Livingston Parish Fire Protection District No. 4
Walker, Louisiana

Annual Financial Statements

As of and For the Year Ended December 31, 2025

Livingston Parish Fire Protection District No. 4
Walker, Louisiana
Table of Contents
For the Year Ended December 31, 2025

	Exhibit	Schedule	Page
Independent Auditor's Report	-	-	1 - 3
Basic Financial Statements:			
Statement of Net Position	A	-	5
Statement of Activities	B	-	6
Governmental Fund Balance Sheet	C	-	7
Reconciliation of the Governmental Fund Balance Sheet to the Government-Wide Statement of Net Position	D	-	8
Statement of Governmental Fund Revenues, Expenditures, Changes in Fund Balance	E	-	9
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance to the Government-Wide Statement of Activities	F	-	10
Notes to Financial Statements	-	-	11 - 29
Required Supplementary Information:			
Budgetary Comparison Schedule - General Fund	-	1	31
Schedule of the District's Proportionate Share of the Net Pension Liability and Related Ratios	-	2	32
Schedule of the District's Contributions	-	3	33
Other Supplementary Information:			
Schedule of Compensation, Benefits and Other Payments to Agency Head	-	4	35
Other Independent Auditor's Report and Findings, Recommendations, and Responses:			
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	-	-	37 - 38
Schedule of Findings and Responses	-	-	39
Summary Schedule of Prior Audit Findings	-	-	40

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Independent Auditor's Report

To the Members of the Board of Commissioners of
Livingston Parish Fire Protection District No. 4
Walker, 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 the Livingston Parish Fire Protection District No. 4 (the "District"), a component unit of Livingston Parish Government, as of and for the year ended December 31, 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 December 31, 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 and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

Emphasis of Matter – Change in Accounting Estimate and Error Corrections

As described in Note 15 to the financial statements, the District adjusted its beginning net position in the government-wide financial statements for a change in accounting estimate and restated its beginning net position in the government-wide financial statements and its fund balance in the general fund to correct certain errors. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 budgetary comparison schedule, the schedule of the District's proportionate share of the net pension liability, and the schedule of the District's contributions found on pages 31 through 33 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.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of compensation, benefits, and other payments to agency head is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated June 11, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

James Lambert Riggs
& Associates

James Lambert Riggs & Associates, Inc.
Hammond, Louisiana

June 11, 2026

Basic Financial Statements

Livingston Parish Fire Protection District No. 4 Exhibit A

Walker, Louisiana

Statement of Net Position

December 31, 2025

	Governmental Activities
Assets	
Cash and Cash Equivalents	$ 180,919
Investments	1,842,822
Restricted Cash	2,879,612
Ad Valorem Taxes Receivable, Net	10,390,649
User Fees Receivable, Net	879,867
State Revenue Sharing Receivable	173,216
Other Receivables	17,664
Prepaid Insurance	85,364
Capital Assets, Net	9,418,474
Right-of-Use Assets, Net	5,789
Total Assets	$ 25,874,376
Deferred Outflows of Resources	
Deferred Outflows of Resources - Pension	$ 4,080,096
Total Deferred Outflows of Resources	$ 4,080,096
Liabilities	
Accounts Payable and Accrued Liabilities	$ 1,532,001
Accrued Interest Payable	52,789
Lease Liabilities - Current	5,170
Bonds Payable - Current	385,000
Compensated Absenses	171,902
Lease Liabilities - Non-Current	890
Bonds Payable - Non-Current	3,675,000
Net Pension Liability	4,851,501
Total Liabilities	$ 10,674,253
Deferred Inflows of Resources	
Deferred Inflows of Resources - Pension	$ 998,517
Total Deferred Inflows of Resources	$ 998,517
Net Position	
Net Investment in Capital Assets	$ 5,305,414
Restricted	2,879,612
Unrestricted	10,096,676
Total Net Position	$ 18,281,702

The accompanying notes are an integral part of this statement.

Livingston Parish Fire Protection District No. 4 Exhibit B
Walker, Louisiana
Statement of Activities
For the Year Ended December 31, 2025

	Governmental Activities
Expenses:	
Public Safety - Fire Protection:	
Salaries & Related Benefits	$ 6,049,175
Amortization	6,114
Depreciation	717,159
Insurance	1,632,472
Collection Fees	559,073
Repairs & Maintenance	359,560
Fuel & Oil	108,374
Professional Fees	136,151
Supplies	140,322
Utilities	168,750
Telephone	27,288
Maintenance Contracts	53,061
Miscellaneous	76,987
Office Supplies & Postage	9,505
Training	18,405
Dues & Subscriptions	15,483
Interest on Debt Service	160,772
Total Program Expenses	10,238,651
Program Revenues:	
Operating Grants	69,305
Total Program Revenues	69,305
Net Program (Expense) / Revenue	(10,169,346)
General Revenues:	
Ad Valorem Taxes	10,670,002
User Fees	908,825
Fire Insurance Rebate	395,567
State Revenue Sharing	173,216
On Behalf Payments - State Supplemental Pay	364,728
Other Revenues	402,132
Contributions from Non-Employer Contributing Entities	401,162
Gasin / (Loss) on Disposal of Capital Assets	-
Total General Revenues	13,315,632
Change in Net Position	3,146,286
Net Position - Beginning of the Year, as Previously Reported	15,162,519
Change in Acconting Estimate (See Note 15)	(126,585)
Error Correction (See Note 15)	99,482
Net Position - Beginning of the Year, as Adjusted and Restated	15,135,416
Net Position - End of the Year	$ 18,281,702

The accompanying notes are an integral part of this statement.

Livingston Parish Fire Protection District No. 4
Walker, Louisiana
Governmental Fund Balance Sheet
December 31, 2025

Exhibit C

		General Fund
Assets		
Cash and Cash Equivalents	$	180,919
Investments		1,842,822
Ad Valorem Taxes Receivable, Net		10,390,649
User Fees Receivable, Net		879,867
State Revenue Sharing Receivable		173,216
Other Receivables		17,664
Restricted Cash		2,879,612
Total Assets	$	16,364,749
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities:		
Accounts Payable	$	1,195,578
Accrued Liabilities		255,747
Retainage Payable		80,676
Total Liabilities		1,532,001
Deferred Inflows of Resources:		
Unavailable Revenue - Ad Valorem Taxes		140,104
Unavailable Revenue - User Fees		22,645
Unavailable Revenue - State Revenue Sharing		115,477
Total Deferred Inflows of Resources		278,226
Fund Balance:		
Restricted		2,879,612
Unassigned		11,674,910
Total Fund Balance		14,554,522
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$	16,364,749

The accompanying notes are an integral part of this statement.

