

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

ANNUAL FINANCIAL REPORT

For the year ended September 30, 2025

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

ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

TABLE OF CONTENTS

	<u>Statement</u>	<u>Page No.</u>
Independent Auditors' Report		1 - 3
<b>Required Supplemental Information - Part I:</b>		
Management's Discussion and Analysis		4 - 8
<b>Basic Financial Statements:</b>		
Statement of Net Position	A	9
Statement of Activities	B	10
Governmental Fund Balance Sheet	C	11
Reconciliation of the Governmental Fund Balance Sheet to the Government-Wide Statement of Net Position	D	12
Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance	E	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Fund to the Statement of Activities	F	14
Notes to the Financial Statements		15 - 39
<b>Required Supplemental Information - Part II:</b>		
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – General Fund		40
Notes to Required Supplementary Information Budget and Actual		41
Schedule of Changes in Total Other Post-Employment Benefit Liability and Related Ratios		42
Schedule of the Proportionate Share of the Net Pension Liability Cost Sharing Plans Only		43
Schedule of Contributions to Each Retirement System Cost Sharing Plans Only		44
Notes to Required Supplementary Information Defined Benefit Pension Plans – Net Pension Liability		45
<b>Other Supplementary Information:</b>		
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer		46
<b>Compliance and Internal Control:</b>		
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and other Matters Based on an Audit of the Financial Statement Performed in Accordance with <i>Government Auditing Standards</i>		47 - 48
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance		49 - 51

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

ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

TABLE OF CONTENTS

	<u>Statement</u>	<u>Page No.</u>
Schedule of Expenditures of Federal Awards		52
Schedule of Findings and Questioned Cost		53 - 57
Summary Schedule of Prior Year Findings		58
Views of Responsible Officials		59 - 61



## INDEPENDENT AUDITORS' REPORT

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

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities and the General Fund of **ST. GEORGE FIRE PROTECTION DISTRICT NO. 2 (District)**, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the General Fund of the District, as of September 30, 2025, 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 Opinions

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

#### Responsibilities of Management for the Financial Statements

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

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, the schedule of changes in total other post-employment benefit liability and related ratios, the schedule of proportionate share of net pension liability, the schedule of contributions to each retirement system, and related notes to required supplementary information on pages 4 through 8 and 39 through 44 be presented to supplement the basic financial statements.

Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The schedule of compensation, benefits, and other payments to agency head or chief executive officer and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits, and other payments to agency head, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2026 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Faulk & Winkler, LLC*

Certified Public Accountants

Baton Rouge, Louisiana  
March 31, 2026

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2  
CITY OF ST. GEORGE  
PARISH OF EAST BATON ROUGE, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

INTRODUCTION

This section of the St. George Fire Protection District No. 2's (the District) financial report represents our discussion and analysis of the District's financial performance during the fiscal year ended September 30, 2025, with comparative prior year information with explanations of changes between the two years.

The District provides emergency services to a 84 square mile area of East Baton Rouge Parish. The District is located in the southern portion of East Baton Rouge Parish. It includes areas within East Baton Rouge Parish outside of the incorporated limits of the City of St. George with the parish line being the boundary on the eastern, western and southern ends and Harrell's Ferry Road being the northern boundary. The population of the District is approximately 112,500 and there are approximately 41,500 structures. The District is a separate government body and is governed by an appointed board of five citizens.

The District has a total staff of 237 employees that provide fire protection and related services. This includes 29 employees that provide administrative and office services.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2  
CITY OF ST. GEORGE  
PARISH OF EAST BATON ROUGE, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$30,797,816 (net position - deficit), which represents a 14.23% improvement from September 30, 2024, as restated. The improvement in net position was mainly due to an increase in property tax revenue levied in the current fiscal year and additional Staffing for Adequate Fire and Emergency Response (SAFER) grant funding received in the current fiscal year. The largest portion of the District's net position reflects its net investment in capital assets. Beginning net position as of September 30, 2024, was restated to correct an error with the compensated absences liability, resulting in a \$856,109 decrease, as described in Note 15 to the financial statements.

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

Governmental Activities		2024
	2025	(As Restated)
Current and other assets	\$ 13,846,132	\$ 9,666,613
Capital assets	38,115,919	37,801,553
Total assets	51,962,051	47,468,166
Deferred outflows - resources	18,358,080	16,601,925
Other liabilities	14,975,758	12,598,439
Long-term liabilities	68,486,568	73,538,778
Total liabilities	83,462,326	86,137,217
Deferred inflows - resources	17,655,621	13,840,102
Net Position (Deficit):		
Net investment in capital assets	19,425,082	18,759,161
Restricted for debt service	1,099,994	-
Restricted for grants	500,000	500,000
Unrestricted	(51,822,892)	(55,166,389)
Total net position (deficit)	\$ (30,797,816)	\$ (35,907,228)

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2  
CITY OF ST. GEORGE  
PARISH OF EAST BATON ROUGE, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

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

Governmental Activities		2024
	2025	(As Restated)
Revenues:		
Program Revenues:		
Operating grants and contributions	\$ 4,861,915	\$ 3,380,101
Capital grants and contributions	296,679	793,047
General Revenues:		
Property taxes	36,616,775	32,814,012
Service charges	1,341,865	1,308,218
Intergovernmental revenues	1,049,940	1,016,806
Interest and other revenues	620,629	630,264
Total revenues	<u>44,787,803</u>	<u>39,942,448</u>
Expenses	<u>39,678,391</u>	<u>38,158,413</u>
Change in net position	5,109,412	1,784,035
Beginning of year, as previously presented	<u>(35,051,119)</u>	<u>(37,434,712)</u>
Restatement	(856,109)	(256,551)
Beginning of year, as restated	<u>(35,907,228)</u>	<u>(37,691,263)</u>
Ending net position (deficit)	<u>\$ (30,797,816)</u>	<u>\$ (35,907,228)</u>

The District receives property tax based on a millage of 16 mills for general operations, 1.25 mills for salary and benefits, 1.25 mills for capital improvements and general operations, and 1.50 mills for capital improvements and debt service. These taxes, which represent 81.76% of total revenue, increased by \$3,802,763 or 11.59% from the period ending September 30, 2024.

The District also received grants and contributions from the federal government, the State of Louisiana for various grant programs or appropriations, and the District's allocation of non-employer contributions from the two pension plans. The operating and capital grants and contributions represent 11.52% of total revenue and increased by \$985,446 or 23.61% from the period ending September 30, 2024. This increase was mainly due to receiving a federal SAFER grant for \$1,062,706.

The District's expenses increased by \$1,519,978 or 3.98%. The majority of this increase was due to expenses for personnel services and related benefits increasing by \$413,378, due to increased payroll and benefit costs some of which were associated with the Federal SAFER grant. Depreciation and amortization increased by \$394,541 due to various capital asset purchases in both the previous and current fiscal years. Additionally, supplies and telecommunications expenses increased by \$234,415 and \$240,727, respectively. The remaining increase was caused by increases in various other expense accounts including contractual services, repairs and maintenance, legal and professional services, etc.

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2  
CITY OF ST. GEORGE  
PARISH OF EAST BATON ROUGE, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

FINANCIAL ANALYSIS OF FUNDS

The following provides a summary of the general fund's revenues, expenditures, and other financing sources for the years ended September 30, 2025 and 2024:

	General Fund		
	2025	2024	Variance
Revenues	\$ 42,794,816	\$ 38,408,647	\$ 4,386,169
Expenditures	(42,599,130)	(37,794,671)	(4,804,459)
Other financing sources	1,921,028	800,704	1,120,324
Change in fund balance	<u>\$ 2,116,714</u>	<u>\$ 1,414,680</u>	<u>\$ 702,034</u>

Revenues increased by \$4,386,169 largely driven by increases in property tax revenue of \$3,802,763 and federal grant revenue of \$931,847, offset by a reduction of state and local grant revenue, as discussed above.

Expenditures increased by \$4,804,459 in the current year compared to the prior year. The increase in total expenditures was caused by several factors. Salaries and related benefits increased by \$3,013,036 due to an increase in employee headcount and wage increases for existing personnel. Capital outlay expenditures increased by \$935,619 mainly due to the purchase of a new fire truck. The remaining variances were caused by increases in various expenditures including supplies, telecommunications, contractual services, principal on debt service, etc.

Other sources of income increased by \$1,120,324 mainly due to recognizing proceeds from the financing of equipment and net decreases in proceeds from lease agreements in the current year.

BUDGETARY HIGHLIGHTS

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

	Original	Final Budget	Actual	Variance with budget positive (negative)
	Budget			
Revenues	\$ 39,469,730	\$ 42,966,819	\$ 42,794,816	\$ (172,003)
Expenditures	36,190,010	41,144,637	42,599,130	(1,454,493)
Other financing sources	-	1,921,027	1,921,028	1
Change in fund balance	<u>\$ 3,279,720</u>	<u>\$ 3,743,209</u>	<u>\$ 2,116,714</u>	<u>\$ (1,626,495)</u>

Budget to Actual

Budgeted revenues exceeded actual revenues by \$172,003 due most in part by state appropriations not received until the following fiscal year that were included in the budget for the current fiscal year. Actual expenditures exceeded the budget by \$1,454,493. The personnel services and related benefits expenditures exceeded the budget by \$900,992 mainly due to an increase in employee headcount and wage increases for existing personnel not included in the budget. Debt service expenditures exceeded the budget by a principal portion of \$197,684 and an interest portion of \$115,835. The remaining variance in budgeted expenditures was caused by net budget overages in all other expenditures.

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2  
CITY OF ST. GEORGE  
PARISH OF EAST BATON ROUGE, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

CAPITAL ASSETS

At September 30, 2025, the District had \$38,115,919 of capital assets including land, nine fire stations and an administrative building and campus, improvements, firefighting and other equipment, furniture and fixtures, construction in progress, right-of-use leased assets, and SBITAs, net of accumulated amortization and depreciation.

LONG-TERM DEBT

The District has equipment financings for the acquisition of fire trucks and medical equipment with a balance due of \$6,543,260, a construction loan with a balance due of \$11,370,000, a retirement payoff loan with a balance of \$694,853 and compensated absences balance of \$4,088,898. Additionally, the District has lease liabilities for office equipment and office buildings with balances of \$763,481, and a subscription liability for a subscription-based information technology arrangement with a balance owed of \$17,912.

