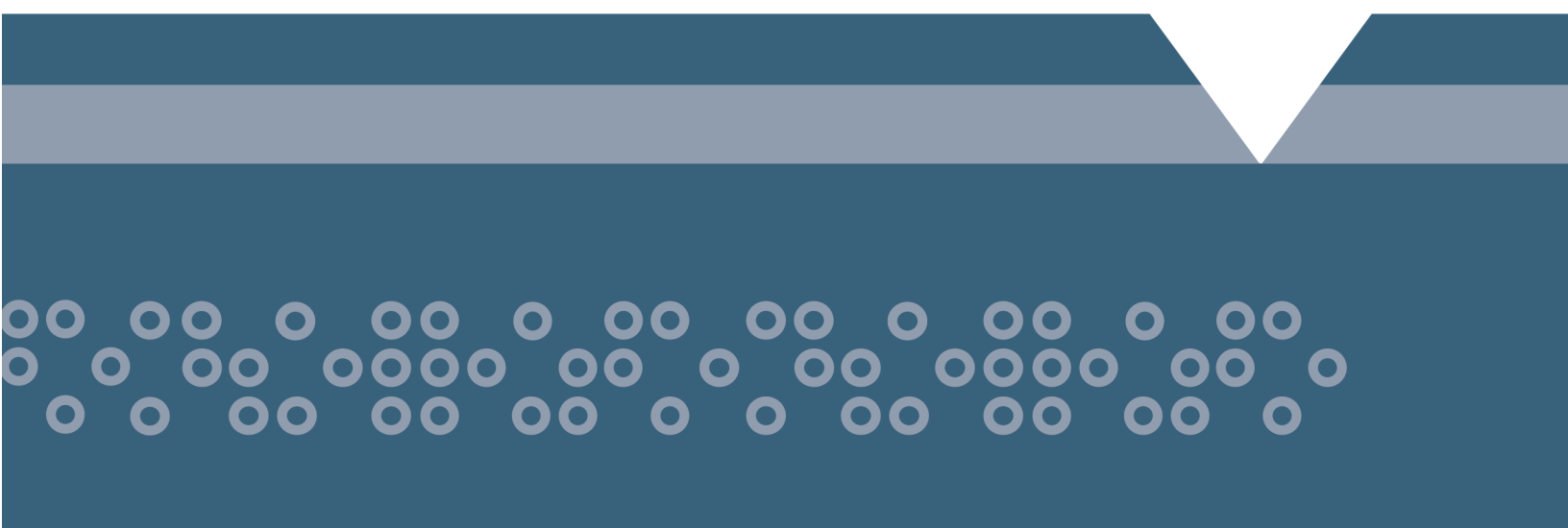


Lincoln Parish Fire Protection District No. 1
Ruston, Louisiana

For the Year Ended December 31, 2023



LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1

RUSTON, LOUISIANA

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The Board of Commissioners
Lincoln Parish Fire Protection District No. 1
Ruston, Louisiana

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities of the Lincoln Parish Fire Protection District No. 1 (which is the “District” as well as “the primary government”) as of and for the 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 of the Lincoln Parish Fire Protection District No. 1 as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 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 Lincoln Parish Fire Protection District No. 1 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 Lincoln Parish Fire Protection District No. 1’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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the 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 Lincoln Parish Fire Protection District No. 1'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 Lincoln Parish Fire Protection District No. 1'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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedule 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 the 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 assurances.

Management has omitted Management' s Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are 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 District's basic financial statements. The accompanying schedule of compensation, benefits and other payments to agency head, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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, this 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 28, 2024, on our consideration of the Lincoln Parish Fire Protection District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Lincoln Parish Fire Protection District No. 1's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Lincoln Parish Fire Protection District No. 1's internal control over financial reporting and compliance.

HEARD, McELROY & VESTAL, L.L.C.

Shreveport, Louisiana
June 28, 2024

GOVERNMENT-WIDE FINANCIAL STATEMENTS

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1

RUSTON, LOUISIANA

STATEMENT OF NET POSITION

DECEMBER 31, 2023

	<u>Governmental Activities</u>
Assets	
Cash	\$ 1,384,809
Investments	4,105,205
Accounts Receivable	591,947
Due from Other Governments	142,135
Non-Depreciable Assets	12,800
Depreciable Assets	<u>1,126,557</u>
 Total Assets	 <u>7,363,453</u>
Deferred Outflows of Resources	
Pension Related	360,272
Prepaid Expenses	<u>100,365</u>
 Total Deferred Outflows of Resources	 460,637
Liabilities	
Accounts Payable	27,233
Due to Other Governments	1,324,834
Non-Current Liabilities	
Net Pension Liability	1,141,356
Compensated Absences	<u>38,421</u>
 Total Liabilities	 <u>2,531,844</u>
Deferred Inflows of Resources	
Pension Related	237,336
Net Position	
Net Investment in Capital Assets	1,139,357
Unrestricted	<u>3,915,553</u>
 Total Net Position	 <u><u>\$ 5,054,910</u></u>

The accompanying notes are an integral part of this financial statements.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1

RUSTON, LOUISIANA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2023

		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Function/Program Activities				Net (Expense) Revenue and Changes in Net Position	
Government Activities:				Governmental Activities	
Public Safety	\$ 1,508,950	\$ 658,214	\$ 208,780	\$ -	\$ (641,956)
General Revenues:					
					652,460
					128,696
					175,276
					72,289
					1,028,721
					386,765
					4,533,604
					134,541
					4,668,145
					\$ 5,054,910

The accompanying notes are an integral part of this financial statements.