Livingston Parish Fire Protection District No. 4
Walker, Louisiana
Reconciliation of the Governmental Fund Balance Sheet to the
Government-Wide Statement of Net Position
December 31, 2025

Exhibit D

Total Governmental Fund Balance (Exhibit C)	$ 14,554,522
Amounts reported for governmental activities in the statement of net position are different because:	
Prepaid insurance is not available to pay for current-period expenditures and, therefore, is not reported in the governmental fund.	85,364
In the statement of net position, interest is accrued on outstanding debt, whereas in the governmental fund, interest expendtiture is reported when due.	(52,789)
Capital Assets, Net	9,418,474
Right-of-Use Lease Assets, Net	5,789
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the governmental fund:	
Compensated Absences	(171,902)
Lease Liabilities	(6,060)
Revenue Bonds	(4,060,000)
In accordance with Governmental Accounting Standards Board Statement No. 68, the net pension liability related to pension plans, deferred outflows of resources, and deferred inflows of resources are not recorded in the governmental fund.	
Net Pension Liability	(4,851,501)
Deferred Outflows of Resources	4,080,096
Deferred Inflows of Resources	(998,517)
Certain revenues are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the govermental fund.	278,226
Net Position of Governmental Activities (Exhibit A)	$ 18,281,702

The accompanying notes are an integral part of this statement.

Livingston Parish Fire Protection District No. 4
Walker, Louisiana
Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended December 31, 2025

Exhibit E

	General Fund
Revenues:	
Ad Valorem Taxes	$ 10,560,869
User Fees	905,408
Fire Insurance Rebate	395,567
State Revenue Sharing	157,221
On Behalf Payments - State Supplemental Pay	364,728
Interest	283,702
Grant Revenues	69,305
Other Revenues	118,430
Total Revenues	12,855,230
Expenditures:	
Public Safety - Fire Protection:	
Salaries & Related Benefits	5,863,367
Insurance	1,632,472
Collection Fees	559,073
Repairs & Maintenance	359,560
Fuel & Oil	108,374
Professional Fees	136,151
Supplies	140,322
Utilities	168,750
Telephone	27,288
Maintenance Contracts	53,061
Office Supplies & Postage	9,505
Training	18,405
Dues & Subscriptions	15,483
Miscellaneous	76,987
Capital Outlay	3,852,968
Debt Service:	
Principal	376,124
Interest	165,583
Total Expenditures	13,563,473
Excess (Deficiency) of Revenues over Expenditures	(708,243)
Net Change in Fund Balance	(708,243)
Fund Balance - Beginning of the Year, as Previously Reported	15,312,964
Error Correction (See Note 15)	(50,199)
Fund Balance - Beginning of the Year, as Restated	15,262,765
Fund Balance - End of the Year	$ 14,554,522

The accompanying notes are an integral part of this statement.

Livingston Parish Fire Protection District No. 4
Walker, Louisiana
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance to the Government-Wide Statement of Activities
For the Year Ended December 31, 2025

Exhibit F

Net Change in Fund Balance, Governmental Fund (Exhibit E)	$	(708,243)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. These differences consist of:		
Capital Outlay		3,852,968
Depreciation Expense		(717,160)
Amortization Expense		(6,114)
Annual changes in accrued compensated absences are not due and payable in the current period and therefore, are not reported in the governmental funds. In the statement of activities, these changes are recorded against current year payroll expenses.		(45,317)
Accrued interest is not recorded as an expense in the statement of net positions, but requires the use of current financial resources and therefore is reported as an expenditure in the governmental fund. This is the change in accrued interest from the prior year:		
Change in Accrued Interest Payable		4,811
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has an effect on net position. Also, governmental funds report the effect of issuance costs, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:		
Lease Payments		6,125
Revenue Bonds		370,000
In accordance with Governmental Accounting Standards Board Statement No. 68, the net pension liability related pension plans is not required to be recorded in the governmental fund financial statements. Adjustments to pension expense related to charges in deferred outflows of resources and deferred inflows of resources are reflected in the statement of activities:		
Pension Expense		(140,491)
Contributions from Non-Employer Contributing Entities		401,162
Certain revenues in the government-wide statement of activities include economic resources that are not reported as revenues in the governmental fund operating statement.		128,545
Change in Net Position of Governmental Activities (Exhibit B)	$	3,146,286

The accompanying notes are an integral part of this statement.

Narrative Profile

Livingston Parish Fire Protection District No. 4 (the "District") is a body corporate created by the Livingston Parish Council as provided by Louisiana Revised Statutes (LRS). The District is governed by a board of five commissioners: two are appointed by the Livingston Parish Council, one is appointed by the Mayor and Board of Alderman of the Village of Port Vincent, Louisiana, one is appointed by the Mayor and Board of Councilman of the City of Walker, and one member is to be selected by the four appointed members. The District was created on March 22, 1975, for the purpose of providing fire protection and prevention to District Four of the Parish of Livingston.

The financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. These principles are found in the Codification of Governmental Accounting and Financial Reporting Standards. The accompanying financial statements have been prepared in accordance with such principles. The significant accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

Section 2100 of the GASB Codification, *Defining the Financial Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the District is considered a component unit of the Livingston Parish Council. As a component unit, the accompanying financial statements are included within the reporting of the primary government, either blended into those financial statements or separately reported as discrete component units.

B. Fund Accounting

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

Governmental Funds

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

General Fund - the primary operating fund of the District, which accounts for all the operations of the District, except those required to be accounted for in other funds.

C. Measurement Focus / Basis of Presentation

Basic Financial Statements – Government-Wide Financial Statements

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

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

The District does not allocate indirect expenses.

Basic Financial Statements – Governmental Funds

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

The amounts reflected in the General Fund use the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related liability is incurred, except for interest and principal payments on long-term debt, which are recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues – Revenues are generally recognized when they become measurable and available as net current assets. Taxes, state revenue sharing, grants, interest revenue, and other revenues are recorded when due.

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

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

D. Budgets and Budgetary Accounting

The District adopted an operating budget for its General Fund for the fiscal year ended December 31, 2025. The budget for this fund is adopted on the modified accrual basis of accounting consistent with generally accepted accounting principles (GAAP). The District follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Fire Chief prepares a proposed budget and submits it to the Board of Commissioners no later than fifteen days prior to the beginning of each fiscal year.

2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.

3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.

4. Once a public hearing is held and all of the action necessary to finalize and implement the budget is completed, the budget is adopted through the passage of a resolution prior to the commencement of the fiscal year for which the budget is adopted.

The adopted budget constitutes the authority of the Fire Chief to incur liabilities and authorize expenditures from the respective budgeted funds. Additionally, certain expenditures are approved monthly by the Board before payment.

E. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, interest-bearing demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Under state law, the District may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. In addition, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

Investments for the District are reported at fair market value. The state investment pool (LAMP) operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. The LAMP annual report can be found at the official LAMP website.

F. Receivables and Payables

All ad valorem taxes receivable and user fees receivable are shown net of an allowance for uncollectible amounts.