The District recognizes its proportionate share of its net pension liability for participating in two pension plans. The liability recorded as of September 30, 2025 is \$23,803,663. In addition, the District recorded total other postemployment benefit liability of \$21,204,501 that represents the actuarial determined liability for the District offering continuing health benefits for retirees.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2  
CITY OF ST. GEORGE  
PARISH OF EAST BATON ROUGE, LOUISIANA  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2025

Statement A

ASSETS	
Cash and cash equivalents	\$ 13,085,088
Receivables:	
Property taxes and service charges	80,991
Federal grants	327,934
Other grants and due from other governments	134,312
Other receivables	65,174
Deposits and prepaids	152,633
Capital assets	
Non-depreciable	3,125,113
Depreciable and amortizable, net	<u>34,990,806</u>
Total assets	<u>51,962,051</u>
DEFERRED OUTFLOWS OF RESOURCES	
Related to net pension liability	10,332,969
Related to total other postemployment benefit liability	<u>8,025,111</u>
Total deferred outflows of resources	<u>18,358,080</u>
LIABILITIES	
Accounts payable	672,704
Salary and benefits payable	1,445,075
Certificate of indebtedness	12,500,000
Accrued interest	357,979
Long-term liabilities:	
Bonds, financed equipment, debt, leases and SBITA and compensated absences:	
Due within one year	3,960,234
Due in more than one year	19,518,170
Net pension liability:	
Due in more than one year	23,803,663
Total other postemployment benefit liability:	
Due within one year	970,000
Due in more than one year	<u>20,234,501</u>
Total liabilities	<u>83,462,326</u>
DEFERRED INFLOWS OF RESOURCES	
Related to net pension liability	5,933,622
Related to total other postemployment benefit liability	<u>11,721,999</u>
Total deferred inflows of resources	<u>17,655,621</u>
NET POSITION (DEFICIT)	
Net investment in capital assets	19,425,082
Restricted for:	
Debt service	1,099,994
Grants	500,000
Unrestricted	<u>(51,822,892)</u>
Total net position (deficit)	<u>\$ (30,797,816)</u>

The accompanying notes are an integral part of this statement.

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2  
CITY OF ST. GEORGE  
PARISH OF EAST BATON ROUGE, LOUISIANA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Statement B

	PROGRAM REVENUES			TOTAL
	EXPENSES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
EXPENSES:				
Public safety - fire protection	\$ 35,886,067	\$ 4,861,915	\$ 296,679	\$ (30,727,473)
Depreciation	2,710,424	-	-	(2,710,424)
Interest	1,081,900	-	-	(1,081,900)
Total governmental activities	39,678,391	\$ 4,861,915	\$ 296,679	(34,519,797)
GENERAL REVENUES:				
Ad valorem taxes				36,616,775
Service charges				1,341,865
State revenue sharing				369,664
Fire insurance tax				680,276
Interest income				530,835
Lease income				73,290
Miscellaneous				16,504
Total general revenues				39,629,209
Change in net position				5,109,412
Net position (deficit):				
Beginning of the year, as previously presented				(35,051,119)
Restatement				(856,109)
Beginning of the year, as restated				(35,907,228)
End of the year				\$ (30,797,816)

The accompanying notes are an integral part of this statement.

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2  
CITY OF ST. GEORGE  
PARISH OF EAST BATON ROUGE, LOUISIANA  
GOVERNMENTAL FUND BALANCE SHEET  
SEPTEMBER 30, 2025

Statement C

	<u>GENERAL FUND</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 13,085,088
Receivables:	
Property taxes and service charges	80,991
Federal grants	327,934
Other grants and due from other governments	134,312
Other receivables	65,174
Deposits and prepaids	<u>152,633</u>
Total Assets	<u><u>\$ 13,846,132</u></u>
 <b>LIABILITIES</b>	
Accounts payable	\$ 672,704
Salary and benefits payable	1,445,075
Accrued interest payable	27,083
Certificate of indebtedness	<u>12,500,000</u>
Total liabilities	<u>14,644,862</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue	<u>77,765</u>
 <b>FUND BALANCES</b>	
Nonspendable	152,633
Restricted for debt service	1,269,995
Restricted for grants	500,000
Unassigned (deficit)	<u>(2,799,123)</u>
Total fund balance (deficit)	<u>(876,495)</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u><u>\$ 13,846,132</u></u>

The accompanying notes are an integral part of this statement.

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2  
CITY OF ST. GEORGE  
PARISH OF EAST BATON ROUGE, LOUISIANA  
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET  
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2025

		Statement D
Total fund balance (deficit) - governmental funds (Statement C)	\$	(876,495)
Cost of capital assets and right of use assets	56,862,652	
Less: Accumulated depreciation and amortization	<u>(18,746,733)</u>	38,115,919
Deferred outflows and inflows of resources are not available to pay current period expenditures and, therefore are not reported in the governmental fund.		
Deferred outflow of resources - related to net pension liability	10,332,969	
Deferred outflow of resources - total other post-employment benefit liability	<u>8,025,111</u>	18,358,080
Deferred inflow of resources - related to net pension liability	(5,933,622)	
Deferred inflow of resources - total other post-employment benefit liability	<u>(11,721,999)</u>	(17,655,621)
Revenue not collected within the availability period and not available soon enough to pay current period expenditures.		77,765
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term, are reported in the Statement of Net Position.		
Balances at September 30, 2025 are:		
Accrued interest		(330,896)
Long-term liabilities:		
Retirement payoff loan	(694,853)	
Revenue bonds	(11,370,000)	
Compensated absences payable	(4,088,898)	
Lease liability	(763,481)	
SBITA liability	(17,912)	
Financed equipment liability	(6,543,260)	
Net pension liability	(23,803,663)	
Total other post-employment benefit liability	<u>(21,204,501)</u>	(68,486,568)
Net Position (deficit) (Statement A)	\$	<u>(30,797,816)</u>

The accompanying notes are an integral part of this statement.

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2  
CITY OF ST. GEORGE  
PARISH OF EAST BATON ROUGE, LOUISIANA  
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<b>Statement E</b>
	<b>GENERAL FUND</b>
REVENUES:	
Ad valorem taxes	\$ 36,616,775
Service charges	1,341,865
State revenue sharing	369,664
Fire insurance tax	680,276
Supplemental pay	1,368,520
Federal grants	1,475,788
State and other grants	321,299
Lease income	73,290
Interest income	530,835
Miscellaneous	16,504
Total revenues	<u>42,794,816</u>
EXPENDITURES:	
Current:	
Public safety - fire protection:	
Personnel services and related benefits	28,887,106
Contractual services	2,249,478
Insurance	1,086,468
Legal and professional	417,286
Office supplies	185,900
Repairs and maintenance	839,425
Supplies	1,443,336
Telecommunications	521,078
Training	404,579
Utilities	431,447
Capital outlay	3,024,790
Debt service:	
Principal	2,070,095
Interest and other charges	1,038,142
Total expenditures	<u>42,599,130</u>
Excess of revenues over expenditures	195,686
Other financing sources:	
Proceeds from issuance of lease liability	105,557
Proceeds from issuance of financed equipment liability	1,815,471
Total other financing sources	<u>1,921,028</u>
Net change in fund balance	2,116,714
Fund balance (deficit):	
Beginning of the year	<u>(2,993,209)</u>
End of the year	<u>\$ (876,495)</u>

The accompanying notes are an integral part of this statement.

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2  
CITY OF ST. GEORGE  
PARISH OF EAST BATON ROUGE, LOUISIANA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Statement F

Net change in fund balance - total governmental funds (Statement E)	\$ 2,116,714
Amounts reported for governmental activities in the statement of activities (Statement B) are different as follows:	
Recognize unavailable revenue reported in the governmental fund	77,765
Capital Assets:	
Capital outlay and other expenditures capitalized	3,024,790
Depreciation and amortization expense	(2,710,424)
Changes in Long Term Liabilities:	
Proceeds from issuance of lease liability	(105,557)
Proceeds from issuance of financed equipment liability	(1,815,471)
Change in accrued interest payable	(43,758)
Principal paid on revenue bonds, financed equipment, lease and SBITA liability	2,070,095
Change in compensated absences payable	(377,758)
Change in total OPEB liability and associated deferrals	(208,841)
Change in net pension liability and associated deferrals	3,081,857
Change in net position (Statement B)	\$ 5,109,412

The accompanying notes are an integral part of this statement.

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2  
CITY OF ST. GEORGE  
PARISH OF EAST BATON ROUGE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2025

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Introduction

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

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

The District presently has nine stations to provide fire protection within their district. The District has 237 employees.

B. Reporting Entity

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

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

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

C. Basis of Presentation

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

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2  
CITY OF ST. GEORGE  
PARISH OF EAST BATON ROUGE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2025

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

C. Basis of Presentation (continued)

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2  
CITY OF ST. GEORGE  
PARISH OF EAST BATON ROUGE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2025

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

C. **Basis of Presentation** (continued)

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

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

D. **Receivables**

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

E. **Leases and Subscription Based Information Technology Arrangements (SBITA)**

The District enters into noncancellable lease agreements and records them in accordance with GASB Statement 87, *Leases*. The District also enters into noncancellable subscription agreements for information technology and records them in accordance with GASB Statement 96, *Subscription Based Information Technology Arrangements (SBITA)*.

Lessor Leases

The District recognizes lease receivables and deferred inflow of resources for lease agreements with a lease term greater than one year. The District also applies a materiality threshold when determining lessor leases that are reported in the financial statements.

The lease receivable is measured at the commencement of the lease agreement at the present value of fixed payments expected to be received during the noncancellable lease term and any optional renewal periods that management determines are reasonably certain to be exercised. The lease receivable is reduced by the principal portion of lease payments received or earned.

The deferred inflow of resources is measured as the initial amount of the lease receivable and is recognized as lease revenue over the life of the lease term. Key estimates include the discount rate used to measure the present value of expected lease payments, the lease term, and lease payments received or earned. The District uses the interest rate stated in the lease agreement, if available. When a stated rate is not available or practicable to determine, the District uses an appropriate discount rate consistent with GASB 87.

Management monitors changes in circumstances that would require remeasurement of its lease agreements and remeasures the lease receivable and deferred inflow of resources if changes occur that are expected to significantly affect the amount of the lease receivable. The District had no lessor lease receivables or deferred inflows of resources as of September 30, 2025.

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2  
CITY OF ST. GEORGE  
PARISH OF EAST BATON ROUGE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2025

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Lessee Leases and SBITA

The District recognizes a liability and a right-of-use asset in the financial statements for lease property and equipment and subscription-based IT arrangements that have a term greater than one year and for which have an individual value that is material to the financial statements. At commencement of the lease or contract, the District initially measures the liability at the present value of payments expected to be made during the term of the agreement. The liability is reduced by the principal portion of payments made. The right-of-use asset is initially measured as the initial amount of the lease or SBITA liability, adjusted for payments made at or before commencement of the agreement, plus certain initial direct costs. Outlays during the initial implementation stage of the SBITA development are included in the SBITA right-of-use asset. Lease and SBITA right-of-use assets are amortized on a straight-line basis over the term of the agreement. Key estimates include the discount rate used to measure the present value of expected lease payments, the term of the lease, and payments. The District uses the interest rate stated in the lease or SBITA agreement. When an interest rate is not provided, the District uses its estimated incremental borrowing rate as the discount rate for determining present value of expected lease payments. The lease or SBITA term includes the noncancellable term of the lease agreement and optional renewal periods that management determines are reasonably certain to be exercised. Management monitors changes in circumstances that would require a remeasurement of its lease and SBITA agreements and will remeasure the right-of-use asset and liability if changes occur that are expected to significantly affect the financial statements. Lease and SBITA right-of-use assets are reported as capital assets, and lease and SBITA liabilities are reported as long-term debt on the statement of net position.