FUND FINANCIAL STATEMENTS

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1

RUSTON, LOUISIANA

BALANCE SHEETS – GOVERNMENTAL FUNDS

DECEMBER 31, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Equipment Reserve Fund</u>	<u>Fire Training Center</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash	\$ 1,044,016	\$ -	\$ -	\$ 340,793	\$ 1,384,809
Investments	2,985,123	-	1,120,082	-	4,105,205
Accounts Receivable	591,947	-	-	-	591,947
Prepaid Expenses	100,365	-	-	-	100,365
Due from Other Governments	129,415	3,394	-	9,326	142,135
Due from Other Funds	<u>1,282,001</u>	<u>-</u>	<u>3,350,752</u>	<u>54,178</u>	<u>4,686,931</u>
TOTAL ASSETS	<u>\$ 6,132,867</u>	<u>\$ 3,394</u>	<u>\$ 4,470,834</u>	<u>\$ 404,297</u>	<u>\$ 11,011,392</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 26,923	\$ -	\$ -	\$ 310	\$ 27,233
Due to Other Governments	1,324,834	-	-	-	1,324,834
Due to Other Funds	<u>3,328,930</u>	<u>84,454</u>	<u>1,266,290</u>	<u>7,257</u>	<u>4,686,931</u>
Total Liabilities	<u>4,680,687</u>	<u>84,454</u>	<u>1,266,290</u>	<u>7,567</u>	<u>6,038,998</u>
Fund Balances:					
Restricted	-	(81,060)	3,204,544	-	3,123,484
Assigned	-	-	-	396,730	396,730
Unassigned	<u>1,452,180</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,452,180</u>
Total Fund Balances	<u>1,452,180</u>	<u>(81,060)</u>	<u>3,204,544</u>	<u>396,730</u>	<u>4,972,394</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,132,867</u>	<u>\$ 3,394</u>	<u>\$ 4,470,834</u>	<u>\$ 404,297</u>	<u>\$ 11,011,392</u>

The accompanying notes are an integral part of this financial statements.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2023

Total Governmental Fund Balances	\$ 4,972,394
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,139,357
Pension related items are not reported in the fund statements:	
Deferred outflows	360,272
Deferred inflows	(237,336)
Net pension liability	(1,141,356)
Compensated absences are not due and payable in the current period and therefore are not reported in the funds.	<u>(38,421)</u>
Net Position of Governmental Activities	<u><u>\$ 5,054,910</u></u>

The accompanying notes are an integral part of this financial statements.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1

RUSTON, LOUISIANA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	General Fund	Debt Service Fund	Equipment Reserve Fund	Fire Training Center	Total Governmental Funds
Revenues:					
Structure Fees	\$ 658,214	\$ -	\$ -	\$ -	\$ 658,214
Sales Tax	652,460	-	-	-	652,460
Insurance Rebate	128,696	-	-	-	128,696
Local Grants	9,035	-	-	-	9,035
State Appropriations	199,745	-	-	-	199,745
Investment Earnings	93,439	-	76,457	5,380	175,276
Other Revenues	72,289	-	-	-	72,289
Total Revenues	1,813,878	-	76,457	5,380	1,895,715
Expenditures:					
Public Safety					
Salaries and Benefits	905,836	-	-	-	905,836
Insurance and Surety Bonds	106,359	-	-	-	106,359
GIS Mapping	20,000	-	-	-	20,000
Professional Services	52,011	-	-	540	52,551
Uniforms	14,022	-	-	-	14,022
Utilities	49,300	-	-	3,289	52,589
Vehicle Expenditures	32,601	-	-	-	32,601
Maintenance	93,372	-	-	644	94,016
Education and Training	1,460	-	-	-	1,460
Telephone	3,694	-	-	-	3,694
Office Supplies	1,285	-	-	-	1,285
Dues and Subscriptions	1,168	-	-	-	1,168
Equipment Rental	2,399	-	-	-	2,399
Travel	41	-	-	-	41
Miscellaneous	9,970	-	-	-	9,970
Leases and Taxes	1,481	-	-	-	1,481
Materials and Supplies	30,189	-	-	-	30,189
Capital Outlay	201,083	-	-	-	201,083
Total Expenditures	1,526,271	-	-	4,473	1,530,744
Excess (Deficiency) of Revenues Over Expenditures	287,607	-	76,457	907	364,971
Other Financing Sources (uses):					
Operating Transfers In	-	-	-	10,000	10,000
Operating Transfers Out	(10,000)	-	-	-	(10,000)
Total Other Financing Sources(Uses)	(10,000)	-	-	10,000	-
Excess of Revenues and Other Sources Over Expenditures and Other Uses	277,607	-	76,457	10,907	364,971
Fund Balances - Beginning	1,224,234	(81,072)	3,128,087	385,823	4,657,072
Prior Period Adjustment	(49,661)	12	-	-	(49,649)
Fund Balances - Beginning (Restated)	1,174,573	(81,060)	3,128,087	385,823	4,607,423
Fund Balances - Ending	\$ 1,452,180	\$ (81,060)	\$ 3,204,544	\$ 396,730	\$ 4,972,394

The accompanying notes are an integral part of this financial statements.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1

RUSTON, LOUISIANA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

Net Change in Fund Balances - Total Governmental Funds	\$ 364,971
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The change in net position reported for governmental activities in the Statement of Activities is different because:

Government funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital Outlay	201,083
Depreciation expense	<u>(153,459)</u>
	47,624

Effects of recording net pension liability and deferred inflows and outflows of resources related to net pension liability

Change in pension expense	(64,522)
Nonemployer pension contributions	<u>51,209</u>
	(13,313)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds

Change in compensated absences	<u>(12,517)</u>
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Change in Net Position in Governmental Activities	<u>\$ 386,765</u>
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The accompanying notes are an integral part of this financial statements.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1

RUSTON, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Lincoln Parish Fire Protection District No. 1 (the District) of Ruston, Louisiana was created by resolution and adopted by the Police Jury on April 23, 1991. The governing body of the District consists of a seven-member Board of Commissioners. Four of these commissioners are appointed by the municipalities of Downsville, Dubach, Simsboro, and the Town of Vienna. Three additional members are appointed by the Policy Jury.

The District complies with accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Government Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989 have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent sections of this note.

Basis of Presentation

In June, 1999, the GASB unanimously approved statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the presentation of its funds financial information include, for the first time a Management Discussion and Analysis (MD&A) section providing an analysis of the District’s overall financial position and results of operations and financial statements prepared using full accrual accounting for all fund activities. These and other changes are reflected in the accompanying financial statements including the notes to the financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements – The governmental-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements – The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year end

Principal revenue sources considered susceptible to accrual include ad valorem taxes, structure fees, sales tax, and interest on investments. Some revenue items that are considered measurable and available to finance operations during the year from an accounting perspective are not available for expenditure due to the District’s present appropriation system.

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

These revenues have been accrued in accordance with accounting principles generally accepted in the United States of America since they have been earned and are expected to be collected within sixty days of

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1

RUSTON, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

the end of the period. Other revenues are considered to be measurable and available only when cash is received by the District. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Modifications to the accrual basis of accounting include:

- Employees' vested annual leave is recorded as an expenditure when utilized. The amount of accumulated annual leave unpaid at December 31, 2023 has been reported only in the government-wide financial statements.
- Interest on general long-term obligations is recognized when paid.
- Debt service expenditures are recorded only when payment is due.