Property Taxes

For the year 2025, taxes of 25.00 mills were levied on property within the District's boundaries. Total taxes levied were $10,744,396. At December 31, 2025, the ad valorem tax receivable was $10,712,009. Ad valorem taxes receivable at December 31, 2025, are recorded net of a 4.0% allowance for uncollectible taxes ($321,360).

User Fees

For the year 2025, a user fee of $32 was assessed on each household within the District's boundaries. Total fees levied were $907,910. At December 31, 2025, the user fees receivable was $907,080. User fees receivable at December 31, 2025, are recorded net of a 4.0% allowance for uncollectible fees ($27,213).

State Revenue Sharing

For the year 2025, the District received $173,216 in Louisiana State Revenue Sharing. At December 31, 2025, state revenue sharing receivable totaled $173,216. The District considers this receivable fully collectible and, therefore, has not recorded an allowance for uncollectible state revenue sharing.

G. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide statements. Current year amounts relate to prepaid insurance costs.

H. Deferred Inflows of Resources

The governmental fund balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. Currently, the District has three items that qualify for reporting in the category on the balance sheet, which are unavailable ad valorem taxes, unavailable user fees, and unavailable state revenue sharing.

I. Capital Assets

Capital assets are recorded as expenditures of the governmental funds and as assets in the government-wide financial statements. Capital assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated capital assets are valued at their estimated fair market value at the date of donation. At December 31, 2025, the District's formal capitalization policy establishes a capitalization / expense threshold of $1,000.

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

J. Compensated Absences

The District's vacation, sick leave, and compensatory time policies are as follows:

Vacation

Employees are eligible for vacation leave after completing one year of service. Vacation time is earned at a rate dependent on continuous years of service, as determined by an annual leave table that has been approved by the board of commissioners. Employees may carry over up to one year of vacation hours. Employees may elect to be compensated for unused vacation time in lieu of time off.

Sick Leave

Sick leave for the fire fighters of the District is outlined in Louisiana Revised Statute 13:1995.

Compensatory Time

Employees may earn compensatory time at straight time or one- and one-half times the actual hours worked, depending on the circumstances. Compensatory time may be accrued up to 480 hours at which point, the employee is paid for additional time.

The cost of vacation and compensatory time benefits, as estimated in accordance with GASB Statement No. 101, *Compensated Absences*, is reported as a long-term liability in the government-wide statement of net position as of December 31, 2025. Since sick leave is granted to the fire fighters without consideration of services already rendered, this benefit does not fall under the accrual criteria in GASB Statement No. 101, *Compensated Absences*, and therefore has not been accrued as such.

The District's compensated absences as of December 31, 2025, totaled $171,902.

K. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Net Position

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

1. Net Investment in Capital Assets – consists of the historical cost of capital assets, including any restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

2. Restricted – this component of net position consists of assets that have constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

3. Unrestricted – all other net position is reported in this category.

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

M. Fund Balance

In the governmental fund financial statements, fund balances are classified as follows:

1. Nonspendable Fund Balance – amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

2. Restricted Fund Balance – amounts that can be spent only for the specific purposes due to enabling legislation, State or Federal laws, or externally imposed by grantors, creditors, or citizens.

3. Committed Fund Balance – amounts that can be used only for the specific purposes determined by a formal action of the Board of Commissioners (the District's highest level of decision-making authority).

4. Assigned Fund Balance – amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed.

5. Unassigned Fund Balance – all amounts not included in other spendable categories.

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

As of December 31, 2025, the District did not have any nonspendable, committed or assigned fund balances.

N. Estimates

The preparation of financial statements, in conformity with U.S. GAAP requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at year-end. See Note 1-D regarding operating budgets. The District complied with the Louisiana Local Government Budget Act in adopting its budget for the year ended December 31, 2025. The District did not report favorable variances in expenditures over appropriations for the fiscal year ended December 31, 2025.

B. Deposits and Investment Laws and Regulations

In accordance with state law, all uninsured deposits of funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. As reflected in Note 3 regarding cash and cash equivalents, the District complied with the deposits and investments laws and regulations.

C. Deficit Fund Equity

As of December 31, 2025, the District's general fund did not have a deficit fund equity.

3. Cash, Cash Equivalents, and Investments

As reflected on Exhibit A, the District has cash and cash equivalents totaling $3,060,531 (of which $2,879,612 is restricted) and investments totaling $1,842,822 at December 31, 2025. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must always equal the amount on deposit with the bank. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

The following is a summary of cash and investments at December 31, 2025, with the related federal deposit insurance and pledge securities:

Bank Balances:	
Insured (FDIC Insurance)	$ 250,000
Uninsured and Collateralized:	
Collateral held by pledging bank's trust department not in the District's name	2,921,873
Uninsured and Uncollateralized	-
Total Deposits	$ 3,171,873

Even though the pledged securities are not held in the entity's name, LRS 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand. Deposits collateralized by pledged securities are considered to be exposed to credit risk (Category 3) under the provisions of GASB Statement 40. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial risk. As of December 31, 2025, the District was in compliance with state law which requires any uninsured cash balances with the fiscal agent bank to be adequately collateralized by a pledge of securities.

At December 31, 2025, the District's investment balances are as follows:

	Reported Amount	Fair Value
Louisiana Asset Management Pool:		
Operating Fund	$ 1,842,822	$ 1,842,822
Capital Outlay Fund	-	-
Total	$ 1,842,822	$ 1,842,822

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

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

LAMP is a 2a7-like investment pool that, to the extent practical, invests in a manner consistent with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. The following facts are relevant for investment pools:

- <u>Credit Risk</u>: LAMP is rated AAAm by Standard & Poor's.

- <u>Custodial Credit Risk</u>: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

- <u>Concentration of Credit Risk</u>: Pooled investments are excluded from the 5% disclosure requirement.

- <u>Interest Rate Risk:</u> LAMP is designed to be highly-liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating / variable rate investments. The WAM for LAMP's total investments was 31 days as of December 31, 2025.

- <u>Foreign Currency Risk</u>: Not applicable.

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

LAMP, Inc. is subject to the regulatory oversight of the State Treasurer and the Board of Directors. LAMP is not registered with the SEC as an investment company.

LAMP, Inc., issues an annual publicly available financial report that includes financial statements and required supplementary information for LAMP, Inc., That report may be obtained by writing to LAMP, Inc. 650 Poydras Street, Suite 2220, New Orleans, Louisiana 70130, or by calling (800) 249-5267.

4. Receivables

Receivables as of December 31, 2025, are as follows:

Ad Valorem Taxes Receivable	$ 10,712,009
User Fees Receivable	907,080
State Revenue Sharing Receivable	173,216
Other Receivables	17,664
Allowance for Uncollectible Ad Valorem Taxes and User Fees	(348,573)
Receivables at December 31, 2025, Net	$ 11,461,396

Uncollectible amounts are recognized as bad debts through the establishment of an allowance account at the time information becomes available that would indicate the uncollectibility of the receivable.

5. Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2025, are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated:				
Land	$ 928,436	$ -	$ -	$ 928,436
Construction in Progress	219,076	3,402,246	25,041	3,596,281
Total Capital Assets Not Being Depreciated	1,147,512	3,402,246	25,041	4,524,717
Other Capital Assets:				
Furniture & Fixtures	2,932,025	311,018	-	3,243,043
Buildings	4,339,287	164,745	-	4,504,032
Equipment / Vehicle	6,415,216	-	-	6,415,216
Total Other Capital Assets	13,686,528	475,763	-	14,162,291
Less Accumulated Depreciation:				
Furniture & Fixtures	(2,371,268)	(190,507)	-	(2,561,775)
Buildings	(1,409,343)	(129,980)	-	(1,539,323)
Equipment / Vehicle	(4,770,763)	(396,673)	-	(5,167,436)
Total Accumulated Depreciation	(8,551,374)	(717,160)	-	(9,268,534)
Total Other Capital Assets, Net	5,135,154	(241,397)	-	4,893,757
Total	$ 6,282,666	$ 3,160,849	$ 25,041	$ 9,418,474

Depreciation expense for the year ended December 31, 2025, totaled $717,160.

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

Description	Estimated Lives
Buildings and Building Improvements	10 - 40 Years
Furniture & Fixtures	5 - 10 Years
Vehicles	5 - 15 Years
Equipment	5 - 10 Years

6. Leases

In August 2023, the District entered into a lease purchase agreement with Wells Fargo for the lease of a printer for administration use. The lease is for 36 months with monthly payments of $249 at a 3.98% interest rate. The lease contains a bargain purchase agreement at the end of the lease. At December 31, 2025, the District reported a right-of-use lease asset of $8,339 with accumulated amortization of $6,701. The balance of the lease is $1,817 with a current portion of $1,817 as of December 31, 2025. Total payments during 2025 totaled $2,763 of principal and $225 of interest.

In April 2024, the District entered into a lease purchase agreement with Wells Fargo for the lease of a printer for administration use. The lease is for 36 months with monthly payments of $299 at a 3.98% interest rate. The lease contains a bargain purchase agreement at the end of the lease. At December 31, 2025, the District reported a right-of-use lease asset of $10,002 with accumulated amortization of $5,851. The balance of the lease is $4,243 with a current portion of $3,353 as of December 31, 2025. Total payments during 2025 totaled $3,361 of principal and $227 of interest.

At December 31, 2025, the District recorded leased assets of $18,341 with accumulated amortization of $12,552 to net to $5,789.

The following is a summary of the changes in lease liabilities for the year ended December 31, 2025:

	Balance at 12/31/24	Debt Issued	Debt Retired	Balance at 12/31/25	Due Within One Year
Wells Fargo (2023)	$ 4,580	$ -	$ 2,763	$ 1,817	$ 1,817
Wells Fargo (2024)	7,604	-	3,361	4,243	3,353
Total Lease Liabilities	$ 12,184	$ -	$ 6,124	$ 6,060	$ 5,170

The annual requirements to amortize outstanding lease payables at December 31, 2025, are as follows:

Year Ended December 31,	Lease Payments
2026	$ 5,331
2027	897
	6,228
Less: Interest Portion	168
	$ 6,060

7. Accounts Payable

Accounts payable at December 31, 2025, are as follows:

Vendor and Other Payables	$ 896,514
Tax Collector Fees Payable	105,680
Pension Fund Deduction Payable	413,904
User Fees Assessment Charges	35,227
Retainage Payable	80,676
Total Accounts Payable	$ 1,532,001

8. Long Term Debt

The following is a summary of debt transactions for the District for the year ended December 31, 2025:

Type of Debt	Balance at 12/31/24	Debt Issued	Debt Retired	Balance at 12/31/25	Due Within One Year
Series 2022 $5,150,000					
Revenue Bonds	$ 4,430,000	$ -	$ 370,000	$ 4,060,000	$ 385,000
	$ 4,430,000	$ -	$ 370,000	$ 4,060,000	$ 385,000

Long-term debt at December 31, 2025, is comprised of the following:

$5,150,000 Revenue Bonds, Series 2022 dated October 28, 2022; Due in annual installments of $355,000 - $525,000 through March 1, 2034; With interest at 3.89% (Payable from a pledge of the proceeds of a 20-year, 15 mill ad valorem tax).	$ 4,060,000

Payments of principal and interest on the Revenue Bonds are secured by a pledge and dedication of the proceeds of the fifteen (15.00) mills, twenty (20) year property tax approved by the District voters on April 30, 2022. The annual requirements to amortize all debt outstanding at December 31, 2025, including interest payments of $751,550 are as follows:

Year Ended December 31,	Revenue Bonds
2026	535,446
2027	535,178
2028	534,326
2029	532,891
2030	535,775
2031 - 2034	2,137,934
	4,811,550
Less: Interest Portion	(751,550)
	$ 4,060,000

9. Dedication of Proceeds and Flow of Funds – Ad Valorem Tax

Proceeds of the 20-year special tax of 15 mills on the dollar of assessed valuation on all property subject to taxation in the District (2025 collections of $6,331,301) are dedicated for the purpose of providing funds for the construction and improvement of fire protection facilities and acquisition of related equipment within the District.

The District, through its governing authority, adopted a resolution on October 17, 2022, authorizing the issuance of $5,150,000 Revenue Bonds, Series 2022. In that resolution, the proceeds of the fifteen (15.00) mills, twenty (20) year property tax were pledged and dedicated in an amount sufficient for payment of the bonds authorized and interest as they become due and for other purposes.

After funds have been set aside out of the revenues of the taxes for each tax roll year sufficient to pay the principal and interest on the bonds for the ensuing calendar year, then any excess of annual revenues of the taxes remaining for that tax roll year shall be free for expenditure by the District for the purposes for which the taxes were authorized by the voters.

10. Bond Compliance Requirements

The $5,150,000 Revenue Bonds, Series 2022 were approved via a board resolution on July 18, 2022. These bonds shall mature in 2034 and bear an interest rate of 3.89% per annum. The bonds shall be paid solely from a pledge of the proceeds of a 20-year, 15 mill ad valorem tax. The bond resolution requires the following accounts to be established as follows:

The *"Bond Proceeds Fund"* shall be established and maintained with the Paying Agent and be used to receive the proceeds of the Bonds, to retain therein $150,000 required to pay costs of issuance, as set forth in the Paying Agent Agreement, and to transfer the remaining $5,000,000 to the Fiscal Agent to be deposited in the Project Fund. If one hundred eighty (180) days after the closing date, a balance remains in the Bond Proceeds Fund, the Paying Agent shall transfer the balance to the Fiscal Agent to be deposited to the Project Fund.