F. Use of Estimates

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

G. Cash and Cash Equivalents

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

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

H. Deferred Outflows/Inflows of Resources

The Statement of Net Position reports deferred outflows of resources and deferred inflows of resources in separate sections. Deferred outflows of resources represent a consumption of net assets by the government that is applicable to a future reporting period, while deferred inflows of resources represent an acquisition of net assets by the government that is applicable to a future reporting period. Governmental fund balance sheets report deferred inflows of resources for unavailable revenues, which represent amounts that are not considered available for spending because they are not expected to be collected within the availability period.

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2  
CITY OF ST. GEORGE  
PARISH OF EAST BATON ROUGE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2025

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

I. Compensated Absences

District employees earn vacation leave based on years of service and employee classification, with annual accrual rates ranging from 160 to 360 hours. Employees begin accruing vacation after completing one year of service, with first-year hours prorated from the anniversary date through year-end; thereafter, vacation is earned annually. Unused vacation leave accumulates and is paid upon termination. In addition, eligible employees may earn compensatory leave in lieu of cash payment for overtime, subject to approval by the Fire Chief. Compensatory leave may be used as paid time off and is paid upon termination for earned and unused balances.

In accordance with GASB Statement No. 101, *Compensated Absences*, the District recognizes a liability for compensated absences to the extent the leave is attributable to services already rendered, accumulates, and is more likely than not to be used or paid. Accordingly, the District records a liability for earned and unused vacation and approved compensatory leave, measured using employees' current rates of pay, including related salary-based payments, as applicable. The portion expected to be liquidated with expendable available financial resources is reported in the governmental fund, with the remainder reported as a long-term liability in the government-wide financial statements. Sick leave is provided in accordance with LSA-R.S. 33:1995 and allows eligible employees to receive up to 52 weeks of paid sick leave per year for qualifying illness or injury, subject to approval and documentation. Because this sick leave does not accumulate or vest and is payable only upon occurrence of a qualifying event, the cost is recognized as an expenditure when leave is taken.

J. Revenues

*General revenues*

Property taxes and the service charges are assessed each calendar year and are recorded on the modified accrual basis and, therefore, recorded when they are both measurable and available. These revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the fiscal year. The calendar of events for the 2024, ad valorem tax calendar was as follows:

	Service charges and Ad valorem taxes
Assessment date	January 1, 2024
Levy date	August 22, 2024
Tax roll completed by	November 15, 2024
Collection date	December 31, 2024

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

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2  
CITY OF ST. GEORGE  
PARISH OF EAST BATON ROUGE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2025

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

J. Revenues (continued)

*Program Revenues*

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

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

K. Expenditures

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

L. Other Financing Sources (Uses)

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

M. Capital Assets

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

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

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

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2  
CITY OF ST. GEORGE  
PARISH OF EAST BATON ROUGE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2025

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

N. **Budget Practices**

The proposed budget for 2024 - 2025 was made available for public inspection on September 7, 2024. The proposed budget, prepared on the modified accrual basis of accounting, was published in the official journal at least (10) days prior to the public hearing, which was held at the St. George Fire Station on 14100 Airline Highway on September 19, 2024, for comments from taxpayers. The budget is legally adopted and amended, as necessary, by the Board of Commissioners.

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

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

O. **Equity Classifications**

**Government-Wide Statements:**

1. Net investment in capital assets - Consists of net capital assets reduced by the outstanding balance of any related debt obligations and deferred inflows of resources and increased by any balances of unspent debt proceeds deferred outflows of resources attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net position - Net position is considered restricted if their use is constrained to a particular purpose. Restrictions can be imposed by either external organization such as creditors (such as debt covenants), grants, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted net position is reduced by liabilities and deferred inflows of resource related to the restricted assets.
3. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

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

**Fund Financial Statements:**

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

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

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2  
CITY OF ST. GEORGE  
PARISH OF EAST BATON ROUGE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2025

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

O. **Equity Classifications** (continued)

**Fund Financial Statements** (continued):

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

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

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

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

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

P. **Total Other Post-Employment Benefits Liability (OPEB)**

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

Q. **Pension Plans**

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

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2  
CITY OF ST. GEORGE  
PARISH OF EAST BATON ROUGE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2025

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

R. Adoption of New Accounting Standard

The District adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement 101, *Compensated Absences*. This Statement requires governments to accrue a liability for compensated absences leave that has not been used if all of the following are true (1) The leave attributable to services already rendered; (2) The leave accumulates; and (3) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through non-cash means. The implementation of GASB Statement 101 did not have a significant impact on the District’s financial statements in the current fiscal year.

The District adopted GASB Statement No. 102, *Certain Risk Disclosures*, which requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units vulnerable to the risk of a substantial financial impact. If certain criteria are met, the concentration or constraint needs to be disclosed in the notes to the financial statements. This Statement had no effect to the District’s financial statements for the year ended September 30, 2025.

**2. CASH AND DEPOSITS WITH FINANCIAL INSTITUTIONS**

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

*Custodial credit risk* is the risk that in the event of a bank failure, the District's deposits may not be returned. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. As of September 30, 2025, St. George Fire District No. 2’s bank balance totaled \$13,137,547. Of this balance, \$312,155 was insured by federal deposit insurance and the remaining \$12,825,392 was collateralized with securities held by the pledging financial institutions’ trust department or agent in the District’s name.

**3. LEVIED TAXES AND CHARGES**

The following table details each of the District’s 2024 assessment roll’s ad valorem tax millage rates, levied millage and expiration date of each along with the assessed service charge and expiration date.

	Authorized Millage/Rate	Levied Millage	Expiration Date
Ad valorem taxes			
General operations	4.00	4.00	2033
General operations	6.00	6.00	2027
General operations	2.00	2.00	2034
General operations	4.00	4.00	2032
For salaries and related benefits	1.25	1.25	2031
General operations and capital improvements	1.25	1.25	2034
Capital improvements and debt service	1.50	1.50	2031
Service charge (maximum rate) per structure	\$32.00		2031

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2  
CITY OF ST. GEORGE  
PARISH OF EAST BATON ROUGE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2025

**4. CAPITAL ASSETS**

Capital assets as of September 30, 2025 are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 2,775,113	\$ 350,000	\$ -	\$ 3,125,113
Construction in progress	3,816	-	(3,816)	-
Total non-depreciable	<u>2,778,929</u>	<u>350,000</u>	<u>(3,816)</u>	<u>3,125,113</u>
Land improvements	6,298	-	-	6,298
Building	28,742,407	103,050	-	28,845,457
Furniture and appliances	353,457	-	-	353,457
Vehicle	1,638,740	31,923	-	1,670,663
Equipment	19,309,377	2,422,760	-	21,732,137
Total depreciable	<u>50,050,279</u>	<u>2,557,733</u>	<u>-</u>	<u>52,608,012</u>
Land improvements	(455)	(420)	-	(875)
Building	(5,122,586)	(713,536)	-	(5,836,122)
Furniture and appliances	(264,337)	(27,988)	-	(292,325)
Vehicle	(1,064,215)	(154,261)	-	(1,218,476)
Equipment	(9,526,478)	(1,588,313)	-	(11,114,791)
Accumulated depreciation	<u>(15,978,071)</u>	<u>(2,484,518)</u>	<u>-</u>	<u>(18,462,589)</u>
Net depreciable capital asset:	<u>34,072,208</u>	<u>73,215</u>	<u>-</u>	<u>34,145,423</u>
Right of use leased assets				
Building	349,571	120,873	-	470,444
Equipment	605,698	-	-	605,698
Accumulated amortization for leased assets				
Building	(11,652)	(94,089)	-	(105,741)
Equipment	(29,681)	(121,140)	-	(150,821)
Net amortized leased assets	<u>913,936</u>	<u>(94,356)</u>	<u>-</u>	<u>819,580</u>
Right of use SBITA assets				
SBITA	53,385	-	-	53,385
Accumulated amortization for SBITA assets				
SBITA	(16,905)	(10,677)	-	(27,582)
Net amortized SBITA assets	<u>36,480</u>	<u>(10,677)</u>	<u>-</u>	<u>25,803</u>
Capital assets, net	<u>\$ 37,801,553</u>	<u>\$ 318,182</u>	<u>\$ (3,816)</u>	<u>\$ 38,115,919</u>

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2  
CITY OF ST. GEORGE  
PARISH OF EAST BATON ROUGE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2025

**5. SHORT-TERM DEBT**

The District borrowed money during the year to finance expenditures for the general operations that are budgeted evenly throughout the year, which are expected to be paid with ad-valorem taxes and service fees. The borrowing was advanced to the District through a certificate of indebtedness bearing interest at 6.50%.

Short-term debt activity for the year ended September 30, 2025, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Certificate of indebtedness	\$ 10,000,000	\$ 12,500,000	\$ 10,000,000	\$ 12,500,000

**6. LONG-TERM LIABILITIES**

The following is a summary of the long-term obligations during the year ended September 30, 2025:

	Beginning Balance (Restated)	Additions	Deletions	Ending Balance	Amounts Due Within One Year
<u>Government Activities</u>					
Compensated absences <sup>1</sup>	\$ 3,711,140	\$ 377,758	\$ -	\$ 4,088,898	\$ 1,619,088
Direct placement debt:					
Retirement payoff loan	714,911	-	20,058	694,853	21,562
Construction loan	12,300,000	-	930,000	11,370,000	970,000
Financed equipment liabilities:					
Fire Vehicles	5,648,535	1,631,152	883,882	6,395,805	1,103,629
Medical Equipment	23,322	184,319	60,186	147,455	56,472
Lease liabilities	825,736	105,557	167,812	763,481	180,804
SBITA liability	26,069	-	8,157	17,912	8,679
	<u>\$ 23,249,713</u>	<u>\$ 2,298,786</u>	<u>\$ 2,070,095</u>	<u>\$ 23,478,404</u>	<u>\$ 3,960,234</u>

<sup>1</sup> Compensated absences change is reported net

**Direct Placement Debt:**

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

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2  
CITY OF ST. GEORGE  
PARISH OF EAST BATON ROUGE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2025

**6. LONG-TERM LIABILITIES** (continued)

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

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

A financed equipment loan was obtained on October 30, 2024 to purchase a fire truck in the amount of \$1,631,152 with an interest rate of 5.47% and 7 annual payments starting in October 2025 of \$286,716.

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

A financed equipment loan was obtained on March 21, 2025 to purchase medical equipment in the amount of \$184,319 with a 20% downpayment of \$36,864 with an interest rate of 0% and 47 monthly payments of approximately \$3,137.

The District entered into a subscription-based information technology arrangement (SBITA) involving fleet management software. Pursuant to GASB Statement 96, *Subscription-Based Information Technology Arrangements*, the District has recorded a subscription asset and liability for future payment. The total of the District's subscription asset is recorded at a cost of \$53,385, less accumulated amortization of \$27,582, for a net SBITA asset of \$25,803 at September 30, 2025. A one-time implementation fee of \$9,825 was capitalized as part of the SBITA asset. The subscription liability, recorded at present value using a discount rate of 6.40%, is \$17,912 as of September 30, 2025.

