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

ANNUAL FINANCIAL REPORT

For the year ended September 30, 2024

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

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2024

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CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA

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FOR THE YEAR ENDED SEPTEMBER 30, 2024

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FAULK & WINKLER
CPAs - BUSINESS ADVISORS

INDEPENDENT AUDITORS' REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities and the General Fund of the **ST. GEORGE FIRE PROTECTION DISTRICT NO. 2 (District)**, as of and for the year ended September 30, 2024, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, and the General Fund of the District, as of September 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

(continued)

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, the schedule of changes in total other post-employment benefit liability and related ratios, the schedule of proportionate share of net pension liability, the schedule of contributions to each retirement system, and related notes to required supplementary information on pages 4 through 9 and 40 through 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The schedule of compensation, benefits, and other payments to agency head on page 46 is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information on page 46 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 other supplementary information is fairly stated in all material aspects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2025 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Faulk & Winkler, LLC

Certified Public Accountants

Baton Rouge, Louisiana
March 27, 2025

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

INTRODUCTION

This section of the St. George Fire Protection District No. 2's (the District) financial report represents our discussion and analysis of the District's financial performance during the fiscal year ended September 30, 2024 with comparative prior year information with explanations of changes between the two years.

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

The District has a total staff of 227 employees that provide fire protection and related services. This includes 29 employees that provide administrative and office services.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of four components: (1) government-wide financial statements, (2) fund financial statements, (3) notes to the financial statements, and (4) required supplemental information. Please read it in conjunction with the District's financial statements which begin on page 10.

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

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by $35,051,119 (net position - deficit), which represents a 6.37% deficit decrease from September 30, 2023. The decreased deficit in net position was mainly due to an increase in property tax revenue from a new 4 mills property tax for general operations that went into effect in the current fiscal year. The largest portion of the District’s net position reflects its net investment in capital assets.

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

Governmental Activities

	2024	2023
Current and other assets	$ 9,666,613	$ 8,170,179
Capital assets	37,801,553	38,028,265
Total assets	47,468,166	46,198,444
Deferred outflows - resources	16,601,925	17,785,139
Other liabilities	12,598,439	12,892,295
Long-term liabilities	72,682,669	73,645,491
Total liabilities	85,281,108	86,537,786
Deferred inflows - resources	13,840,102	14,880,509
Net Position (Deficit):		
Net investment in capital assets	18,759,161	17,289,725
Restricted for debt service	-	940,221
Restricted for grants	500,000	-
Unrestricted	(54,310,280)	(55,664,658)
Total net position (deficit)	$ (35,051,119)	$ (37,434,712)

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

Governmental Activities

	2024	2023
Revenues:		
Program Revenues:		
Operating grants and contributions	$ 3,380,101	$ 2,962,886
Capital grants and contributions	793,047	1,052,355
General Revenues:		
Property taxes	32,814,012	25,088,182
Service charges	1,308,218	1,300,984
Intergovernmental revenues	1,016,806	1,002,181
Interest and other revenues	630,264	314,010
Total revenues	39,942,448	31,720,598
Expenses	37,558,855	34,139,865
Change in net position	2,383,593	(2,419,267)
Beginning net position (deficit)	(37,434,712)	(35,015,445)
Ending net position (deficit)	$ (35,051,119)	$ (37,434,712)

The District receives property tax based on a millage of 16 mills for general operations, 1.25 mills for salary and benefits, 1.25 mills for capital improvements and general operations, and 1.50 mills for capital improvements and debt service. These taxes, which represent 82.15% of total revenue, increased by $7,725,830 or 30.79% from the period ending September 30, 2023.

The District also received grants and contributions from the federal government, the State of Louisiana for various grant programs or appropriations, and the District’s allocation of non-employer contributions from the two pension plans. The operating and capital grants and contributions represent 10.45% of total revenue and increased by $157,907 or 3.93% from the period ending September 30, 2023. This increase was mainly due to receiving a federal Staffing for Adequate Fire and Emergency Response (SAFER) grant for $499,000, a State of Louisiana grant for House Bill No. 560 Act 397 for $500,000, and grant revenue from the City of Baton Rouge/Parish of East Baton Rouge for $293,047.

The District’s expenses increased by $3,418,990 or 10.01%. The majority of this increase was due to expenses for personnel services and related benefits increasing by $1,705,951. Contractual services increased by $506,064, which was caused by increases in assessor charges, corporate wellness program costs, and network support costs. Additionally, repairs and maintenance and supplies expenses increased by $278,710 and $358,771, respectively. The remaining increase was caused by increases in various other expense accounts including depreciation, training, and interest expense.

FINANCIAL ANALYSIS OF FUNDS

The following provides a summary of the general fund's revenues, expenditures, and other financing sources for the years ended September 30, 2024 and 2023:

	General Fund		
	2024	2023	Variance
Revenues	$ 38,408,647	$ 30,179,732	$ 8,228,915
Expenditures	(37,794,671)	(31,581,893)	(6,212,778)
Other financing sources	800,704	262,429	538,275
Change in fund balance	$ 1,414,680	$ (1,139,732)	$ 2,554,412

Revenues increased by $8,228,915 largely driven by increases in property tax revenue of $7,725,830, state and local grant revenue of $394,220, interest income of $237,687, and miscellaneous income of $88,484. Additionally, the District recognized lease revenue from a lessor lease of $20,501. State supplemental pay revenue and federal grant revenue decreased by $42,011 and $217,655, respectively. The remaining variance was attributed to an aggregate increase of $21,859 in service charge revenue, state revenue sharing, and fire insurance tax revenue. The District recognized federal revenue of $499,000 from the Staffing for Adequate Fire and Emergency Response (SAFER) Grant as well as an additional $44,941 in FEMA reimbursements for disaster assistance. The District also recognized $293,047 for medical equipment under a sub-recipient agreement with the City of Baton Rouge – Parish of East Baton Rouge that is funded with the Coronavirus State and Local Fiscal Recovery Fund (SLFRF). In addition, the District recognized a grant from the State of Louisiana to purchase emergency vehicles for $500,000.