Fund Accounting

The financial activities of the District are recorded in individual funds, each of which is deemed to be a separate accounting entity. The District uses fund accounting to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Governmental Funds

General Fund – This fund is established to account for resources devoted to financing the general services that the District performs. Fees and other revenues used to finance the fundamental operation of the District are included in this fund. The fund is charged with all costs of operating the District for which a separate fund has not been established.

Debt Service Fund– This fund is established for the purpose of accumulating resources for the payment of interest and principal on long-term general obligation debt other than those payable from Enterprise Funds and Special Assessment Funds.

Equipment Reserve Fund – This fund is established to reserve funds for the replacement of equipment when necessary.

Fire Training Center Fund - This fund is established for the purpose of constructing and maintaining a building for training of firefighters.

Use of Estimates

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

Budgeting Procedures

The budgets for the funds are proposed by the Director and formally adopted by the Commissioners. The budget is prepared on a basis consistent with generally accepted accounting principles. Budgetary amendments involving the transfer of funds from one function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require approval of the Commissioners. At year end, all appropriations lapse.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1

RUSTON, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Cash and Cash Equivalents

Cash includes demand deposits and money market accounts. Under state law, the Lincoln Parish Fire Protection District No. 1 may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union or the laws of the United States. Further, the Lincoln Parish Fire Protection District No. 1 may invest in the time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

The District's policy is to include short-term interest-bearing deposits having a maturity of three months or less as cash equivalents in the financial statements.

Valuation of Carrying Amounts and Deposits

Cash is reported at net book value – the year-end bank balance plus any deposits in transit and less any outstanding checks that have not cleared the bank as of that date.

Fund Equity

GASB Statement No. 54 establishes standards for five fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in government funds. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

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

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

Committed Fund Balance – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the commissioners – the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the police jurors remove the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Fund Balance – This classification reflects the amounts constrained by the District's "intent" to be used for specific purposes, but are neither restricted nor committed. The commissioners and management have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned Fund Balance – This fund balance is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

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

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1

RUSTON, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Receivables

All receivables are recorded at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. In the process of aggregating data for the statements of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified.

Quasi-external transactions are accounted for as revenue and expenditures. Transactions that constitute reimbursements to a fund are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the fund that is reimbursed. All other interfund transactions that are not to be repaid are recorded as transfers.

Fixed Assets

Fixed assets of the District are stated at cost and are reported in the government-wide financial statements. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciable lives are 5 years for equipment and vehicles and 40 years for buildings.

Compensated Absences

Employees accrue from 18 to 30 days of annual leave each year depending on years of service with the District. Firemen may receive up to one year's sick leave per illness as prescribed under Louisiana law. A provision of \$38,421 has been made for the compensated absences and vacation in these financial statements.

NOTE 2 – CASH AND CASH EQUIVALENTS

Custodial Credit Risk – Deposits. The custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy to ensure there is no exposure to this risk is to require each financial institution to pledge its' own securities to cover any amount in excess of Federal Depository Insurance Coverage. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent bank has failed to pay deposited funds upon demand. Accordingly, the District had no custodial credit risk related to its deposits at December 31, 2023. The District had cash and cash equivalents in demand deposits, totaling \$1,384,809 at December 31, 2023.

These deposits are stated at cost, which approximates market. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash and cash equivalents (bank balances other than these backed by the U.S. government) at December 31, 2023, are secured, as follows:

Bank Balances	\$ <u>1,354,693</u>
FDIC Insurance	\$ 250,000
Pledged Securities (uncollateralized)	<u>3,601,507</u>
Total	\$ <u>3,851,507</u>

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1

RUSTON, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 3 – PROPERTY AND EQUIPMENT

Capital asset activity for the year ended December 31, 2023 is as follows:

	December 31, 2022			December 31, 2023	
	Balance	Additions	Disposals	Balance	
Non-Depreciable Assets:					
Land	\$ 12,800	\$ -	\$ -	\$ 12,800	
Depreciable Assets:					
Building	981,628	192,575	-	1,174,203	
Vehicles	2,444,563	-	-	2,444,563	
Machinery & Equipment	3,275,831	8,508	-	3,284,339	
Totals at Historical Cost	6,702,022	201,083	-	6,903,105	
Less Accumulated Depreciation for:					
Building	(298,726)	(26,930)	-	(325,656)	
Vehicles	(2,082,697)	(110,749)	-	(2,193,446)	
Machinery & Equipment	(3,241,666)	(15,780)	-	(3,257,446)	
Total Accumulated Depreciation	(5,623,089)	(153,459)	-	(5,776,548)	
Total Capital Assets being depreciated, net	1,078,933	47,624	-	1,126,557	
Capital Assets, net	\$ 1,091,733	\$ 47,624	\$ -	\$ 1,139,357	

Depreciation was charged to the Public Safety function of the District for \$153,459.

NOTE 4 – INVESTMENTS

Custodial Credit Risk – Investments. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District’s investments in United States government securities are held by the District’s agent in the District’s name. Therefore, the District had no custodial credit risk related to its investments at December 31, 2023.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All investment types are valued using Level 1 inputs.

Under state law, the District may invest funds in obligations of the United States, in federally-insured investments, or in time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. At December 31, 2023, the District had the following investments stated at cost, which approximates market:

Certificates of Deposit	\$ 1,500,000
United States Government Securities	2,605,205
Total	\$ 4,105,205

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1

RUSTON, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Interest Rate Risk. In accordance with its investments policy, the District manages its exposure to declines in fair market values by limiting investment portfolio to “money market investments” which are defined as creditworthy, highly liquid investments with maturities of one year or less. Although there may be certain circumstances in which longer-term securities are utilized, the general use of long-term securities shall be avoided.

Credit Risk. The District’s investment policy limits investments to fully insured and/or fully-collateralized certificates of deposits and direct and indirect obligations of U.S. government agencies.

Concentration of Credit Risk. The District’s investment policy limits the District’s investment instruments to: 1) certificates of deposit; 2) certain direct obligations of the U.S. Government; 3) bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by federal agencies and provided such obligations are backed by the full faith and credit of the United States of America; and 4) the Louisiana Asset Management Pool.

NOTE 5 – ACCOUNTS RECEIVABLE

The receivable of \$591,947 on December 31, 2023, are detailed as follows:

	<u>Due From Other Funds</u>
Structure Fees	\$ 580,700
Other Receivables	<u>11,247</u>
Total	<u>\$ 591,947</u>

Based on prior experience, the uncollectible ad valorem taxes net of proceeds from the sheriff’s sale of property is immaterial, thus no provision for an uncollectible amount has been made. The District records 95% of the structure fee assessment per the tax roll as receivable at year end.