The District leases an office building and equipment to conduct administrative activities. The lease agreements consist of buildings, bundle of computer equipment and hardware, and copy machines. All agreements require monthly payments and have initial terms of 5 years with varying expiration dates. In accordance with GASB Statement 87, *Leases*, a liability has been recorded for the present value of lease payments over the lease terms. As of September 30, 2025, the lease liability was \$763,481. Discount rates between 3.31% and 6.67% were used to determine the present value of the lease payments. Variable payments such as reimbursable costs and equipment usage were not considered in determining the lease liability. As of September 30, 2025, the recorded value of the right-of-use asset for leased equipment was \$605,698, off-set by accumulated amortization of \$150,821. The recorded value of the right-of-use asset for leased buildings was \$470,444, offset by \$105,741 in accumulated amortization. Upfront costs to renovate the office building for use were included in the right-of-use asset.

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2  
CITY OF ST. GEORGE  
PARISH OF EAST BATON ROUGE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2025

**6. LONG-TERM LIABILITIES** (continued)

The annual principal and interest payments on loans and financed equipment liability outstanding at September 30, 2025, are as follows:

Year Ending	Principal Payments			Interest			Total
	Loans	Financed Equipment	Total	Loans	Financed Equipment	Total	
2026	\$ 991,562	\$ 1,160,101	\$ 2,151,663	\$ 442,802	\$ 209,191	\$ 651,993	\$ 2,803,656
2027	1,023,179	1,174,895	2,198,074	405,913	175,573	581,486	2,779,560
2028	1,059,784	1,209,677	2,269,461	367,780	140,789	508,569	2,778,030
2029	1,101,776	1,223,712	2,325,488	327,913	104,794	432,707	2,758,195
2030	1,138,785	1,245,282	2,384,067	286,685	67,537	354,222	2,738,289
2031-2035	5,039,731	529,593	5,569,324	734,898	43,839	778,737	6,348,061
2036-2040	1,578,028	-	1,578,028	134,076	-	134,076	1,712,104
2041-2042	132,008	-	132,008	15,031	-	15,031	147,039
	<u>\$ 12,064,853</u>	<u>\$ 6,543,260</u>	<u>\$ 18,608,113</u>	<u>\$ 2,715,098</u>	<u>\$ 741,723</u>	<u>\$ 3,456,821</u>	<u>\$ 22,064,934</u>

The annual principal and interest payments on leases and SBITA liability outstanding at September 30, 2025, are as follows:

Year Ending	Principal Payments			Interest			Total
	Leases	SBITAs	Total	Leases	SBITAs	Total	
2026	\$ 180,804	\$ 8,679	\$ 189,483	\$ 44,693	\$ 1,051	\$ 45,744	\$ 235,227
2027	195,369	9,233	204,602	32,668	542	33,210	237,812
2028	197,032	-	197,032	19,904	-	19,904	216,936
2029	190,276	-	190,276	6,314	-	6,314	196,590
	<u>\$ 763,481</u>	<u>\$ 17,912</u>	<u>\$ 781,393</u>	<u>\$ 103,579</u>	<u>\$ 1,593</u>	<u>\$ 105,172</u>	<u>\$ 886,565</u>

**7. PENSION PLANS**

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

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

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2  
CITY OF ST. GEORGE  
PARISH OF EAST BATON ROUGE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2025

7. **PENSION PLANS** (continued)

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

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

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

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

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

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

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

<sup>2</sup> Calculation varies depending if hired before 9/1/15 or after 9/1/15

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

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

<sup>5</sup> NSP = non-public safety and PS = public safety

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2  
CITY OF ST. GEORGE  
PARISH OF EAST BATON ROUGE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2025

7. **PENSION PLANS** (continued)

**Contributions**

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

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

Contributions to the plans are required and determined and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended September 30, 2025, for the District and covered employees were as follows:

	District	Employees
Firefighters' Retirement System (FRS)		
Employees receiving compensation above poverty guidelines of US Department of Health	33.25%	10.00%
Employees receiving compensation below poverty guidelines of US Department of Health	35.25%	8.00%
City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System (CPERS)	37.41%	9.50%

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

	2025	2024
Firefighters' Retirement System	\$ 5,935,494	\$ 4,979,792
City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System	48,050	44,103

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

The following schedule lists the District’s proportionate share of the Net Pension Liability allocated by each of the pension plans based on the June 30, 2025 for FRS and December 31, 2024 for CPERS, measurement date of the liability for each plan. The District uses this measurement to record its Net Pension Liability and associated amounts as of September 30, 2025, in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2025 for FRS and December 31, 2024 for CPERS, along with the change compared to the prior year measurement rates for each plan. The District’s proportion of the Net Pension Liability was based on a projection of the District’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2  
CITY OF ST. GEORGE  
PARISH OF EAST BATON ROUGE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2025

7. **PENSION PLANS** (continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (continued)

	Measurement date (MD)	Net Pension Liability at MD	Proportionate Rate at MD	Increase (Decrease) compared to prior year MD
Firefighters' Retirement System City of Baton Rouge and Parish of East Baton Rouge	6/30/2025	\$ 23,146,284	5.4952%	0.5795%
Employees' Retirement System	12/31/2024	<u>657,379</u>	0.0807%	0.0122%
Total		<u>\$ 23,803,663</u>		

The following schedule list each pension plan's proportionate share of recognized pension expense for the District for the year ended September 30, 2025:

	<u>Total expenses</u>
Firefighters' Retirement System	\$ 4,698,177
City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System	<u>118,733</u>
	<u>\$ 4,816,910</u>

The District recognized its proportionate share of the ad-valorem tax withheld by the Sheriff from taxing districts that was paid to CPERS and insurance premium taxes on fire insurance collected by the Louisiana Department of Insurance paid to FRS. The revenue was recognized in the amount of \$1,915,222.

At September 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to each pension plan and total from the following sources:

Deferred outflows	FRS	CPERS	Total
Differences between expected and actual experience	\$ 2,964,074	\$ 21,126	\$ 2,985,200
Changes of assumptions	1,055,299	24,095	1,079,394
Net difference between projected and actual earnings on pension plan investments	-	56,064	56,064
Changes in Proportion	4,525,386	76,013	4,601,399
Differences between employer contributions and proportionate share of contributions	18,945	236	19,181
Employer contributions subsequent to the measurement date	1,556,504	35,227	1,591,731
Total	<u>\$ 10,120,208</u>	<u>\$ 212,761</u>	<u>\$ 10,332,969</u>
Deferred Inflows	FRS	CPERS	Total
Differences between expected and actual experience	\$ (417,595)	\$ -	\$ (417,595)
Changes of assumptions	-	-	-
Net difference between projected and actual earnings on pension plan investments	(4,325,348)	-	(4,325,348)
Changes in Proportion	(1,161,542)	-	(1,161,542)
Differences between employer contributions and proportionate share of contributions	(25,756)	(3,381)	(29,137)
Total	<u>\$ (5,930,241)</u>	<u>\$ (3,381)</u>	<u>\$ (5,933,622)</u>

The amount reported in the above table totaling \$1,591,731 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2025, for FRS and December 31, 2024 for CPERS, will be recognized as a reduction in Net Pension Liability in the year ended September 30, 2026.

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2  
CITY OF ST. GEORGE  
PARISH OF EAST BATON ROUGE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2025

**7. PENSION PLANS** (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	FRS	CPERS	Total
2026	\$ 3,600,410	\$ 68,887	\$ 3,669,297
2027	(1,172,047)	76,587	(1,095,460)
2028	(1,152,437)	29,088	(1,123,349)
2029	(381,663)	(409)	(382,072)
2030	1,078,769	-	1,078,769
2031	660,431	-	660,431
	<u>\$ 2,633,463</u>	<u>\$ 174,153</u>	<u>\$ 2,807,616</u>

A summary of the actuarial methods and assumptions used in determining the total pension liability for each pension plan as of September 30, 2025, are as follows:

	FRS	CPERS
<b>Valuation Date</b>	June 30, 2025	January 1, 2024
<b>Actuarial Cost Method</b>	Entry Age Normal Cost	Entry Age Normal Cost
<b>Actuarial Assumptions:</b>		
<b>Expected Remaining</b>		
<b>Service Lives</b>	7 years	4 years
<b>Investment Rate of Return</b>	6.90%	7.00%
<b>Inflation Rate</b>	2.50%	2.25%
<b>Mortality</b>	<ul style="list-style-type: none"> <li>• For active members, mortality was set equal to the Pub-2016 Public Retirement Plans Mortality Table for Safety Below-Median Employees.</li> <li>• For annuitants and beneficiaries, mortality was set equal to the Pub-2016 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees.</li> <li>• For disabled retirees, mortality was set equal to the Pub-2016 Public Retirement Plans Mortality Table for Safety Disabled Retirees.</li> <li>• In all cases the base table was multiplied by 110% for males and 110% for females, each with full generational projection using the appropriate MP-2021 scale.</li> </ul>	<ul style="list-style-type: none"> <li>Healthy, Active - PubG-2010 Male/Female Employees; PubS-2010 (Below Median) Male/Female Employees, Generational with MP-2021 using a base year of 2019</li> <li>Healthy, Inactive - PubG-2010 Male/Female Healthy Retirees, PubS-2010 (Below Median) Male/Female Healthy Retirees, Generational with MP-2021 using a base year of 2019</li> <li>Disabled - PubG-2010 Male/Female Disabled Retirees, PubS-2010 (Below Median) Male/Female Disabled Retirees, Generational with MP-2021 using a base year of 2019</li> </ul>
<b>Salary Increases</b>	14.50% in the first two years of service and 5.00% with 3 or more years of service	BREC/Regular with <1 year of service ranges from 2.50% to 5.25% based on age BREC/Regular with 1+ year of service ranges from 0.50% to 6.90% based on age Fire/Police with <1 years of service ranges from 17.00% to 17.50% based on age Fire/Police with 1+ years of service ranges from 1.70% to 7.75% based on age
<b>Cost of Living Adjustments</b>	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.	None

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2  
 CITY OF ST. GEORGE  
 PARISH OF EAST BATON ROUGE, LOUISIANA  
 NOTES TO THE FINANCIAL STATEMENTS  
 AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2025

7. **PENSION PLANS** (continued)

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

FRS	CPERS
<p>The June 30, 2025, 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 Curran Actuarial Consulting average study. 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 several 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 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 target asset allocation changed slightly from June 30, 2024 to June 30, 2025. The System’s long-term assumed rate of inflation of 2.50% was used in this process for the fiscal year ended June 30, 2025</p> <p>The long-term expected real rate of return is an important input into the actuary’s determination of the reasonable range for the discount rate which is used in determining the total pension liability. The actuary’s method incorporates information from multiple consultants and investments firms regarding future expected rates of return, standard deviations, and correlation coefficients for each asset class. The process integrates data from multiple sources to produce average values thereby reducing reliance on a single data source.</p>	<p>The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These expected future real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.</p>