The District shall establish a '*Tax Revenue Fund"* with the Fiscal Agent, into which will be deposited the proceeds of the 20-year, 15 mill ad valorem tax, as received. On or before the 20th day of each month, commencing January 20 of each year, until notice is given by the Paying Agent that sufficient money has been received to meet the annual principal and interest requirement for the Bonds, all sums on deposit in the Tax Revenue Fund shall be transferred to the Paying Agent for deposit into the Debt Service Fund. Any moneys remaining in the Tax Revenue Fund on the last day of each month, and after making the required payments into the funds and accounts as set forth above, shall be considered surplus. Such surplus may be used by the District for any lawful purpose of the District consistent with the dedicated purpose of the tax.

The Series 2022 "*Debt Service Fund"* is to be created and maintained with the Paying Agent and used to receive transfers from the Tax Revenue Fund. The Debt Service Fund is intended to provide for the payment of the principal of, premium, if any, and interest on all Bonds as they fall due.

The District shall establish a "*Project Fund"* to be held by the Fiscal Agent. The Project Fund shall be held in trust pursuant to the Bond Resolution and shall be used to receive the immediate transfer from the Paying Agent of the balance of the proceeds of the Bonds. Moneys in the Project Fund shall be applied to the costs of the Project and, pending such application, shall be subject to a lien and charge in favor of the Bondholders for the further security of such Bondholders until paid out or transferred as herein provided.

The District was in compliance with the all bond requirements.

11. Pension Plan – Firefighters' Retirement System of Louisiana

General Information about the Pension Plan

Plan Description – Employees of the District are eligible for participation in the Firefighters' Retirement System of Louisiana (the "System") – a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees and established by Act 434 of the 1979 Regular Session of the Louisiana Legislature. The System issues a publicly available financial report that can be obtained at www.lafirefightersret.com/finance.html. The report may also be obtained by writing to the Firefighters' Retirement System, 3100 Brentwood Drive, Baton Rouge, LA 70809, or by calling (225) 925-4060.

Benefits Provided –Any person who becomes an employee as defined in LRS 11:2252 on and after January 1, 1980 shall become a member as a condition of employment. No person who has attained age fifty or over shall become a member of the System, unless the person becomes a member by reason of a merger or unless the System received an application for membership before the applicant attained the age of fifty. No person who has not attained the age of eighteen years shall become a member of the System. Any person who has retired from service under any retirement system or pension fund maintained basically for public officers and employees of the state, its agencies or political subdivisions, and who is receiving retirement benefits therefrom may become a member of this System, provided the person meets all other requirements for membership. Service credit from the retirement system or pension plan from which the member is retired shall not be used for reciprocal recognition of service with this System, or for any other purpose in order to attain eligibility or increase the amount of service credit in this System.

Deferred Retirement Option Plan – After completing 20 years of creditable service and age 50 or 25 years at any age, a member may elect to participate in the deferred retirement option plan (DROP) for up to 36 months.

Upon commencement of participation in DROP, employer and employee contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the member's DROP account. Upon termination of employment, a participant in the program has several options to receive their DROP benefit. A member may (1) elect to roll over all or a portion of their DROP balance into another eligible qualified plan, (2) receive a lump-sum payment from the account, (3) receive single withdrawals at the discretion of the member, (4) receive monthly or annual withdrawals, or (5) receive an annuity based on the DROP account balance. These withdrawals are in addition to the member's regular monthly benefit.

If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to the System. No payments may be made from the deferred retirement option plan account until the participant retires.

Initial Benefit Option Plan – Effective June 16, 1999, members eligible to retire and who do not choose to participate in DROP may elect to receive, at the time of retirement, an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. Such amounts may be withdrawn or remain in the IBO account earning interest at the same rate as the DROP account.

Contributions – Per Act 434 of the 1979 Regular Session of the Louisiana Legislature, contribution rates for employees are established by state law and employer contribution rates are actuarially determined each year. Employees are required to contribute 10% of their annual pay. The District's contractually required contribution rate for the year ended December 31, 2025, was 33.25% for the period January 2025 through June 2025 and 33.25% for the period July 2025 through December 2025. Contributions to the System from the District were $1,259,992 for the year ended December 31, 2025.

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

At December 31, 2025, the District reported a liability of $4,851,501 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The District's proportion of the net pension liability was based on a projection of the District's December 31, 2025, contributions to the pension plan, relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2025, the District's proportion was 1.151805%, which was an increase of 0.037665% from its proportion measured as of June 30, 2024.

For the year ended December 31, 2025, the District recognized pension expense of $140,491. At December 31, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 621,275	$ 87,529
Changes of Assumptions	221,192	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	906,600
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	2,581,019	4,388
District Contributions Subsequent to the Measurement Date	656,610	-
	$ 4,080,096	$ 998,517

$656,610 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended December 31, 2026. 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 Ended:	
December 31, 2026	$ 1,168,754
December 31, 2027	188,533
December 31, 2028	195,723
December 31, 2029	381,503
December 31, 2030	416,435
Thereafter	74,021

Actuarial Assumptions – The total pension liability in the June 30, 2025, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment Rate of Return	6.90% per annum (net of investment expenses, including inflation)
Estimated Remaining Service Life	7 Years, closed period
Inflation	2.50% per annum
Salary Increases	14.50% in the first two years of service and 5.00% with 3 or more years of service; includes inflation and merit increases
Cost of Living Adjustments	For the purpose of determining the present value of benefits, COLAs were deemed not to be substantively automatic and only those previously granted were included

For the June 30, 2025 valuation, assumptions for mortality rates were based on the following:

- For active members, mortality was set equal to the Pub-2016 Public Retirement Plans Mortality Table for Safety Below-Median Employees.

- For annuitants and beneficiaries, mortality was set equal to the Pub-2016 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees.

- For disabled retirees, mortality was set equal to the Pub-2016 Public Retirement Plans Mortality Table for Safety Disabled Retirees.

- 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.

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.

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.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2025, are summarized in the following table:

	Asset Type	Target Asset Allocation	Long-Term Expected Real Rate of Return
Equity	U.S. Equity	27.00%	6.23%
	Non-U.S. Equity	11.00%	6.36%
	Global Equity	10.00%	6.50%
	Emerging Market Equity	4.00%	8.26%
Fixed Income	U.S. Core Fixed Income	23.00%	2.09%
	U.S. TIPS	2.00%	2.00%
	Global Multisector Fixed Income	5.00%	2.34%
	Emerging Market Debt	2.00%	4.05%
Alternatives	Private Equity / Private Debt	9.00%	9.77%
	Real Estate	4.00%	4.85%
	Real Assets	3.00%	5.93%
		100.00%	

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

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.90%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (5.90%) or one percentage-point higher (7.90%) than the current rate:

	1.0% Decrease (5.90%)	Current Discount Rate (6.90%)	1.0% Increase (7.90%)
District's Proportionate Share of the Net Pension Liability	$ 9,361,057	4,851,501	$ 1,092,348

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued System financial report.

Payables to the Pension Plan – As of December 31, 2025, the District had payables totaling $130,341 due to the System, which represents the employee and employer's share of the December 2025 contributions.