NOTE 6 – DUE TO/FROM OTHER FUNDS

Individual fund balances due to/from other funds at December 31, 2023, are as follows:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Major Funds:		
General Fund	\$ 1,282,001	\$ 3,328,930
Debt Service Fund	-	84,454
Fire Training Center	54,178	7,257
Equipment Reserve Fund	<u>3,350,752</u>	<u>1,266,290</u>
Totals	<u>\$ 4,686,931</u>	<u>\$ 4,686,931</u>

These balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1

RUSTON, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 7 – PENSION PLAN

Firefighters' Retirement System of Louisiana (System)

Plan Description

The Lincoln Parish Police Jury contributes to the Firefighters' Retirement System of Louisiana (System) which is a cost sharing multiple employer defined benefit pension plan. Membership in the System is mandatory for all full-time firefighters who earn more than \$375 per month and are employed by any municipality, parish, or fire protection district of the State of Louisiana.

Employees with 20 or more years of service who have attained age 50, or employees who have 12 years of service who have attained age 55, or 25 years of service at any age are entitled to annual pension benefits equal to 3.333% of their average final compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 100%. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity.

If employees terminate before completing 12 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to their employer's contributions.

Benefits are payable over the retirees' lives in the form of a monthly annuity. A member may elect the maximum benefit (unreduced benefit which ceases upon the member's death) or any of six other options at retirement. See R.S. 11:2256(A) for additional details on retirement benefits. The system also provides death and disability benefits. Benefits are established or amended by state statute.

For the year ended December 31, 2023, the Lincoln Parish Police Jury's total payroll for all employees was \$573,707. Total covered payroll was \$490,796. Covered payroll refers to all compensation paid by the Lincoln Parish Police Jury to active employees covered by the System.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Firefighters' Retirement System of Louisiana, 3100 Brentwood Drive, Baton Rouge, Louisiana, or by visiting the System's website www.lafirefightersret.com.

Contributions

According to state statute, employer contributions are actuarially-determined each year. For the year ended December 31, 2023, employer and employee contribution rates were 33.25% and 10.00%.

According to state statute, the System receives insurance premium assessments from the state of Louisiana. The assessment is considered support from a non-employer contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions were recognized as revenue during the year ended June 30, 2023, and were excluded from pension expense. Non-employer contributions received by Lincoln Parish Police Jury during the year ended June 30, 2023, were \$51,209.

In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities but are not considered special funding situations.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1

RUSTON, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

At December 31, 2023, the Lincoln Parish Police Jury reported a liability of \$1,141,356 for its proportionate share of the Net Pension Liability/Asset. The Net Pension Liability/Asset was measured as of June 30, 2023 and the total pension liability used to calculate the Net Pension Liability/Asset was determined by an actuarial valuation as of that date. The Lincoln Parish Police Jury's proportion of the Net Pension Liability/Asset was based on a projection of the Lincoln Parish Police Jury's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023, the Lincoln Parish Police Jury's proportion was 0.174872%, which was a decrease of 0.0005669% from its proportion measured as of June 30, 2022.

For the year ended December 31, 2023, the Lincoln Parish Police Jury recognized pension expense of \$225,948 plus the employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, (\$212,635). Total pension expense was \$13,313.

At December 31, 2023, the Lincoln Parish Police Jury reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	35,634	39,103
Changes in assumption	69,063	-
Net difference between projected and actual earnings on pension plan investments	154,697	-
Changes in employer's portion of beginning net pension liability	9,758	196,334
Differences between employer contributions and proportionate share of employer contributions	8,793	1,899
Subsequent measurement contributions	82,327	-
Total	360,272	237,336

The \$82,327 reported as deferred outflows of resources related to pensions resulting from the Lincoln Parish Police Jury contributions subsequent to the measurement date will be recognized as a reduction of Net Pension Liability/Asset in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ended December 31:	
2024	11,953
2025	(14,972)
2026	99,192
2027	(41,470)
2028	(14,803)
2029	710

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1

RUSTON, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2023 is as follows:

Valuation Date	June 30, 2023
Actuarial Cost Method for Financial Reporting	Entry Age Normal
Investment Rate of Return (discount rate)	6.90% per annum (net of investment expenses, including inflation)
Expected Remaining Service Lives	7 years, closed period
Inflation rate	2.50% per annum
Salary increases	14.10% in the first two years of service and 5.20% with 3 or more years of service; includes inflation and merit increases
Cost-of-Living Adjustments (COLAs)	For the purpose of determining the present value of benefits, COLAs were deemed not to be substantively automatic and only those previously granted were included.

For the June 30, 2023 valuation, assumptions for mortality rates were based on the following:

- For active members, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees.
- For annuitants and beneficiaries, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees.
- For disabled retirees, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees.
- In all cases the base table was multiplied by 105% for males and 115% for females, each with full generational projection using the appropriate MP-2019 scale.

The long-term expected real rate of return is an important input into the actuary's determination of the reasonable range for the discount rate which is used in determining the total pension liability. The actuary's method incorporates information from multiple consultants and investment firms regarding future expected rates of return, standard deviations, and correlation coefficients for each asset class. The process integrates data from multiple sources to produce average values thereby reducing reliance on a single data source.

The June 30, 2023, estimated long-term expected rate of return on pension plan investments was determined by the System's actuary using the System's target asset allocation as of January 2023 and the Curran Actuarial Consulting average study for 2023. The consultant's average study included projected nominal rates of return, standard deviations of returns, and correlations of returns for a list of common asset classes collected from a number of investment consultants and investment management firms. Each consultant's response included nominal expected long term rates of return. In order to arrive at long-term expected arithmetic real rates of return, the actuary normalized the data received from the consultant's responses in the following ways. Where nominal returns received were arithmetic, the actuary simply reduced the return assumption by the long-term inflation assumption. Where nominal returns were

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1

RUSTON, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

geometric, the actuary converted the return to arithmetic by adjusting for the long-term standard deviation and then reduced the assumption by the long-term inflation assumption. Using the target asset allocation for the System and the average values for expected real rates of return, standard deviation of returns, and correlation of returns, an arithmetic expected nominal rate of return and standard deviation for the portfolio was determined. The System's long-term assumed rate of inflation of 2.50% was used in this process for the fiscal year ended June 30, 2023.