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2  
CITY OF ST. GEORGE  
PARISH OF EAST BATON ROUGE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2025

**7. PENSION PLANS** (continued)

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

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
	FRS	CPERS	FRS	CPERS
US Equity	27.00%	34.50%	6.23%	7.50%
Non-US Equity	11.00%	15.50%	6.36%	8.50%
Global Equity	10.00%	-	6.50%	-
Emerging Market Equity	4.00%	-	8.26%	-
US Core Fixed Income	23.00%	-	2.09%	-
U.S. TIPS	2.00%	-	2.00%	-
Emerging Market Debt	2.00%	-	4.05%	-
Global Multisector Fixed Income	5.00%	-	2.34%	-
Real estate	4.00%	15.00%	4.85%	4.50%
Alternative Assets	-	5.00%	-	5.66%
Private equity	9.00%	-	9.77%	-
Domestic bonds	-	25.00%	-	2.50%
International bonds	-	5.00%	-	3.50%
Real Assets	3.00%	-	5.93%	-
Total	<u>100.00%</u>	<u>100.00%</u>		

**Discount Rate**

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

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2  
CITY OF ST. GEORGE  
PARISH OF EAST BATON ROUGE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2025

**7. PENSION PLANS** (continued)

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

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
FRS			
Rates	5.9%	6.9%	7.9%
District's Share of NPL	\$ 44,661,165	\$ 23,146,284	\$ 5,211,539
CPERS			
Rates	6.0%	7.0%	8.0%
District's Share of NPL	\$ 810,608	\$ 657,379	\$ 528,407

The District recorded an accrued liability to the Firefighters Retirement Systems for the year ended September 30, 2025, mainly due to the accrual for payroll at the end of the fiscal year. The amount due is included in liabilities under the amounts reported as salaries and benefits payable. The balance due to each of the retirement systems at September 30, 2025 is as follows:

FRS	\$ 852,325
CPERS	-
	<u>\$ 852,325</u>

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

**8. OTHER POST-EMPLOYMENT BENEFITS**

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

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

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

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2  
CITY OF ST. GEORGE  
PARISH OF EAST BATON ROUGE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2025

**8. OTHER POST-EMPLOYMENT BENEFITS** (continued)

As of October 1, 2023, the actuarial valuation date, the following participants were covered by the plan:

Retirees and surviving spouses	35
Active participants	219
	254
	254

**Changes in the Total OPEB Liability**

Balance at September 30, 2024	\$ 22,091,709
Changes for the year:	
Service cost	612,842
Interest costs	921,805
Difference between expected and actual experience	133,362
Changes in assumption and other inputs	(1,631,075)
Benefit payments	(924,142)
Net changes	(887,208)
Balance at September 30, 2025	\$ 21,204,501

*Actuarial assumptions-* The total OPEB liability as of September 30, 2025 was based on an actuarial valuation as of October 1, 2023, using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Cost method	Entry age	
Valuation date	October 1, 2023	
Inflation	2.57%	
Salary increases	3.50%	
Discount rate	4.50% S&P Municipal Bond High Grade Rate Index, increased from prior year of 4.06%	
Healthcare cost trend rates	Initial rate 10%, Ultimate rate 4% grading period 5 years	
Mortality	RP 2014 Table projected to 2021 with scale BB	
Withdrawal rates		
	Years of service	Rate
	<1	10.0%
	1 - 3	6.0%
	4 - 6	3.5%
	7-10	2.0%
	>10	1.0%

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2  
CITY OF ST. GEORGE  
PARISH OF EAST BATON ROUGE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2025

**8. OTHER POST-EMPLOYMENT BENEFITS** (continued)

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

	1.0% Decrease 3.50%	Current discount rate 4.50%	1.0% Increase 5.50%
Total OPEB liability	\$ 24,762,616	\$ 21,204,501	\$ 18,339,773

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

	1% Decrease	Current healthcare cost trend rate Initial 10%, Ultimate 4.00%	1% Increase
Total OPEB liability	\$ 18,750,137	\$ 21,204,501	\$ 24,917,409

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

For the year ended September 30, 2025, the District recognized an OPEB expense of \$1,132,983 and reported deferred outflows of resources and deferred inflows of resources related to OPEB for the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,971,263	\$ (939,963)
Changes in assumptions and other inputs	5,053,848	(10,782,036)
	\$ 8,025,111	\$ (11,721,999)

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

Year ending September 30:	
2026	\$ (401,665)
2027	(401,665)
2028	(401,665)
2029	(401,667)
2030	(401,667)
Thereafter	(1,688,559)
	\$ (3,696,888)

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2  
CITY OF ST. GEORGE  
PARISH OF EAST BATON ROUGE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2025

**9. ON BEHALF PAYMENTS:**

The full-time firefighters of the fire department receive supplemental pay from the State of Louisiana under the provisions of L.R.S. 40:1666.1. Each full-time firefighter after their second year of service, received \$600 per month. These supplemental state funds are paid directly to the firefighters, and do not pass through the fire department, they are included in total salaries and as revenue. The total amount received by the qualified full-time firefighters was \$1,368,520.

**10. LITIGATION**

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

The District is subject to a potential claim. Management, in consultation with legal counsel, believes an unfavorable outcome is remote; therefore, no liability has been recorded. If an unfavorable outcome were to occur, the potential loss could be up to approximately \$2,000,000. Insurance may cover a portion of any loss; however, the amount of coverage is not reasonably estimable.

**11. PROPERTY TAX ABATEMENT**

The Louisiana Industrial Tax Exemption Program (Louisiana Administrative Code, Title 13, Chapter 5) is a state incentive program which abates, up to ten years, local ad valorem taxes on a manufacturer's new investment and annual capitalized additions related to the manufacturing site. Application to exempt qualified property for five years are approved by the Board of Commerce and Industry. For the fiscal year ended September 30, 2025, \$32,433 of the District's ad valorem tax revenues was abated by the state of Louisiana through this program.

**12. BOARD OF COMMISSIONERS**

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

Darrell P Ourso	President
David Carnes	Secretary
Jim Morgan	Board Member
Chris Rosendahl	Board Member
Johnny R Suchy	Board Member

**13. GRANTS FROM OTHER GOVERNMENTAL UNITS OR CONTRIBUTIONS**

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

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2  
CITY OF ST. GEORGE  
PARISH OF EAST BATON ROUGE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2025

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

On December 27, 2024, the District was granted \$350,000 from the State of Louisiana under House Bill No. 782 for the purpose of acquiring land. In addition, the District recorded \$49,064 in revenue in the current year to recognize assistance provided to governments in North Carolina after Hurricane Helene; however this balance was offset by recording a deferred inflow of unavailable revenue for \$77,765 for assistance provided in the prior year and not yet collected.

**14. DEFICIT FUND BALANCE**

The General Fund’s increase in fund balance resulted from an increase in property tax revenue of \$3,802,763 and an increase in federal grant revenue of \$931,847. Additionally, the District recognized other financing sources of \$1,921,028 from the issuance of a new lease agreement and the issuance of a financed equipment liability. The current year change in fund balance of \$2,116,714 is an increase of \$702,034 over the prior year change in fund balance deficit of \$1,414,680. The District intends to eliminate the deficit fund balance in future years through continued expenditure controls and conservative budgeting, with the subsequent fiscal year’s adopted budget projecting an operating surplus of \$2.2 million.

**15. RESTATEMENT OF NET POSITION**

During the year ended September 30, 2025, the District identified errors in the previously issued financial statements related to the measurement of compensated absences. Specifically, the accumulated compensated absences liability was understated due to errors in the completeness of accumulated leave balances for certain employees and the rates used to calculate the related liability. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections*, the correction of these errors is reported as a prior-period adjustment, and the beginning net position for the affected period has been restated.

	Government-Wide
	<u>Net Position</u>
Net position (deficit) at September 30, 2024, as previously presented	\$ (35,051,119)
Adjustment to compensated absences liability	<u>(856,109)</u>
Net position (deficit) at September 30, 2024, as restated	<u>\$ (35,907,228)</u>

The effect of this error correction resulted in a decrease in net position of \$856,109. The correction resulted in a decrease in previously reported change in net position of \$599,558 for the year ended September 30, 2024, and \$256,551 for the year ended September 30, 2023.

**16. FUTURE ACCOUNTING CHANGES**

Following is a summary of accounting standards adopted by the Governmental Accounting Standards Board (GASB) that are scheduled to be implemented in the future that may affect the District’s annual financial report:

The Governmental Accounting Standards Board issued GASB Statement No. 103, *Financial Reporting Model Improvements*. This statement establishes new accounting and financial reporting requirements - or modifies existing requirements - related to the following: (a) management's discussion and analysis, (b) unusual or infrequent items, (c) presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position, (d) information about major component units in basic financial statements, (e) budgetary comparison information and (f) financial trends information in the statistical section. The requirements of this statement are effective for fiscal years beginning after June 15, 2025. The District will implement for the fiscal year September 30, 2026.

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2  
CITY OF ST. GEORGE  
PARISH OF EAST BATON ROUGE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2025

**16. FUTURE ACCOUNTING CHANGES** (continued)

The Governmental Accounting Standards Board issued GASB Statement 104, *Disclosure of Certain Capital Assets*. This statement, requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by GASB Statement 34, including leases and subscription-based information technology arrangements. This Statement also requires additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. The District will implement for the fiscal year September 30, 2026.

GASB Statement No. 105, *Subsequent Events*, issued in December 2025, significantly updates guidance for subsequent events, defining them as events after year-end but before financial statements are issued, clarifying recognized vs. nonrecognized events, and requiring disclosure of the date events were evaluated, aiming to improve consistency and user understanding. It supersedes older rules (like parts of Statement 56), modifies other GASB pronouncements, and is effective for fiscal years starting after June 15, 2026.