12. Tax Abatement Program

The Louisiana Industrial Ad Valorem Tax Exemption Program (ITEP) is an original state incentive program which offers attractive tax incentive for manufacturers within the state. The program abates, for up to ten years, local property taxes (ad valorem) on a manufacturer's new investment and annual capitalized additions related to the manufacturing site. This exemption is granted per contract with the Louisiana Department of Economic Development and will specify the buildings and / or personal property items covered by the exemption. For the 2025 calendar year, estimated forgone ad valorem taxes due to this abatement program was $4,910 for the District.

13. Compensation Paid to Board Members

The following schedule of per diem payments to Board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. As authorized by LRS 40:1498, each member of the Board shall be reimbursed $30 for attending meetings of the board, not to exceed two meetings in any one calendar moth, and may be reimbursed any expenses incurred in performing the duties imposed upon them by virtue of their serving as members.

The following table summarizes per diem paid to Board members:

Robert Dugas, Chairman	$ -
Darren L. Blevins, Vice-Chairman	210
Shane Hernandez, Board Member	240
Leslie A. Falks, Board Member	270
Joseph Blanchard, Board Member	330
Total	$ 1,050

14. Contingent Liabilities

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

15. Change in Accounting Estimate and Error Corrections

The District's 2025 financial statements incorporate a change in accounting estimate and reflect the correction of errors in previously issued financial statements. GASB Statement No. 100, *Accounting Changes and Error Corrections*, requires disclosure of their nature and effect on amounts reported in the financial statements.

Change in Accounting Estimate
As discussed in its 2024 financial statements, the District adopted GASB Statement 101, *Compensated Absences*, as of and for the year ended December 31, 2024. At that time, the District did not record compensated absences because management estimated the amount to be immaterial. However, during the year ended December 31, 2025, management determined total estimated compensated absences to be material and recorded a change in accounting estimate as of the beginning of its fiscal year. Accordingly, the District decreased net position and increased its long-term liabilities to reflect the recognition of the liability for compensated absences in the amount of $126,585 as of December 31, 2024.

Error Corrections
During the year ended December 31, 2025, the District determined that the prior year financial statements for the General Fund omitted deferred inflows of resources related to unavailable ad valorem taxes and unavailable user fees. As a result, deferred inflows of resources were understated and beginning fund balance of the General Fund was overstated by $50,199 in the District's 2024 financial statements. The error has been corrected in the accompanying financial statements by restating the beginning fund balance of the General Fund as of January 1, 2025.

During the year ended December 31, 2025, the District determined that the prior year government-wide financial statements omitted recognition of certain revenues from the state revenue sharing. As a result, government-wide net position was understated by $99,482 in the District's 2024 financial statements. The error has been corrected in the accompanying financial statements by restating the beginning net position of the governmental activities as of January 1, 2025.

The following tables summarize the restatements and adjustments to the District's beginning net position and fund balance as a result of the change in accounting estimate and error corrections:

	Fund Financial Statements General Fund
Fund Balance - Beginning of the Year, as Previously Reported	$ 15,312,964
Error Corrections due to:	
Deferred Inflows of Resources - Unavailable Ad Valorem Taxes	(30,971)
Deferred Inflows of Resources - Unavailable User Fees	(19,228)
Total Error Corrections	(50,199)
Fund Balance - Beginning of the Year, as Restated	$ 15,262,765

	Government-Wide Financial Statements Governmental Activities
Net Position - Beginning of the Year, as Previously Reported	$ 15,162,519
Change in Accounting Estimate for:	
Compensated Absences	(126,585)
Total Change in Accounting Estimate	(126,585)
Error Correction due to:	
General Revenues - State Revenue Sharing	99,482
Total Error Correction	99,482
Net Position - Beginning of the Year, as Adjusted and Restated	$ 15,135,416

16. Subsequent Events

Management has evaluated all other subsequent events through the date that the financial statements were available to be issued, June 11, 2026 and determined that no events occurred that required disclosure.

Required Supplementary Information

Livingston Parish Fire Protection District No. 4 Schedule 1

Walker, Louisiana

Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual Amounts - Budgetary Basis	Variance with Final Budget Favorable / (Unfavorable)
Revenues:				
Ad Valorem Taxes	$ 9,015,248	$ 8,869,250	$ 10,560,869	$ 1,691,619
User Fees	850,000	879,500	905,408	25,908
Fire Insurance Rebate	350,000	395,567	395,567	-
State Revenue Sharing	155,000	156,395	157,221	826
On Behalf Payments	358,800	365,060	364,728	(332)
Interest	148,000	272,000	283,702	11,702
Grant Revenues	-	-	69,305	69,305
Other Revenues	70,400	104,316	118,430	14,114
Total Revenues	10,947,448	11,042,088	12,855,230	1,813,142
Expenditures:				
Public Safety - Fire Protection:				
Salaries & Related Benefits	7,157,300	6,164,815	5,863,367	301,448
Insurance	1,633,775	1,646,300	1,632,472	13,828
Collection Fees	419,000	497,385	559,073	(61,688)
Repairs & Maintenance	387,800	379,067	359,560	19,507
Fuel & Oil	106,800	109,475	108,374	1,101
Professional Fees	129,250	137,675	136,151	1,524
Supplies	147,867	142,215	140,322	1,893
Utilities	158,000	165,925	168,750	(2,825)
Telephone	36,775	27,775	27,288	487
Maintenance Contracts	60,850	53,000	53,061	(61)
Office Supplies & Postage	14,700	10,180	9,505	675
Training	45,000	20,000	18,405	1,595
Dues & Subscriptions	15,000	15,000	15,483	(483)
Miscellaneous	100,200	86,845	76,987	9,858
Capital Outlay	2,175,000	3,881,358	3,852,968	28,390
Debt Service	535,131	531,139	541,707	(10,568)
Total Expenditures	13,122,448	13,868,154	13,563,473	315,249
Excess of Revenues over Expenditures	(2,175,000)	(2,826,066)	(708,243)	2,117,823
Net Change in Fund Balances	(2,175,000)	(2,826,066)	(708,243)	2,117,823
Fund Balance:				
Beginning of the Year, as Previously Reported	15,262,765	15,262,765	15,262,765	-
Error Correction (See Note 15)	-	-	(50,199)	(50,199)
Beginning of the Year, as Restated	15,262,765	15,262,765	15,212,566	(50,199)
End of the Year	$ 13,087,765	$ 12,436,699	$ 14,554,522	$ 2,117,823

See independent auditor's report.