The estimated long-term expected rate of return on pension plan investments was determined by the System's actuary using the System's target asset allocation and the G.S. Curran & Company Consultant Average study for 2023. The consultants' average study included projected nominal rates of return, standard deviations of returns, and correlations of returns for a list of common asset classes collected from a number of investment consultants and investment management firms. Each consultant's response included nominal expected long-term rates of return. In order to arrive at long term expected arithmetic real rates of return, the actuary normalized the data received from the consultant's responses in the following ways. Where nominal returns received were arithmetic, the actuary simply reduced the return assumption by the long-term inflation assumption. Where nominal returns were geometric, the actuary converted the return to arithmetic by adjusting for the long-term standard deviation and then reduced the assumption by the long-term inflation assumption. Using the target asset allocation for the System and the average values for expected real rates of return, standard deviation of returns, and correlation of returns, an arithmetic expected nominal rate of return and standard deviation for the portfolio was determined. The System's long-term assumed rate of inflation of 2.50% was used in this process for the fiscal year ended June 30, 2023.

Best estimates of arithmetic real rates of return for each major class included in the System's target asset allocation as of June 30, 2023, are summarized in the following tables:

	Asset Type	Target Asset Allocation	Long-Term Expected Real Rate of Return
Equity	U.S. Equity	29.50%	6.24%
	Non-U.S. Equity	11.50%	6.49%
	Global Equity	10.00%	6.49%
	Emerging Market Equity	5.00%	8.37%
Fixed Income	U.S. Core Fixed Income	20.00%	1.89%
	U.S. TIPS	2.00%	1.72%
	Emerging Market Debt	2.00%	4.30%
	Multisector Fixed Income	2.00%	***
Multi-Asset Strategies	Global Tactical Asset Allocation	0.00%	4.02%
Alternatives	Private Equity/Private Debt	9.00%	9.57%
	Real Estate	6.00%	4.41%
	Real Assets	3.00%	5.62%
		<u>100.00%</u>	

***Multisector Fixed Income was added to the target asset allocation policy subsequent to the actuary's calculation of the 2023 long-term expected real rate of return.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1

RUSTON, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates, and that contributions from participating employers and non-employer contributing entities will be made at the actuarially-determined rates approved by the Board of Trustees and by the Public Retirement Systems' Actuarial Committee taking into consideration the recommendation of the System's actuary. Based on these assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Lincoln Parish Police Jury's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following represents the net pension liability of the participating employers calculated using the discount rate of 6.90%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate as of June 30, 2023.

	Changes in Discount Rate		
		Current	
	1.0% Decrease	Discount Rate	1.0% Increase
	5.90%	6.90%	7.90%
Net Pension Liability	\$1,760,769	\$1,141,356	\$624,737

Payables to the Pension Plan

These financial statements include a payable to the pension plan of \$0, which is the legally required contribution due at December 31, 2023.

Plan Fiduciary Net Position

The System issued a stand-alone audit report on its financial statements for the year ended June 30, 2023. Access to the audit report can be found on the Louisiana Legislative Auditor's official website at www.la.la.gov and on the System's website at www.ffret.com.

NOTE 8 – DEFERRED COMPENSATION PLAN

Employees of the Lincoln Parish Fire Protection District No. 1 may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

The deferred compensation plan is available to all employees of the Lincoln Parish Fire Protection District No. 1. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. In accordance with the provisions of GASB Statement No. 32 and No. 34, plan balances and activities are not reflected in the financial statements of the Lincoln Parish Fire Protection District No. 1.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1

RUSTON, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 9 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budget/Actual Variances

For the year ended December 31, 2023, when comparing budgeted amounts to actual revenue and expenditure figures, the General Fund experienced an unfavorable variance of 5% in expenditures. This increase was largely attributable to higher than expected expenditures in the categories of salaries and benefits, as well as Insurance and surety bonds.

For the year ended December 31, 2023, when comparing budgeted amounts to actual revenue and expenditure figures, the Equipment Reserve Fund experienced a favorable variance of greater than 5% in revenues. This variance was attributed to higher earnings on investments.

For the year ended December 31, 2023, when comparing budgeted amounts to actual revenue and expenditure figures, the Fire Training Center experienced an unfavorable variance of 87% in revenues. This variance was primarily due to the non-receipt of a local grant and lower earnings on investments. The Fire Training Center expenditures showed a favorable variance of 38%. This increase was largely attributable to lower than expected expenditures in the category of insurance.

NOTE 10 – LITIGATION AND CLAIMS

According to the Parish District Attorney, the Lincoln Parish Fire Protection District No. 1 had no pending or threatened litigation as of December 31, 2023.

NOTE 11 – COMPENSATION FOR THE BOARD OF COMMISSIONERS

The members of the Board for the Fire Protection District No. 1 receive no compensation.

NOTE 12 – PRIOR PERIOD ADJUSTMENT

The District's fund financial statements include a prior period adjustment decreasing the general fund balance by \$ 49,649 for corrections to prior year amounts associated with duplication of revenue deposits.

The District's government-wide financial statements also reflect a prior period adjustment increasing net position by \$184,190 for adjustments to prior year amounts related to pension liabilities and related expenses.

NOTE 13 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 28, 2024, which is the date the financial statements were available to be issued, and it has been determined that no significant events have occurred for disclosure.