REQUIRED SUPPLEMENTAL INFORMATION – PART II

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

FOR THE YEAR ENDED SEPTEMBER 30, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH BUDGET POSITIVE (NEGATIVE)
<b>REVENUES:</b>				
Ad valorem taxes	\$ 35,238,500	\$ 36,517,828	\$ 36,616,775	\$ 98,947
Service charges	1,326,000	1,334,344	1,341,865	7,521
State revenue sharing	369,930	369,664	369,664	-
Fire insurance tax	773,300	680,276	680,276	-
Supplemental pay	-	1,345,000	1,368,520	23,520
Federal grants	1,002,000	1,493,973	1,475,788	(18,185)
State and other grants	-	600,000	321,299	(278,701)
Lease income	-	82,006	73,290	(8,716)
Interest income	350,000	522,224	530,835	8,611
Miscellaneous	410,000	21,504	16,504	(5,000)
Total revenues	<u>39,469,730</u>	<u>42,966,819</u>	<u>42,794,816</u>	<u>(172,003)</u>
<b>EXPENDITURES:</b>				
Current:				
Public safety - fire protection:				
Personnel services and related benefits	25,218,720	27,986,114	28,887,106	(900,992)
Contractual services	1,850,800	2,283,314	2,249,478	33,836
Insurance	1,044,000	1,082,185	1,086,468	(4,283)
Legal and professional	306,000	353,893	417,286	(63,393)
Office supplies	254,240	151,289	185,900	(34,611)
Repairs and maintenance	746,700	865,907	839,425	26,482
Supplies	1,786,160	1,245,584	1,443,336	(197,752)
Telecommunications	461,430	523,501	521,078	2,423
Training	315,300	422,407	404,579	17,828
Utilities	375,480	429,582	431,447	(1,865)
Capital outlay	725,000	3,006,143	3,024,790	(18,647)
Debt service	3,106,180	2,794,718	3,108,237	(313,519)
Total expenditures	<u>36,190,010</u>	<u>41,144,637</u>	<u>42,599,130</u>	<u>(1,454,493)</u>
Excess of revenues over expenditures	3,279,720	1,822,182	195,686	(1,626,496)
Other financing sources:				
Proceeds from issuance of lease agreements	-	105,557	105,557	-
Proceeds from issuance of financed equipment liability	-	1,815,470	1,815,471	1
Total other financing sources	<u>-</u>	<u>1,921,027</u>	<u>1,921,028</u>	<u>1</u>
Net change in fund balance	3,279,720	3,743,209	2,116,714	(1,626,495)
Fund balance (deficit):				
Beginning of the year	<u>(2,993,209)</u>	<u>(2,993,209)</u>	<u>(2,993,209)</u>	<u>-</u>
End of the year	<u>\$ 286,511</u>	<u>\$ 750,000</u>	<u>\$ (876,495)</u>	<u>\$ (1,626,495)</u>

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

Notes to Required Supplementary Information  
Budget and Actual  
For the Year Ended September 30, 2025

**Budgetary Process**

The proposed budget for 2024 - 2025 was made available for public inspection on September 7, 2024. The proposed budget, prepared on the modified accrual basis of accounting, was published in the official journal at least 10 days prior to the public hearing, which was held at the St. George Fire Station on 14100 Airline Highway on September 19, 2024, for the comments from taxpayers. The budget is legally adopted and amended, as necessary, by the Board of Commissioners.

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

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

**Revenues and Expenditures Exceeding Appropriations**

Revenues and expenditures over appropriations of more than 5% on individual budget line occurred as follows:

	<u>Amended Budget</u>	<u>Actual (GAAP Basis)</u>	<u>Variance with Budget (Negative)</u>
REVENUES:			
State and other grants	\$ 600,000	\$ 321,299	\$ (278,701)
EXPENDITURES:			
Current:			
Public safety - fire protection:			
Legal and professional	353,893	417,286	(63,393)
Office supplies	151,289	185,900	(34,611)
Supplies	1,245,584	1,443,336	(197,752)
Debt service	2,794,718	3,108,237	(313,519)

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

SCHEDULE OF CHANGES IN TOTAL OTHER POST-EMPLOYMENT  
BENEFIT LIABILITY AND RELATED RATIOS  
YEAR ENDED SEPTEMBER 30, 2025

Financial statement reporting date	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Measurement date	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Service cost	\$ 612,842	\$ 521,268	\$ 1,154,004	\$ 800,616	\$ 773,131	\$ 694,548	\$ 959,855	\$ 1,001,614
Interest	921,805	961,575	919,906	612,653	554,496	619,995	791,297	683,476
Difference between actual and expected experience	133,362	(452,118)	8,973	4,054,902	51,780	(803,772)	(163,946)	(12,211)
Changes of assumptions or other inputs	(1,631,075)	2,556,276	(304,242)	(11,132,677)	(942,898)	1,522,230	3,736,708	(1,542,952)
Benefit payments	(924,142)	(718,891)	(686,269)	(615,724)	(456,267)	(303,286)	(281,321)	(194,786)
Net change in total OPEB liability	<u>(887,208)</u>	<u>2,868,110</u>	<u>1,092,372</u>	<u>(6,280,230)</u>	<u>(19,758)</u>	<u>1,729,715</u>	<u>5,042,593</u>	<u>(64,859)</u>
Total OPEB liability - beginning	<u>22,091,709</u>	<u>19,223,599</u>	<u>18,131,227</u>	<u>24,411,457</u>	<u>24,431,215</u>	<u>22,701,500</u>	<u>17,658,907</u>	<u>17,723,766</u>
Total OPEB liability - ending	<u>\$ 21,204,501</u>	<u>\$ 22,091,709</u>	<u>\$ 19,223,599</u>	<u>\$ 18,131,227</u>	<u>\$ 24,411,457</u>	<u>\$ 24,431,215</u>	<u>\$ 22,701,500</u>	<u>\$ 17,658,907</u>
Covered employee payroll	\$ 15,789,675	\$ 15,255,725	\$ 11,358,210	\$ 10,974,116	\$ 10,934,909	\$ 10,565,129	\$ 12,019,920	\$ 12,019,920
Total OPEB liability as a percentage of covered payroll	134.29%	144.81%	169.25%	165.22%	223.24%	231.24%	188.87%	146.91%

**Notes to Schedule:**

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

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

*Changes of Assumptions.*

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

Measurement Date	Discount rates		Inflation rates	
	Rate	Change	Rate	Change
9/30/2025	4.50%	0.44%	2.57%	0.44%
9/30/2024	4.06%	-0.81%	2.13%	-0.81%
9/30/2023	4.87%	0.10%	2.94%	0.10%
9/30/2022	4.77%	2.34%	2.84%	2.34%
9/30/2021	2.43%	0.23%	0.50%	-0.50%
9/30/2020	2.20%	-0.45%	1.00%	0.00%
9/30/2019	2.65%	-1.60%	1.00%	-1.60%
9/30/2018	4.25%		2.60%	

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2  
CITY OF ST. GEORGE  
PARISH OF EAST BATON ROUGE, LOUISIANA  
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
COST SHARING PLANS ONLY  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Pension Plan	Year	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
<b>Firefighters' Retirement System (1)</b>						
	2025	5.4952%	\$ 23,146,284	\$ 16,964,078	136.4429%	86.96%
	2024	4.9157%	27,678,437	14,225,303	194.5719%	81.68%
	2023	4.6761%	30,519,811	12,547,878	243.2269%	61.66%
	2022	5.0698%	35,748,592	13,056,952	273.7897%	74.68%
	2021	4.7771%	16,929,254	11,984,225	141.2628%	86.78%
	2020	4.5739%	31,704,096	11,388,659	278.3830%	72.61%
	2019	4.4248%	27,707,643	10,699,218	258.9689%	73.96%
	2018	4.2119%	24,227,333	10,013,746	241.9408%	74.76%
	2017	3.9893%	22,866,232	9,310,574	245.5942%	73.55%
	2016	4.0056%	26,200,082	9,027,902	290.2123%	68.16%
<b>City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System (2)</b>						
	2025	0.0807%	\$ 657,379	\$ 115,801	567.6799%	61.44%
	2024	0.0685%	518,919	101,056	513.4965%	62.46%
	2023	0.0643%	487,554	90,266	540.1303%	77.69%
	2022	0.0621%	319,237	85,306	374.2257%	73.35%
	2021	0.0611%	357,052	82,737	431.5506%	68.78%
	2020	0.0598%	376,094	79,008	476.0201%	65.47%
	2019	0.0539%	395,663	70,470	561.4630%	59.36%
	2018	0.0475%	254,087	66,248	383.5391%	68.80%
	2017	0.0466%	276,894	65,152	424.9969%	64.09%
	2016	0.0427%	246,449	58,794	419.1737%	63.95%

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

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

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2  
CITY OF ST. GEORGE  
PARISH OF EAST BATON ROUGE, LOUISIANA  
SCHEDULE OF CONTRIBUTIONS TO EACH RETIREMENT SYSTEM  
COST SHARING PLANS ONLY  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Pension Plan:	Year	Contractually Required Contribution <sup>1</sup>	Contributions in Relation to Contractually Required Contribution <sup>2</sup>	Contribution Deficiency (Excess)	Covered Payroll <sup>3</sup>	Contributions as a % of Covered Payroll
<b>Firefighters' Retirement System</b>						
	2025	\$ 5,935,494	\$ 5,935,494	\$ -	\$ 17,851,117	33.25%
	2024	4,979,792	4,979,792	-	14,976,822	33.25%
	2023	4,224,071	4,224,071	-	12,692,509	33.28%
	2022	4,328,956	4,328,956	-	12,869,423	33.64%
	2021	3,960,551	3,960,551	-	12,136,067	32.63%
	2020	3,333,588	3,333,588	-	11,537,505	28.89%
	2019	2,921,448	2,921,448	-	10,892,968	26.82%
	2018	2,685,307	2,685,307	-	10,133,230	26.50%
	2017	2,431,000	2,431,000	-	9,509,337	25.56%
	2016	2,427,986	2,427,986	-	9,076,845	26.75%
<b>City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System</b>						
	2025	\$ 48,050	\$ 48,050	\$ -	\$ 125,628	38.25%
	2024	44,103	44,103	-	110,590	39.88%
	2023	37,893	37,893	-	94,927	39.92%
	2022	34,984	34,984	-	90,470	38.67%
	2021	32,378	32,378	-	85,241	37.98%
	2020	30,119	30,119	-	81,935	36.76%
	2019	27,306	27,306	-	78,359	34.85%
	2018	24,801	24,801	-	72,598	34.16%
	2017	18,615	18,615	-	56,341	33.04%
	2016	19,816	19,816	-	67,778	29.24%

**For reference only:**

<sup>1</sup> Employer contribution rate multiplied by covered payroll

<sup>2</sup> Actual employer contributions remitted to Retirement Systems

<sup>3</sup> Employer's covered employee payroll amount for the year ended September 30 of each year

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2  
CITY OF ST. GEORGE  
PARISH OF EAST BATON ROUGE, LOUISIANA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DEFINED BENEFIT PENSION PLANS - NET PENSION LIABILITY  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

