "All action necessary to adopt and otherwise finalize and implement the budget for a fiscal year, including the adoption of any amendments to the proposed budget, shall be taken in open meeting and completed before the end of the prior fiscal year..."

Livingston Parish Fire Protection District No. 2
Springfield, Louisiana

Schedule of Current Year Audit Findings, Recommendations and Responses
For the Year Ended December 31, 2023

Condition:

The District's 2023 proposed budget's total proposed expenditures were greater than five hundred thousand. The District did not properly publish a notice in the official journal stating the proposed budget was available for public inspection. The District did not adopt the 2023 proposed budget until January 17, 2023.

Cause:

The District was unaware of the required statute for the public participation laws. The District does not normally have expenditures over \$500,000. A quorum was not able to be obtained in December 2022 to adopt the 2023 proposed budget.

Effect:

The District is in violation of the Louisiana Local Government Budget Act.

Recommendation:

We recommend the District properly publish the notice for public inspection of the budget at least 10 days prior to the public hearing in the District's official journal.

We also recommend the District adopt the budget before the end of the prior fiscal year.

Management's Response:

The District agrees with the auditor's recommendation. Responsible Party is Bernie Ross, Board President 225-294-5651.

**Livingston Parish Fire Protection District No. 2
Springfield, Louisiana**

**Schedule of Prior Year Findings
For the Year Ended December 31, 2023**

2022-01 Segregation of Duties

Condition:

The District's accountant records transactions into the accounting software, makes deposits, mails signed checks, and reconciles the bank account.

Recommendation:

We recommend the District's Board and management to perform the following:

- Review of the District's monthly financial statements along with all bank reconciliations.
- The District's management should review the monthly bank statements and require that person document their review and approval of the items clearing the bank statement by initialing and dating the face of the bank statement.
- After signing checks, a board member or someone who does not record transactions should mail the signed checks.

Resolved:

Fully

2022-02 Prior Period Adjustments

Condition:

During our testing, we noted the District paid in May 2022, \$13,729 for fuel from a local company that was purchased in years 2018 through 2021.

Recommendation:

We recommend the District request a statement each month from the vendor and match the receipts from the vendor to the monthly billing statement.

We also recommend that the District implement the use of fuel cards to ensure the District receives a monthly statement of all fuel purchases. After each purchase, the employee should return the gas receipt to the accountant. Each month, the accountant should reconcile the fuel card receipts to the vendor's monthly statement. The District should also review the Louisiana Legislative Auditor's Best Practices for fuel policy and procedures.

Resolved:

Fully

**Livingston Parish Fire Protection District No. 2
Springfield, Louisiana**

**Schedule of Prior Year Findings
For the Year Ended December 31, 2023**

2022-03 Ethics and Sexual Harassment Training

Condition:

The District did not have documentation of the required ethics training course for six out of the eleven public officials or servants tested at December 31, 2022.

The District did not have documentation of the required sexual harassment training course for any of the eleven public officials or servants tested at December 31, 2022.

Recommendation:

The District should ensure all board members and employees complete the required training during each year. The District should set a completion deadline for all board members and employees to complete the required training.

Resolved:

Fully

**LIVINGSTON PARISH FIRE PROTECTION DISTRICT NO 2
SPRINGFIELD, LOUISIANA**

STATEWIDE AGREED-UPON PROCEDURES REPORT

Fiscal Period January 1, 2023 through December 31, 2023



**Hebert Johnson
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Certified Public Accountants

A Professional Accounting Corporation

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A P R O F E S S I O N A L A C C O U N T I N G C O R P O R A T I O N

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
FOR THE YEAR ENDED DECEMBER 31, 2023

To the Board of Commissioners of
Livingston Parish Fire Protection District No. 2
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2023 through December 31, 2023. Livingston Parish Fire Protection District No. 2's management is responsible for those C/C areas identified in the SAUPs.

Livingston Parish Fire Protection District No. 2 has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2023 through December 31, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b) ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.

- c) **Disbursements**, including processing, reviewing, and approving.
- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- h) **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Exception: The District did not have written policies and procedures for any of the categories listed except for Prevention of Sexual Harassment.

Management's Response: The District is still working on its policies and procedures manual.

2) Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

No exceptions were found as a result of these procedures.

3) Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

- ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and
- iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Exception: Out of the 3 checking accounts selected, 2 of the accounts were reconciled after 2 months of the closing statement date.

Management's Response: The accountant will ensure that reconciliations are performed within 2 months of the closing statement date.

4) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that
 - i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and
- i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - v. Trace the actual deposit per the bank statement to the general ledger.

Exception: The District's accountant collects cash, prepares the deposit slip, posts the entries to the general ledger, and reconciles the collections.

Management's Response: Most of the District's deposits come from ad valorem taxes and fire insurance rebate checks. Due to the small size of the District, the District will continue to allow the accountant to prepare the deposit slip, collect cash, post entries to the general ledger, and reconcile collections.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;

- iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

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

- 10. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
 - i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- 11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. *Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.*

Exception: Out of the 5 non-payroll electronic disbursements, one of the payments was disbursed by the secretary who is not an authorized check signer. The board did approve the invoice for the secretary to make the payment.

Management's Response: The District will make it a policy for only check signers to make electronic disbursements.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names

- of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

No exceptions were found as a result of these procedures.

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

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions were found as a result of these procedures.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
 - i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
 - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
 - iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions were found as a result of these procedures.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

No exceptions were found as a result of these procedures.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
- a. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - b. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
23. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

No exceptions were found as a result of these procedures.

11) Debt Service

(These procedures are not applicable to the District)

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions were found as a result of these procedures.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
 - i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
 - ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

- iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.
- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:
 - Hired before June 9, 2020 - completed the training; and
 - Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

We performed the procedure and discussed the results with management.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
 - i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;

- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- v. Amount of time it took to resolve each complaint.

No exceptions were found as a result of these procedures.

We were engaged by Livingston Parish Fire Protection District No. 2 to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Livingston Parish Fire Protection District No. 2 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Chris Johnson

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Ponchatoula, Louisiana
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