REQUIRED SUPPLEMENTAL INFORMATION

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues (Inflows):				
Structure Fees	\$ 650,000	\$ 650,000	\$ 658,214	\$ 8,214
Sales Tax	580,000	645,000	652,460	7,460
Insurance Rebate	150,000	128,696	128,696	-
Local Grants	-	-	9,035	9,035
State Appropriations	199,755	199,755	199,745	(10)
Investment Earnings	1,000	88,000	93,439	5,439
Other Revenues	500	62,500	72,289	9,789
Total Revenues	1,581,255	1,773,951	1,813,878	39,927
Expenditures (Outflows):				
Salaries and Benefits	914,000	844,500	905,836	(61,336)
Insurance and Surety Bonds	83,000	89,000	106,359	(17,359)
GIS Mapping	20,000	20,000	20,000	-
Professional Services	48,400	52,000	52,011	(11)
Uniforms	20,000	15,000	14,022	978
Utilities	57,000	57,000	49,300	7,700
Vehicle Expenditures	42,000	35,000	32,601	2,399
Maintenance	60,000	96,000	93,372	2,628
Education and Training	2,000	2,000	1,460	540
Telephone	3,000	3,800	3,694	106
Office Supplies	2,000	2,000	1,285	715
Dues and Subscriptions	1,000	1,000	1,168	(168)
Equipment Rental	2,500	2,500	2,399	101
Travel	1,000	100	41	59
Miscellaneous	10,500	11,500	9,970	1,530
Leases and Taxes	1,600	1,600	1,481	119
Materials and Supplies	5,250	5,250	30,189	(24,939)
Capital Outlay	220,755	218,755	201,083	17,672
Total Expenditures	1,494,005	1,457,005	1,526,271	(69,266)
Excess Revenues Over Expenditures	87,250	316,946	287,607	(29,339)
Other Financing Uses				
Transfer In (Out)	(10,000)	(10,000)	(10,000)	-
Excess of Revenues and Other Sources Over Expenditures and Other Uses	77,250	306,946	277,607	(29,339)
Fund Balances - Beginning	1,224,234	1,224,234	1,224,234	-
Prior Period Adjustment	-	-	(49,661)	(49,661)
Fund Balances - Beginning (Restated)	1,224,234	1,224,234	1,174,573	(49,661)
Fund Balances - Ending	\$ 1,301,484	\$ 1,531,180	\$ 1,452,180	\$ (79,000)

The accompanying notes are an integral part of this financial statements.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE – EQUIPMENT RESERVE FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues (Inflows):				
Investment Earnings	\$ 1,000	\$ 1,000	\$ 76,457	\$ 75,457
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>76,457</u>	<u>75,457</u>
Expenditures (Outflows):				
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess Revenues Over Expenditures	1,000	1,000	76,457	75,457
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	1,000	1,000	76,457	75,457
Fund Balances - Beginning	<u>3,128,087</u>	<u>3,128,087</u>	<u>3,128,087</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 3,129,087</u>	<u>\$ 3,129,087</u>	<u>\$ 3,204,544</u>	<u>\$ 75,457</u>

The accompanying notes are an integral part of this financial statements.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE – FIRE TRAINING CENTER
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance With Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Revenues (Inflows):				
Local Grants	\$ 20,000	\$ 20,000	\$ -	\$ (20,000)
Investment Earnings	<u>120</u>	<u>22,035</u>	<u>5,380</u>	<u>(16,655)</u>
Total Revenues	<u>20,120</u>	<u>42,035</u>	<u>5,380</u>	<u>(36,655)</u>
Expenditures (Outflows):				
Professional Services	1,000	550	540	10
Utilities	3,500	3,500	3,289	211
Materials and Supplies	100	-	-	-
Maintenance	10,500	600	644	(44)
Insurance	2,500	2,500	-	2,500
Miscellaneous	50	50	-	50
Capital Outlay	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>19,650</u>	<u>7,200</u>	<u>4,473</u>	<u>2,727</u>
Excess Revenues Over Expenditures	470	34,835	907	(33,928)
Other Financing Uses				
Transfer In (Out)	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>10,000</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	470	34,835	10,907	(23,928)
Fund Balances - Beginning	<u>385,823</u>	<u>385,823</u>	<u>385,823</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 386,293</u>	<u>\$ 420,658</u>	<u>\$ 396,730</u>	<u>\$ (23,928)</u>

The accompanying notes are an integral part of this financial statements.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1

RUSTON, LOUISIANA

**NOTES TO THE BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023**

The budgets for the funds are proposed by the Director and formally adopted by the Commissioners. The budgets are prepared on a basis consistent with generally accepted accounting principles (GAAP). Budgetary amendments involving the transfer of funds from one function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require approval of the Commissioners. At year end, all appropriations lapse.

State law requires the District to amend its budgets when revenues plus projected revenues within a fund are expected to fall short from budgeted revenues by five percent or more and when expenditures and other uses of a fund are expected to exceed budgeted amounts by five percent or more.

The accompanying notes are an integral part of this financial statements.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2023

Fiscal Year	Agency's proportion of the net pension liability (asset)	Agency's proportionate share of the net pension liability (asset)	Agency's covered payroll	Agency's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2015	0.26669%	\$ 1,439,329	\$ 245,120	587%	72.45%
2016	0.23997%	1,569,621	547,973	286%	68.16%
2017	0.22474%	1,288,199	526,603	245%	73.55%
2018	0.22643%	1,302,455	539,092	242%	74.76%
2019	0.23191%	1,452,206	558,876	260%	73.96%
2020	0.22308%	1,546,297	553,102	280%	72.61%
2021	0.19692%	697,866	530,071	132%	86.78%
2022	0.18054%	1,273,047	465,138	274%	74.68%
2023	0.17487%	1,141,356	469,431	243%	77.69%

Amounts presented were determined as of the measurement date (previous fiscal year end).

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

The accompanying notes are an integral part of this financial statements.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1

RUSTON, LOUISIANA

SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED DECEMBER 31, 2023

<u>Fiscal Year</u>	<u>(a) Statutorily required contribution</u>	<u>(b) Contributions in relation to the statutorily required contribution</u>	<u>(a-b) Contribution deficiency</u>	<u>Agency's covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
2015	\$ 146,024	\$ 146,024	\$ -	\$ 245,120	59.57%
2016	141,893	141,893	-	547,973	25.89%
2017	139,727	139,727	-	526,603	26.53%
2018	143,329	143,329	-	539,092	26.59%
2019	163,096	163,096	-	578,524	28.19%
2020	164,776	164,776	-	546,533	30.15%
2021	166,028	166,028	-	502,545	33.04%
2022	143,023	143,023	-	427,496	33.46%
2023	163,266	163,266	-	490,796	33.27%

Amounts presented were determined as of the end of the fiscal year.

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

The accompanying notes are an integral part of this financial statements.

OTHER SUPPLEMENTARY INFORMATION

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2023

	Kevin Reynolds Director
Purpose:	
Salary	\$ 89,492
Benefits - Insurance	-
Benefits - Retirement	31,751
Travel Reimbursements	-
Total	\$ 121,243

OTHER REPORTS



REGIONS TOWER
333 TEXAS STREET, SUITE 1525 | SHREVEPORT, LOUISIANA 71101
318.429.1525 (P) | 318.429.2124 (F)

The Board of Commissioners
Lincoln Parish Fire Protection District No. 1
Ruston, Louisiana

**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**

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 Lincoln Parish Fire Protection District No. 1 as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated June 28, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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.