**Changes in Benefit Terms Include:**

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

**Changes in Assumptions Include:**

Changes in Discount Rates:		Following includes the year that a change was made:
<u>Plan</u>		
FRS		06/30/2021 - 6.90% 06/30/2020 - 7.00%; 06/30/2019 - 7.15%; 06/30/2018 - 7.30%; 06/30/2017 - 7.40%; 06/30/2014 - 7.50%
CPERS		12/31/2019 - 7.00%; 12/31/2018 - 7.04%; 12/31/2017 - 7.25%; 12/31/2014 - 7.50%
Changes in Inflation Rates:		
<u>Plan</u>		
FRS		06/30/2019 - 2.50%; 06/30/2018 - 2.70%; 06/30/2017 - 2.775%; 06/30/2015 - 2.880% 06/30/2014 - 3.00%
CPERS		12/31/2019 - 2.25%; 12/31/2015 - 2.75%; 12/31/2014 - 3.50%
Changes in Salary Increases:		
<u>Plan</u>	<u>Measurement Date</u>	
FRS	06/30/2025	14.50% in the first two years of service and 5.00% with 3 or more years of service
	06/30/2020	14.10% in the first 2 years of service and 5.20% with 3 or more years
	06/30/2019	Vary from 14.75% in the first 2 years of service to 4.50% with 25 or more years
	06/30/2015	Vary from 15.00% in the first 2 years of service to 4.75% with 25 or more years
	06/30/2014	Vary from 15.00% in the first 2 years of service to 5.50% after 14 years
CPERS	12/31/2024	BREC/Regular with <1 year of service ranges from 2.50% to 5.25% based on age BREC/Regular with 1+ year of service ranges from 0.50% to 6.90% based on age Fire/Police with <1 years of service ranges from 17.00% to 17.50% based on age Fire/Police with 1+ years of service ranges from 1.70% to 7.75% based on age
CPERS	12/31/2020	BREC/Regular with <1 year of service ranges from 1.50% to 7.60% based on age BREC/Regular with 1+ year of service ranges from 1.55% to 7.60% based on age Fire/Police with <1 years of service is 15.50% for all ages Fire/Police with 1+ years of service ranges from 2.00% to 6.5% based on age
CPERS	12/31/2019	BREC/Regular with <1 year of service ranges from 1.50% to 7.60% based on age BREC/Regular with 1+ year of service ranges from 3.25% to 7.60% based on age Fire/Police with <1 years of service is 15.50% for all ages Fire/Police with 1+ years of service ranges from 3.00% to 6.5% based on age
Changes in Mortality Tables:		
<u>Plan</u>	<u>Measurement Date</u>	
FRS	06/30/2025	Pub-2016 Public Retirement Plans Mortality for Safety multiplied by 110% for males and females based on experience study from July 1, 2019 to June 30, 2024
	06/30/2020	Pub-2010 Public Retirement Plans Mortality for Safety multiplied by 105% for males and 115% for females based on experience study from July 1, 2014 to June 30, 2019
	06/30/2015	RP-2000 Sex Distinct Tables projected to 2031 Scale AA based on experience study from July 1, 2009 to June 30, 2014
	06/30/2014	RP-2000 Sex Distinct Tables projected to 2031 Scale AA based on experience study from July 1, 2004 to June 30, 2009
CPERS	12/31/2024	Healthy PubG-2010 Male/Female Employees; PubS-2010 (Below Median) Male/Female Employees, Generational with MP-2021 using a base year of 2019 Disabled - PubG-2010 Male/Female Disabled Retirees, PubS-2010 (Below Median) Male/Female Disabled Retirees, Generational with MP-2021 using a base year of 2019
CPERS	12/31/2019	Healthy - RP-2006 Blue Collar Projected back to 2001, Generational with MP 2018 (2016 base year) Disabled - RP-2006 Disabled Table Projected back to 2001, Generational with MP 2018 (2016 base year)
	12/31/2013	Healthy - RP-2000 Healthy Combined Blue Collar Projected to 2019 using Scale BB Disabled - RP-2000 Disabled Mortality Projected to 2019 using Scale BB

OTHER SUPPLEMENTARY INFORMATION

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

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER  
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

<u>Gerard C. Tarleton, Fire Chief</u>	
Salary (including state supplemental pay)	\$ 220,722
Benefits - retirement	73,390
Benefits - insurance	<u>5,883</u>
 Total Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer	 \$ <u>299,995</u>



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Louisiana Governmental Audit Guide* and *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the General Fund of the **ST. GEORGE FIRE PROTECTION DISTRICT NO. 2 (District)** as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 31, 2026.

**Report on Internal Control Over Financial Reporting**

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

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

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

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in the accompanying schedule of findings and questioned costs as item 2025-004 that we consider to be significant deficiencies.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2025-001, 2025-002, and 2025-003.

### **The District's Response to Findings**

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

### **Purpose of this Report**

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

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

*Faulk & Winkler, LLC*  
Certified Public Accountants

Baton Rouge, Louisiana  
March 31, 2026



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

**Report on Compliance for the Major Federal Program**

***Opinion on the Major Federal Program***

We have audited the **ST. GEORGE FIRE PROTECTION DISTRICT NO. 2 (District)** compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended September 30, 2025. The District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2025.

***Basis for Opinion on the Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

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### **Auditors' Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2025-004, 2025-005 and 2025-006. Our opinion on each major federal program is not modified with respect to these matters.

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

## **Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2025-004, 2025-005, and 2025-006 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Certified Public Accountants

Baton Rouge, Louisiana  
March 31, 2026

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2  
CITY OF ST. GEORGE  
PARISH OF EAST BATON ROUGE, LOUISIANA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2025

FEDERAL DEPARTMENT/PASS-THROUGH ENTITY/PROGRAM	Assistance Listing Number	Grant #	FEDERAL EXPENDITURES
<b><u>United States Department of Homeland Security</u></b>			
Federal Emergency Management Agency:			
Passed through the Louisiana Office of State Fire Marshall			
Fire Management Assistance Grant	97.046	FM-5482-LA	\$ 116,402
Direct Program			
Assistance to Firefighters Grant Program	97.044	EMW-2023-FG-01576	296,680
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2022-FF-00974	1,062,706
Total United States Department of Homeland Security			<u>1,475,788</u>
Total Federal Assistance Expenditures			<u>\$ 1,475,788</u>

**NOTES:**

**NOTE A - GENERAL**

This Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all federal award programs of the St. George Fire Protection District No. 2 (the "District"). The District's reporting entity and accounting policies are defined in Note 1 to the District's financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, is included on the schedule.

**NOTE B - BASIS OF ACCOUNTING**

This SEFA is presented using the modified accrual basis of accounting, which is described in Note 1 to the District's financial statements.

**NOTE C - DE MINIMIS COST RATE**

The District has not elected to use the de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE D - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS**

Amounts reported in the SEFA agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with accounting principles generally accepted in the United States of America.

**NOTE E - SUBAWARDS**

The District did not pass through any subawards during the year ended September 30, 2025.

**NOTE F- RELATIONSHIP TO FINANCIAL STATEMENTS**

Federal award expenditures are reported in the District's financial statements as follows:

Total Federal Assistance Expended as reported above	<u>\$ 1,475,788</u>
Federal grants as reported in Statement E	<u>\$ 1,475,788</u>

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the year ended September 30, 2025

**1)** Summary of Auditors' Results:

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

B) Significant deficiency in internal control were disclosed by the audit of financial statements: **2025-004.**

Material weaknesses: **None.**

C) Noncompliance that is material to the financial statements: **None.**

D) Significant deficiencies in internal control over major programs: **2025-004, 2025-005, and 2025-006.**

Material weaknesses: **None.**

E) The type of report issued on compliance for major programs: **Unmodified opinion.**

F) Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a): **2025-004, 2025-005 and 2025-006.**

G) Identification of Major Programs:

**United States Department of Homeland Security**

- 1) Staffing for Adequate Fire and Emergency  
Response

Assistance listing #97.083

H) Dollar threshold used to distinguish between Type A and Type B programs: **\$750,000**

I) Auditee qualified as a low-risk auditee: **No.**

**2)** Findings relating to the financial statements reported in accordance with *Government Auditing Standards*: **2025-004.**

**3)** Findings relating to compliance reported in accordance with *Government Auditing Standards* and *Louisiana Governmental Audit Guide*: **2025-001, 2025-002, and 2025-003.**

## 5) FINDINGS – NONCOMPLIANCE

### 2025-001 Compensatory Time Accrual Limits

**Year Finding Originated:** 2025

**Criteria:** Louisiana Revised Statute 33:2213.1 C(1) provides that employees engaged in fire protection activities may accrue compensatory time in lieu of overtime compensation; however, such compensatory time shall not exceed 480 hours.

**Condition:** During our review of payroll and leave balances, it was noted that nine employees had compensatory time balances exceeding the allowable 480-hour limit during the fiscal year.

**Cause:** The District did not have procedures in place to monitor compensatory time balances to ensure employees did not exceed the allowable accrual limits.

**Effect:** Employees accumulated compensatory time balances in excess of the allowable limit, resulting in noncompliance with applicable compensatory time regulations.

**Recommendation:** We recommend that the District implement procedures to periodically review employee compensatory time balances and ensure accrual limits are not exceeded. Additionally, we recommend that the District pay out any hours accrued over the statutory cap at the appropriate overtime rate.

**Views of responsible officials:** See management's response to finding on Page 59.

### 2025-002 Noncompliance with Louisiana Public Bid Law

**Criteria:** State bid law requires public entities to obtain competitive bids or proposals for purchases exceeding statutory thresholds, unless a valid exception applies. The purpose of these requirements is to ensure transparency, competition, and the prudent use of public funds.

**Condition:** During the year ended September 30, 2025, the District entered into purchases subject to state bid law requirements without obtaining the required competitive bids or documenting an applicable exception to the bid law.

**Cause:** The noncompliance was caused by a lack of formal procedures and oversight to ensure that procurement activities are reviewed for bid law applicability prior to execution. Management relied on informal processes that did not consistently identify purchases requiring competitive bidding.

**Effect:** Failure to comply with state bid law requirements could result in reduced transparency and increased risk that goods and services are not procured at the most favorable terms. Additionally, noncompliance may expose the District to regulatory scrutiny or potential legal challenges.

**Recommendation:** We recommend that management implement formal procurement policies and procedures to ensure compliance with state bid law requirements. Such procedures should include identifying purchases subject to bidding thresholds, documenting bid solicitations or applicable exceptions, and maintaining appropriate supporting documentation.

**Views of responsible officials:** See management's response to finding on Page 59.

## 5) FINDINGS – NONCOMPLIANCE (CONTINUED)

### 2025-003 Noncompliance with State Bond Commission Approval Requirements

**Criteria:** Louisiana Revised Statute 39:1410.60 provides that no district created under the Constitution and laws of the State of Louisiana has the authority to incur debt without the consent and approval of the State Bond Commission.

**Condition:** The District entered into a capital lease agreement with a vendor that is considered debt under state law. This agreement was executed without obtaining the required approval from the State Bond Commission.

**Cause:** The District did not adequately review the agreement to determine whether State Bond Commission approval was required prior to execution.

**Effect:** The District is not in compliance with Louisiana R.S. 39:1410.60.

**Recommendation:** The District should ensure compliance with the requirements of Louisiana R.S. 39:1410.60. Management should also establish and implement procedures to identify agreements that constitute debt and require State Bond Commission approval before such agreements are executed.

**View of Responsible Official:** See management's response to finding on Page 59.

## 6) FINDINGS – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

### 2025-004 Documentation of Internal Controls over Federal Awards

**Year Finding Originated:** 2025

**Questioned Costs:** \$0

**Criteria:** Per 2 CFR § 200.303(a), the non-Federal entity must establish, document, and maintain effective internal control over Federal awards that provides reasonable assurance that the entity is managing the award in compliance with Federal statutes, regulations, and the terms and conditions of the awards.

**Condition:** Although the District maintains formal policies and procedures which document internal controls, the policies are not up to date with current Federal requirements and are not prescribed as required by the Uniform Guidance. Further, the policies do not cover all aspects of compliance pertaining to the Federal programs the District facilitates.