Livingston Parish Fire Protection District No. 4
Walker, Louisiana
Schedule of the District's Proportionate Share of the Net Pension Liability and Related Ratios
For the Year Ended December 31, 2025

Schedule 2

Fiscal Year *	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2025	1.151805%	$ 4,851,501	$ 3,547,853	136.74%	86.96%
2024	1.114140%	$ 6,273,247	$ 3,189,371	196.69%	81.68%
2023	0.730143%	$ 4,765,502	$ 1,942,887	245.28%	77.69%
2022	0.445477%	$ 3,141,189	$ 1,172,719	267.86%	74.68%
2021	0.417253%	$ 1,478,683	$ 934,716	158.20%	86.78%
2020	0.378581%	$ 2,624,153	$ 900,648	291.36%	72.61%
2019	0.372201%	$ 2,330,689	$ 868,204	268.45%	73.96%
2018	0.317795%	$ 1,827,982	$ 734,989	248.71%	74.76%
2017	0.203338%	$ 1,165,503	$ 461,376	252.61%	73.55%
2016	0.120076%	$ 785,406	$ 200,246	392.22%	68.16%

* The amounts presented for each fiscal year were determined as of June 30 of that year

See independent auditor’s report.

Livingston Parish Fire Protection District No. 4
Walker, Louisiana
Schedule of the District's Contributions
For the Year Ended December 31, 2025

Schedule 3

Fiscal Year *	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency / (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Employee Payroll
2025	$ 1,259,992	$ 1,259,992	$ -	$ 3,789,451	33.25%
2024	$ 1,118,640	$ 1,118,640	$ -	$ 3,364,331	33.25%
2023	$ 956,998	$ 956,998	$ -	$ 2,878,189	33.25%
2022	$ 406,140	$ 406,140	$ -	$ 1,229,741	33.03%
2021	$ 353,948	$ 353,948	$ -	$ 1,074,995	32.93%
2020	$ 261,656	$ 261,656	$ -	$ 942,521	27.76%
2019	$ 238,384	$ 238,384	$ -	$ 899,562	26.50%
2018	$ 221,764	$ 221,764	$ -	$ 836,844	26.50%
2017	$ 167,779	$ 167,779	$ -	$ 646,606	25.95%
2016	$ 71,674	$ 71,674	$ -	$ 263,026	27.25%

* The amounts presented for each fiscal year were determined as of June 30 of that year.

See independent auditor's report.

Other Supplementary Information

Livingston Parish Fire Protection District No. 4
Walker, Louisiana
Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended December 31, 2025

Schedule 4

Agency Head: James Wascom, Fire Chief

Purpose		Amount
Salary	$	134,996
Benefits - Insurance		32,692
Benefits - Retirement		41,195
Deferred Compensation		7,200
Benefits - Other - Supplemental Pay		-
Car Allowance		-
Vehicle Provided by Government		-
Vehicle Rental		-
Cell Phone		-
Dues		325
Per Diem		-
Reimbursements		-
Travel		-
Registration Fees		250
Conference Travel		-
Housing		-
Unvouchered Expenses		-
Special Meals		-
Other		-
	$	216,658

See independent auditor's report.

Other Independent Auditor’s Report and Findings and Responses

Paul M. Riggs, Jr., CPA
J. Bryan Ehricht, CPA
Megan L. Young, CPA
B. Jacob Steib, CPA
Lauren Kimble Smith, CPA

Dennis E. James, CPA
Lyle E. Lambert, CPA
Michael "Mickey" Simon, CPA

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

To the Members of the Board of Commissioners of
Livingston Parish Fire Protection District No. 4
Walker, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of the Livingston Parish Fire Protection District No. 4 (the "District"), a component unit of the Livingston Parish Council, as of and for the year ended December 31, 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 June 11, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

James Lambert Riggs
& Associates

James Lambert Riggs & Associates, Inc.
Hammond, Louisiana

June 11, 2026

Livingston Parish Fire Protection District No. 4
Walker, Louisiana
Schedule of Findings and Responses
For the Year Ended December 31, 2025

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 Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of the Livingston Parish Fire Protection District No. 4 as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our issued our report thereon dated June 11, 2026. Our audit of the basic financial statements resulted in an unmodified opinion.

Section I Summary of Auditor's Reports

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

Internal Control:		
Material Weakness	___ Yes	X No
Significant Deficiencies	___ Yes	X No
Compliance:		
Noncompliance Material to the Financial Statements	___ Yes	X No

2. Management Letter

Was a management letter issued?	___ Yes	X No

Section II Financial Statement Findings

Internal Control over Financial Reporting

None

Compliance and Other Matters

None

Livingston Parish Fire Protection District No. 4
Walker, Louisiana
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2024

Ref.#	Fiscal Year Findings Initially Occurred	Description of Findings	Corrective Action Taken

Internal Control over Financial Reporting

None

Compliance and Other Matters

None

LIVINGSTON PARISH FIRE PROTECTION DISTRICT NO. 4

STATEWIDE AGREED UPON PROCEDURES

FOR THE YEAR ENDED DECEMBER 31, 2025

Paul M. Riggs, Jr., CPA
J. Bryan Ehricht, CPA
Megan L. Young, CPA
B. Jacob Steib, CPA
Lauren Kimble Smith, CPA

Dennis E. James, CPA
Lyle E. Lambert, CPA
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Independent Accountants' Report on Applying Agreed-Upon Procedures
for the Year Ended December 31, 2025

Livingston Parish Fire Protection District No. 4
Walker, Louisiana

Louisiana Legislative Auditor
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's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2025 through December 31, 2025. The Livingston Parish Fire Protection District No. 4's (the "District") management is responsible for those C/C areas identified in the SAUPs.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2025 through December 31, 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 associated findings are detailed in Schedule "A."

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.

James, Lambert, Riggs & Associates

James Lambert Riggs & Associates, Inc.
Hammond, Louisiana

June 11, 2026

1) Written Policies and Procedures

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.

- **Results:** No exceptions were identified as a result of performing these procedures.

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.

- **Results:** No exceptions were identified as a result of performing these procedures.

iii. ***Disbursements***, including processing, reviewing, and approving.

- **Results:** No exceptions were identified as a result of performing these procedures.

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 procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- **Results:** No exceptions were identified as a result of performing these procedures.

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 rates of pay or approval and maintenance of pay rate schedules.

- **Results:** No exceptions were identified as a result of performing these procedures.

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.

- **Results:** No exceptions were identified as a result of performing these procedures.

vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

- **Results:** No exceptions were identified as a result of performing these procedures.

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).

- **Results:** No exceptions were identified as a result of performing these procedures.

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.

- **Results:** No exceptions were identified as a result of performing these procedures.

x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure / EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

- **Results:** No exceptions were identified as a result of performing these procedures.

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.

- **Results:** No exceptions were identified as a result of performing these procedures.

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.

- **Results:** No exceptions were identified as a result of performing these procedures.

2) Board or Finance Committee

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.

- **Results:** No exceptions were identified as a result of performing these procedures.

ii. For those entities reporting on the governmental accounting model, review the minutes from all regularly scheduled board / finance committee meetings held during the fiscal year and observe whether the minutes from at least one meeting each month referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period*.

- **Results:** No exceptions were identified as a result of performing these procedures.

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.

- **Results:** No exceptions were identified as a result of performing these procedures.

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.