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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those in charge with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023-1 and 2023-2, to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District’s financial statements are free from material misstatement, we performed test of its compliance with certain provisions of laws, regulations,

contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The District's Response to Findings

The District's response to the findings identified in our audit is described in Management's Corrective Action Plan for Current Year Findings. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. In accordance with Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

HEARD, McELROY & VESTAL, L.L.C.

Shreveport, Louisiana
June 28, 2024

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the basic financial statements of the Lincoln Parish Fire Protection District No. 1.
2. Two significant deficiencies relating to the audit of the basic financial statements are reported, both of which are considered to be material weaknesses.
3. There were no findings of noncompliance relating to the basic financial statements of the Lincoln Parish Fire Protection District No. 1 disclosed during the audit.
4. No federal single audit was required under the Uniform Guidance relating to the financial statements of the Lincoln Parish Fire Protection District No. 1.

B. Findings — Financial Statement Audit

2023-1: Duplication of Deposits Resulting in Prior Period Adjustment

CONDITION: During the audit, we identified a material issue related to the duplication of deposits. Specifically, we found instances where deposits received were recorded more than once in the accounting records, leading to inaccuracies in the financial statements. Management corrected this by making a prior period adjustment decreasing the general fund balance.

CRITERIA: According to auditing standards and best practices, financial records must accurately reflect each deposit transaction once and only once. The accuracy of financial statements is crucial for management in making informed decisions.

CAUSE: The duplication of deposits may be attributed to inadequate record-keeping practices, insufficient reconciliation processes, or weaknesses in internal controls in the recording and reconciliation processes of deposit transactions.

EFFECT: While the prior period adjustment resolves the immediate issue of the duplication of deposits, it raises concerns about the accuracy and completeness of prior period financial statements. This situation also indicates potential weaknesses in internal controls in the recording and reconciliation processes of deposit transactions.

RECOMMENDATION: We recommend that management review and strengthen internal controls in the recording and reconciliation processes of deposit transactions to prevent the recurrence of duplicated deposits in the future. This may involve implementing segregation of duties, enhancing oversight and monitoring mechanisms, and providing training to staff responsible for the recording and reconciling processes of deposit transactions.

MANAGEMENT'S RESPONSE: See management's corrective action plan.

2023-2: Unreconciled Due To/Due From Balances

CONDITION: During the audit, it was identified that Due To/Due From balances with other governments had not been reconciled within the audit period. Management addressed this by reconciling the Due To and Due From balances during fieldwork and adjustments were made to correct the balances. Anticipated cash transfers are expected to be completed before the current fiscal year ends.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023

CRITERIA: According to auditing standards and best practices, Due To/Due From balances should be reconciled regularly to ensure accuracy and completeness of financial records.

CAUSE: The lack of reconciliation of Due To/Due From balances may be attributed to inadequate reconciliation processes, insufficient oversight, or delays in receiving necessary information from other governments.

EFFECT: The lack of reconciliation of Due To/Due From balances within the audit period could lead to inaccurate balances of intergovernmental transactions reported in the financial statements. This situation may indicate potential weaknesses in internal controls over financial reporting and intergovernmental accounting.

RECOMMENDATION: We recommend that management enhance its reconciliation procedures for Due To/Due From balances with other governments. This should include implementing regular reconciliation schedules, establishing clear communication channels with relevant parties, and enhancing oversight to ensure timely and accurate reconciliation.

MANAGEMENT'S RESPONSE: See management's corrective action plan.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023

No findings were reported in the prior year.

MANAGEMENT'S CORRECTIVE ACTION PLAN

7/1/2024

Heard, McElroy and Vestal, LLC
333 Texas Street, Suite 1525
Shreveport, LA 71101

We are writing in response to the findings expressed in your audit of the Lincoln Parish Fire Protection District No. 1 for the year ended December 31, 2023. Please find our response and corrective actions listed below.

2023-1: Duplication of Deposits Resulting in Prior Period Adjustment

CONDITION: During the audit, we identified a material issue related to the duplication of deposits. Specifically, we found instances where deposits received were recorded more than once in the accounting records, leading to inaccuracies in the financial statements. Management corrected this by making a prior period adjustment decreasing the general fund balance.

MANAGEMENT RESPONSE: Management agrees with this finding and we will review the year end close process to improve and strengthen the internal controls in place over financial reporting. The duplication occurred as part of the year end close process in an attempt to correct the fund coding, however, financial information provided to board members during the year did not reflect the incorrect duplicate deposits. Management identified and corrected this issue when it was discovered.

2023-2: Unreconciled Due To/Due From Balances

CONDITION: During the audit, it was identified that Due To/Due From balances with other governments had not been reconciled within the audit period. Management addressed this by reconciling the Due To and Due From balances during fieldwork and adjustments were made to correct the balances. Anticipated cash transfers are expected to be completed before the current fiscal year ends.

MANAGEMENT'S RESPONSE: Management understands the need to reconcile interfund balances periodically to maintain the integrity of financial reporting. Our practice has been to reconcile interfund transfers at year end as part of the normal year end close process. We will add additional steps to our process to more frequently reconcile these balances to strengthen our controls over financial reporting.