**Cause:** District management was not aware of all documentation requirements under Uniform Guidance for internal controls over Federal programs.

**Effect:** The District's failure to document internal control procedures related to Federal programs increases the risk that noncompliance with federal requirements could occur and not be prevented or detected in a timely manner.

**6) FINDINGS – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**2025-004 Documentation of Internal Controls over Federal Awards (Continued)**

**Recommendation:** We recommend that the District enhance and document internal controls over Federal awards in accordance with 2 CFR § 200.303(a).

**Views of responsible officials:** See management's response to finding on Page 59.

**2025-005 Noncompliance and Deficiency in Internal Control over Cash Management**

**Year Finding Originated:** 2025

**Title and Assistance Listing Number of Federal Program:** Staffing for Adequate Fire and Emergency Response 97.083

**Federal Award Identification Number and Year:** EMW-2022-FF-00974

**Name of Federal Agency:** Department of Homeland Security

**Questioned Costs:** \$13,801

**Criteria:** Per 2 CFR § 200.305, non-Federal entities must minimize the time between the transfer of federal funds and the disbursement of those funds for program purposes. Federal regulations and the SAFER grant terms require that reimbursement requests be based on allowable expenditures that have been incurred by the District. Additionally, 2 CFR § 200.303 requires non-Federal entities to establish and maintain effective internal controls over Federal awards to ensure compliance with Federal statutes, regulations, and terms and conditions of the Federal awards.

**Condition:** During testing of SAFER reimbursement requests, one reimbursement request contained an error in the benefits calculation formula, resulting in the employer insurance costs being included twice in the request. The District received funds in excess of allowable costs incurred during the reimbursement period due to the calculation error. The District's control designed to prevent such errors, management review and approval of SAFER reimbursement requests prior to submission, did not operate effectively. Although reimbursement requests are prepared and submitted by District personnel, documentation supporting management's review and approval of the reimbursement calculations was not maintained, and the error in the reimbursement calculation was not detected prior to submission.

**Cause:** The reimbursement request was prepared using a manual spreadsheet containing a formula error that duplicated certain benefit costs. The District's reviewed procedures were not formally documented or designed to ensure the accuracy of reimbursement calculations prior to submission.

**Effect:** The District requested and received federal funds in excess of allowable expenditures incurred during the reimbursement period. Additionally, the lack of effective review controls increases the risk that reimbursement requests may contain errors or unsupported amounts.

**Recommendation:** We recommend that the District strengthen controls over reimbursement calculations and implement review procedures to ensure reimbursement requests are based solely on allowable costs incurred prior to submission.

**6) FINDINGS – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**2025-005 Noncompliance and Deficiency in Internal Control over Cash Management (Continued)**

**Views of responsible officials:** See management’s response to finding on Page 59.

**2025-006 Deficiency in Internal Control over Reporting**

**Year Finding Originated:** 2025

**Title and Assistance Listing Number of Federal Program:** Staffing for Adequate Fire and Emergency Response 97.083

**Federal Award Identification Number and Year:** EMW-2022-FF-00974

**Name of Federal Agency:** Department of Homeland Security

**Questioned Costs:** \$0

**Criteria:** Per 2 CFR § 200.303(a), the non-Federal entity must establish, document, and maintain effective internal control over Federal awards to ensure compliance with federal statutes, regulations, and terms and conditions of the federal awards.

**Condition:** During testing of reporting requirements for the SAFER grant, the District could not provide documentation evidencing management review and approval of required federal reports prior to submission. Discussions with management indicated that reports were prepared and submitted by District personnel; however, formal documentation evidencing management review and approval was not maintained.

**Cause:** The District relied on informal communication and oversight rather than detailed review procedures to ensure required federal reports are accurately prepared prior to submission.

**Effect:** While no instances of noncompliance were noted, the lack of documented controls in practice increases the risk that future required reports could be incomplete, inaccurate, or untimely.

**Recommendation:** We recommend that the District enhance and document internal controls over financial reporting, including a detailed review and approval process for required federal reports prior to submission, including maintaining documentation evidencing such review.

**Views of responsible officials:** See management’s response to finding on Page 59.

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

**SUMMARY OF PRIOR YEAR FINDINGS**

For the year ended September 30, 2025

**2024-001 Controls over Credit Card Administration**

This finding has been resolved.

**2024-002 Local Government Budget Act**

This finding has been resolved.

**2024-003 Compliance with Debt Service Covenants**

This finding has been resolved.



## ST. GEORGE FIRE PROTECTION DISTRICT NO. 2

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March 31, 2026

The following corrective actions have been developed by District administration in response to the reportable items described in the District's audit for the fiscal year ended September 30, 2025.

### 2025-001 – Compensatory Time Accrual Limits

**Corrective Action:** The District discontinued awarding compensatory time and will review leave balances on a monthly basis to confirm balances remain within allowable limits. Evidence of the review (leave balance report with reviewer initials/date and any corrective follow-up) will be retained in the District's personnel/HR records folder.

If exceptions are identified, management will require corrective action (e.g., balance reduction/adjustment and documentation of the resolution) within 30 days of the monthly review.

Responsible Officials: Fire Chief Gerard Tarleton

Anticipated Completion Date: January 2026 (implemented)

### 2025-002 – Noncompliance with Louisiana Public Bid Law

**Corrective Action:** The District will require a documented Public Bid Law review before any covered purchase is executed, including either (1) competitive bid documentation or (2) a written, pre-approval memo citing the applicable statutory exception with supporting facts. The completed documentation and related approval will be retained in the procurement file for each purchase.

Operational considerations (standardization, compatibility, and proprietary functionality) may support purchasing decisions, but the District will ensure those considerations are documented and formally reviewed for bid-law compliance prior to commitment.

During the purchase requisition approval process, management will review each item for the applicable Public Bid thresholds, required solicitation requirements, and documentation sufficiency, and will not proceed until all requirements are met.

Additionally, the District will ensure personnel responsible for procurement are trained on the requirements of the Louisiana Public Bid Law and related District policies.

Responsible Officials: Fire Chief Gerard Tarleton

Anticipated Completion Date: June 2026

### **2025-003 – Noncompliance with State Bond Commission Approval Requirements**

**Corrective Action:** The District will implement a pre-execution assessment for all contracts, leases, and financing arrangements to determine whether the agreement may constitute debt and require State Bond Commission approval under Louisiana Revised Statute 39:1410.60. The assessment, conclusion, and supporting documentation will be retained with the executed agreement in the District’s vendor and/or contract file.

When the assessment indicates potential debt classification or uncertainty, management will consult legal counsel prior to execution and will retain counsel correspondence and any Bond Commission submission/approval documentation in the contract file.

**Responsible Officials:** Fire Chief Gerard Tarleton

**Anticipated Completion Date:** March 2026 (implemented)

### **2025-004 – Documentation of Internal Controls over Federal Awards**

**Corrective Action:** The District will update and maintain written policies and procedures for internal controls over Federal awards to align with Uniform Guidance requirements, including 2 CFR §200.303. Updated policies, version dates, and management approval sign-off will be retained in the District’s grant administration policy files.

The documentation will define key controls for monitoring compliance, preparing and reviewing reimbursement requests, and completing Federal reporting, and will assign roles and back-up reviewer procedures for each required task.

Management will review the Federal awards policies at least annually, or upon identified regulatory or grant-specific compliance changes, and will document the review and approval within the District’s grant administration policy files.

**Responsible Officials:** Fire Chief Gerard Tarleton

**Anticipated Completion Date:** September 2026

### **2025-005 – Noncompliance and Deficiency in Internal Control over Cash Management**

**Corrective Action:** The District will implement a documented review and approval process for each Federal reimbursement request prior to submission, including verification of calculations, agreement to supporting documentation, and allowability within the reimbursement period. The reimbursement package, review documentation, and approval will be retained in accordance with the District’s records retention policy for each applicable grant award. Management will not submit reimbursement requests until the documented review is complete and any identified discrepancies are resolved.

**Responsible Officials:** Fire Chief Gerard Tarleton

**Anticipated Completion Date:** September 2026

**2025-006 – Deficiency in Internal Control over Reporting**

**Corrective Action:** The District will establish and implement written policies and procedures for the preparation, review, and submission of required reports for Federal and non-Federal grant awards.

The reporting and related review requirements will be incorporated into the District's policies for grant awards, including defined responsibilities and related record retention requirements.

**Responsible Officials:** Fire Chief Gerard Tarleton

**Anticipated Completion Date:** September 2026



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Gerard Tarleton  
Fire Chief

**Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures**

**ST. GEORGE FIRE PROTECTION DISTRICT NO. 2**

City of St. George, Louisiana  
Parish of East Baton Rouge, Louisiana

For the fiscal period ended September 30, 2025



**INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

Honorable Chairman and Members  
of the St. George Fire Protection District No. 2  
and the Louisiana Legislative Auditor  
City of St. George, Louisiana  
Parish of East Baton Rouge, Louisiana

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2024 through September 30, 2025. The **ST. GEORGE FIRE PROTECTION DISTRICT NO. 2's (District's)** management is responsible for those C/C areas identified in the SAUPs.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period October 1, 2024 through September 30, 2025. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and schedule of findings are as follows:

**1) Written Policies and Procedures**

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

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

## **2) Board or Finance Committee**

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- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

#### **4) Collections (excluding electronic funds transfers)**

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

*A listing of deposit sites was obtained and consisted of 1 deposit site. From the listing provided, we selected the deposit site and performed the procedures below.*

- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - i. Employees responsible for cash collections do not share cash drawers/registers.
  - ii. Each employee responsible for collecting cash is also not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
  - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
  - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3A under "Bank Reconciliations" of the SAUPs (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each

of the 10 deposits and:

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

*Entity had one bank account, so two deposits were tested.*

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

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

*Of the 5 cards selected for testing, 2 had 10 transactions, 1 had 5 transactions, 1 had 4 transactions, and 1 had 1 transaction.*

## **11) Debt Service**

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

## **12) Fraud Notice**

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

*No misappropriations were noted in the 2025 fiscal year.*

- D. 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.

## **14) Prevention of Sexual Harassment**

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

## **ST. GEORGE FIRE PROTECTION DISTRICT NO. 2**

City of St. George, Louisiana  
Parish of East Baton Rouge, Louisiana

### **SCHEDULE OF FINDINGS**

For the fiscal period ended September 30, 2025

#### ***Exceptions:***

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

#### ***1) Written Policies and Procedures:***

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

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

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

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

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

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

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

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

#### ***2) Board or Finance Committee:***

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

#### **4) Collections:**

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**D(iv)** - Based on the observation of two deposits totaling \$19,982, we did not observe evidence the deposits were made within one day of receipt at the collection location as the collection date was not determinable.

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

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

#### **11) Debt Service:**

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**A** - The District did not obtain State Bond Commission approval for one debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

#### **14) Prevention of Sexual Harassment:**

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**C** - The District did not have a completed sexual harassment report that contained applicable requirements of R.S. 42:344.

#### **Management's Response:**

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

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

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

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

Certified Public Accountants