- **Results:** No exceptions were identified as a result of performing these procedures.

3) Bank Reconciliations

A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

- **Results:** No exceptions were identified as a result of performing these procedures.

i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

- **Results:** No exceptions were identified as a result of performing these procedures.

ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and

- **Results:** No exceptions were identified as a result of performing these procedures.

iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

- **Results:** No exceptions were identified as a result of performing these procedures.

4) Collections (excluding electronic funds transfers)

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

- **Results:** No exceptions were identified as a result of performing these procedures.

B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that

i. Employees responsible for cash collections do not share cash drawers / registers;

- **Results:** No exceptions were identified as a result of performing these procedures.

ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee / official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;

- **Results:** No exceptions were identified as a result of performing these procedures.

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

- **Results:** No exceptions were identified as a result of performing these procedures.

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.

- **Results:** No exceptions were identified as a result of performing these procedures.

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.

- **Results:** No exceptions were identified as a result of performing these procedures.

D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc*. Obtain supporting documentation for each of the 10 deposits and

i. Observe that receipts are sequentially pre-numbered.

- **Results:** No exceptions were identified as a result of performing these procedures.

ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

- **Results:** No exceptions were identified as a result of performing these procedures.

iii. Trace the deposit slip total to the actual deposit per the bank statement.

- **Results:** No exceptions were identified as a result of performing these procedures.

iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100 and the cash is stored securely in a locked safe or drawer).

- **Results:** No exceptions were identified as a result of performing these procedures.

v. Trace the actual deposit per the bank statement to the general ledger.

- **Results:** No exceptions were identified as a result of performing these procedures.

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

A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

- **Results:** No exceptions were identified as a result of performing these procedures.

B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that

i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

- **Results:** No exceptions were identified as a result of performing these procedures.

ii. At least two employees are involved in processing and approving payments to vendors;

- **Results:** No exceptions were identified as a result of performing these procedures.

iii. The employee responsible for processing payments is prohibited from adding / modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;

- **Results:** No exceptions were identified as a result of performing these procedures.

iv. Either the employee / official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

- **Results:** No exceptions were identified as a result of performing these procedures.

v. Only employees / officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

- **Results:** No exceptions were identified as a result of performing these procedures.

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

C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and

i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

- **Results:** No exceptions were identified as a result of performing these procedures.

ii. Observe whether the disbursement documentation included evidence (e.g., initial / date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

- **Results:** No exceptions were identified as a result of performing these procedures.

D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. *Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements*.

- **Results:** No exceptions were identified as a result of performing these procedures.

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

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

- **Results:** No exceptions were identified as a result of performing these procedures.

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

- **Results:** No exceptions were identified as a result of performing these procedures.

ii. Observe that finance charges and late fees were not assessed on the selected statements.

- **Results:** No exceptions were identified as a result of performing these procedures.

C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business / public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

- **Results:** No exceptions were identified as a result of performing these procedures.

D. Using the list of terminated employees obtained in Payroll and Personnel procedure #9C identify those individuals who had access to cards and randomly select 5 terminated employees (or all terminated employees with card access if less than 5) from this population. Observe evidence that the cards have been deactivated for these terminated employees. In cases where a card is shared by multiple users, obtain evidence that the terminated employees' authorization has been removed.

- **Results:** No exceptions were identified as a result of performing these procedures.

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

A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms / prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected

i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana (doa.la.gov/doa/ost/ppm-49-travel-guide/) or the U.S. General Services Administration (www.gsa.gov);

- **Results:** No exceptions were identified as a result of performing these procedures.

ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

- **Results:** No exceptions were identified as a result of performing these procedures.

iii. Observe that each reimbursement is supported by documentation of the business / public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and

- **Results:** No exceptions were identified as a result of performing these procedures.

iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

- **Results:** No exceptions were identified as a result of performing these procedures.

8) Contracts

A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list*. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and

i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;

- **Results:** No exceptions were identified as a result of performing these procedures.

ii. Observe whether the contract was approved by the governing body / board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);

- **Results:** No exceptions were identified as a result of performing these procedures.

iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

- **Results:** No exceptions were identified as a result of performing these procedures.

iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

- **Results:** No exceptions were identified as a result of performing these procedures.

9) Payroll and Personnel

A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

- **Results:** No exceptions were identified as a result of performing these procedures.

B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

- **Results:** No exceptions were identified as a result of performing these procedures.

ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

- **Results:** No exceptions were identified as a result of performing these procedures.

iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

- **Results:** No exceptions were identified as a result of performing these procedures.

iv. Observe the rate paid to the employees or officials agrees to the authorized salary / pay rate found within the personnel file.

- **Results:** No exceptions were identified as a result of performing these procedures.

C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

- **Results:** No exceptions were identified as a result of performing these procedures.

D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

- **Results:** No exceptions were identified as a result of performing these procedures.

10) Ethics

A. Using the 5 randomly selected employees / officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and

i. Observe whether the documentation demonstrates that each employee / official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

- **Results:** No exceptions were identified as a result of performing these procedures.

ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

- **Results:** No exceptions were identified as a result of performing these procedures.

B. Inquire and / or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

- **Results:** No exceptions were identified as a result of performing these procedures.

11) Debt Service

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.

- **Results:** No exceptions were identified as a result of performing these procedures.

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).

- **Results:** No exceptions were identified as a result of performing these procedures.

12) Fraud Notice

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

- **Results:** No exceptions were identified as a result of performing these procedures.

B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

- **Results:** No exceptions were identified as a result of performing these procedures.

13) Information Technology Disaster Recovery / Business Continuity

Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

A. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

- **Results:** We performed the procedure and discussed the results with management.

B. Obtain and inspect the entity's most recent documentation that it has tested / verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing / verifying backup restoration) and observe evidence that the test / verification was successfully performed within the past 3 months.

- **Results:** We performed the procedure and discussed the results with management.

C. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

- **Results:** We performed the procedure and discussed the results with management.

D. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

- **Results:** We performed the procedure and discussed the results with management.

E. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees / officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

- Hired before June 9, 2020 – completed the training; and
- Hired on or after June 9, 2020 – completed the training within 30 days of initial service or employment.

  - **Results:** We performed the procedure and discussed the results with management.

14) Prevention of Sexual Harassment

A. Using the 5 randomly selected employees / officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee / official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

- **Results:** No exceptions were identified as a result of performing these procedures.

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).

- **Results:** No exceptions were identified as a result of performing these procedures.

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;

- **Results:** No exceptions were identified as a result of performing these procedures.

ii. Number of sexual harassment complaints received by the agency;

- **Results:** No exceptions were identified as a result of performing these procedures.

iii. Number of complaints which resulted in a finding that sexual harassment occurred;

- **Results:** No exceptions were identified as a result of performing these procedures.

iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

- **Results:** No exceptions were identified as a result of performing these procedures.

v. Amount of time it took to resolve each complaint.

- **Results:** No exceptions were identified as a result of performing these procedures.