Sincerely,

Lincoln Parish Fire Protection District No. 1

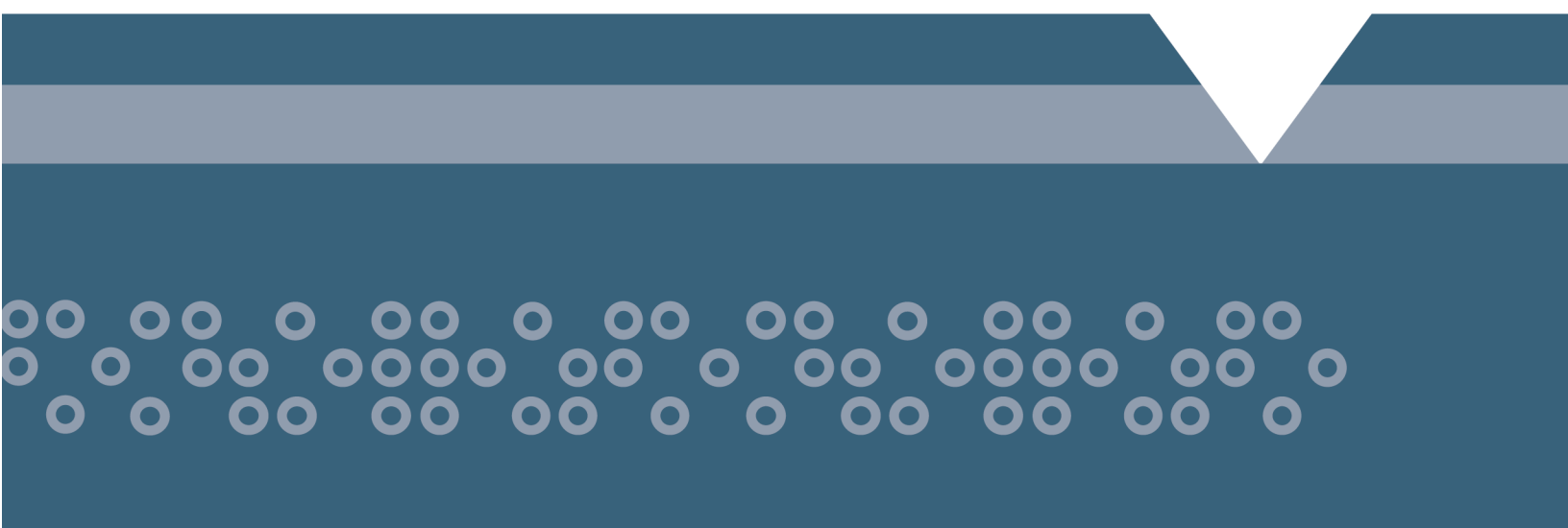

Richard Aillet,
Chairman


Courtney Hall,
Administrator



Lincoln Parish Fire Protection District No. 1
Statewide Agreed-Upon Procedures Report

January 1, 2023 - December 31, 2023





REGIONS TOWER
333 TEXAS STREET, SUITE 1525 | SHREVEPORT, LOUISIANA 71101
318.429.1525 (P) | 318.429.2124 (F)

June 28, 2024

Lincoln Parish Fire Protection District No. 1
Ruston, Louisiana

Louisiana Legislative Auditor
Baton Rouge, Louisiana

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

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. Lincoln Parish Fire Protection District No. 1 (District) management is responsible for those C/C areas identified in the SAUPs.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period 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:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that 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(s) rate 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) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- 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) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Findings: *Exceptions noted. The District's written policies and procedures did not address the following items:*

1. *Purchasing – How vendors are added to the vendor list*
2. *Disbursements – Processing, Reviewing, Approving*
3. *Receipts/Collections - Management actions to determine completeness for each type of revenue or agency fund addition*
4. *Contracting – Legal Review*
5. *Ethics - System to monitor possible ethics violations, Annual employee attestation to having read policy*
6. *Disaster Recovery/Business Continuity Plan*
7. *Sexual Harassment – Annual employee training, Annual reporting*

Management's Response: *Management agrees. Written policies and procedures will be revised to include all applicable elements.*

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:
 - a) 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.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds.
 - c) 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.
 - d) Observe whether the board or 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.

Findings: *Exceptions noted. Monthly meetings were cancelled and not rescheduled for later that same month. The District did not discuss the budget at their monthly meeting.*

Management's Response: *Management agrees. An agenda item will now be added to all future agendas to reference a budget report being presented. Meetings that were cancelled where not rescheduled as agenda items were just moved to the next month's meeting.*

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

Findings: *Exceptions noted. Bank reconciliations were not dated upon preparation to ascertain their timeliness. Additionally, bank reconciliations lacked evidence of being reviewed by non-cash handling management.*

Management's Response: *Management agrees. The proper steps have since been added to make sure reconciliations are documented to show the date each bank reconciliation is completed and reviewed.*

Collections (excluding electronic funds transfers)

4. 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).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
6. 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 enforced during the fiscal period.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) 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).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Findings: No exceptions noted.

Non-Payroll Disbursements (excluding card purchases/payments, 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 #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) 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.
 - d) 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.
 - e) 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. For each location selected under #8 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:
 - f) Observe that the disbursement matched the related original itemized invoice, and that supporting documentation indicates that deliverables included on the invoice were received by the entity.
 - g) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
10. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3 above, 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.

Findings: Exception noted. The employee responsible for processing payments also mails the payments.

Management's Response: Management has other controls in place to effectively reduce the risk or fraud or errors in the payment process to the extent that it becomes inconsequential who mails the checks.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

12. 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, obtain supporting documentation, and:
 - a) Observe that 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) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 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 (i.e., each card should have 10 transactions subject to testing). 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 note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Findings: *Exception noted. The credit card statement approval is conducted by one of the cardholders.*

Management's Response: *Management agrees. All future approvals will now be conducted by someone who is not an authorized signer on the card.*

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - a) 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).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

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 policy (procedure #1h).
 - c) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Findings: *No exceptions noted.*

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
 - a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
 - c) 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).
 - d) 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.

Findings: *No contracts noted for the period being tested. Therefore, this test was not applicable.*

Payroll and Personnel

16. 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.
17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees or officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

19. 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.

Findings: *No exceptions noted.*

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above: obtain ethics documentation from management, and:
 - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe that the entity maintains documentation which demonstrates each employee and official was notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
21. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Findings: *No exceptions noted.*

Debt Service

22. 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.
23. 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).

Findings: *The District has no debt. Therefore, this testing is not applicable.*

Fraud Notice

24. 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.
25. 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.

Findings: *Exception noted. The District did not have the fraud notice required by R.S. 24:523.1 on its premises.*

Management's Response: *Management agrees. The fraud notice, as required by R.S. 24:523.1, will now be posted on the premises.*

Information Technology Disaster Recovery/Business Continuity

26. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**
- a. 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.
 - b. Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - c. 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.
27. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure 18. Observe evidence that the selected terminated employees have been removed or disabled from the network.
28. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure 16, 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. 42:1267¹. The requirements are as follows:
1. Hired before June 9, 2020 - completed the training; and
 2. Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

Findings: *We performed the procedures and discussed the results with management.*

Prevention of Sexual Harassment

29. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, 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.
30. 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).

31. 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 it includes the applicable requirements of R.S. 42:344:

1. Number and percentage of public servants in the agency who have completed the training requirements;
2. Number of sexual harassment complaints received by the agency;
3. Number of complaints which resulted in a finding that sexual harassment occurred;
4. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
5. Amount of time it took to resolve each complaint.

Findings: *Exceptions noted. Sexual Harassment policy and complaint procedure not posted on website. No documentation of annual reporting requirement process.*

Management's Response: *Management agrees. They have not implemented the newer annual reporting requirement. While they did not have any claims to report, they will implement a "no claims" documentation process in the future.*

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

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

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

HEARD, McELROY & VESTAL, L.L.C.