Expenditures increased by $6,212,778 in the current year compared to the prior year. The increase in total expenditures was caused by several factors. Salaries and related benefits increased by $3,828,961 due to an increase in employee headcount and wage increases for existing personnel. Contractual services expenditures increased by $506,064 due to increases in network support expenditures, increases in statutory pension plan withholdings from property tax by the Sheriff, and an increase in expenditures related to the corporate health and wellness plan provided to employees. Repairs and maintenance expenditures increased $278,710 due to an increase in necessary repairs and preventative maintenance performed on District property and vehicles. This increase was also attributed to an increase in vehicle count in the current year. Supply expenditures increased by $358,771 mainly due to an increase in purchases of personal protective equipment, firefighting and rescue supplies, and other operating supplies. Additionally, fuel and oil expenditures increased in the current year due to additional vehicles purchased within the year. Capital outlay expenditures increased by $719,175 compared to the prior year. The increase in capital outlay was due to new vehicle and medical equipment acquisitions along with the issuance of two new leases recognized as capital outlay expenditures. Expenditures related to debt service increased by $248,917 that is mainly attributed to increase in interest expenditure on the revenue anticipation note in the current year. The remaining variance of $272,180 was caused by a net increase offset by reductions in all other expenditures.

Other sources of income increased by $538,275 due to recognizing income from the issuances of two new lease agreements in the current year.

BUDGETARY HIGHLIGHTS

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

	Original Budget	Final Budget	Actual	Variance with budget positive (negative)
Revenues	$ 32,755,000	$ 36,608,144	$ 38,408,647	$ 1,800,503
Expenditures	31,040,531	34,000,766	37,794,671	(3,793,905)
Other financing sources	-	-	800,704	800,704
Change in fund balance	$ 1,714,469	$ 2,607,378	$ 1,414,680	$ (1,192,698)

Budget to Actual

Actual revenues exceeded budgeted revenue by $1,800,503 due most in part by state supplemental pay revenue of $1,215,986, state and other grant revenue of $379,420, and federal grant revenue of $86,904 that was not included in the budget. Additionally, the District recognized $20,501 in lease revenue from a lessor lease that was not included in the budget. The remaining variance in budgeted revenue of $97,692 was due to actual revenue recognized from property tax revenue, service charge revenue, miscellaneous income, and interest income exceeding budgeted amounts. Actual expenditures exceeded the budget by $3,793,905. The personnel services and related benefits expenditures exceeded the budget by $836,770 mainly due to state supplemental pay not included in the budget. Contractual service expenditures exceeded the budget by $1,012,570 that was due most in part to statutory pension plan withholdings from property tax by the Sheriff of $875,437 that were not included in the budget and actual network support expenditures exceeding budgeted amounts by $85,322. Actual training expenditures exceeded budget amounts by $216,574 due to conference and seminar expenditures, tuition reimbursements, and other training costs being more than budgeted. Actual supplies expenditures exceeded the budget by $140,353 due to an increase in supply purchases that were not included in the budget. Capital outlay expenditures exceeded the budget by $1,564,626 due to asset purchases that were not included in the budget as well as year-end accruals and lease issuance costs that were recognized as fiscal year 2024 expenditures after the fiscal year budget was completed and approved. The remaining variance in budgeted expenditures of $23,012 was caused by net budget overages in all other expenditures. Actual Other Financing Sources exceeded the budget by $800,704. This was due to $800,704 recognized in proceeds from the issuance of leases that were not included in the budget.

CAPITAL ASSETS

At September 30, 2024, the District had $37,801,553 of capital assets including land, eight fire stations and an administrative building and campus, improvements, firefighting and other equipment, furniture and fixtures, construction in progress, capital leases, and SBITAs, net of accumulated amortization and depreciation.

LONG-TERM DEBT

The District has two equipment financings for the acquisition of fire trucks and medical equipment with a balance due of $5,671,857, a construction loan with a balance due of $12,300,000, a retirement payoff loan with a balance of $714,911 and compensated absences balance of $2,855,031. Additionally, the District has lease liabilities for office equipment and office buildings with balances owed of $570,144 and $255,592, respectively, and a subscription liability for a subscription-based information technology arrangement with a balance owed of $26,069.

The District recognizes its proportionate share of its net pension liability for participating in two pension plans. The liability recorded as of September 30, 2024 is $28,197,356. In addition, the District recorded total other postemployment benefit liability of $22,091,709 that represents the actuarial determined liability for the District offering continuing health benefits for retirees.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

Statement A

ASSETS	
Cash and cash equivalents	$ 8,792,157
Receivables:	
Property taxes and service charges	80,378
Federal grants	86,904
Other grants	79,781
Lessor leases	349,420
Other receivables	86,917
Deposits and prepaids	191,056
Capital assets	
Non-depreciable	2,778,929
Depreciable and amortizable, net	35,022,624
Total assets	47,468,166
DEFFERED OUTFLOWS OF RESOURCES	
Related to net pension liability	7,843,907
Related to total other postemployment benefit liability	8,758,018
Total deferred outflows of resources	16,601,925
LIABILITIES	
Accounts payable	624,623
Salary and benefits payable	1,677,414
Certificate of indebtedness	10,000,000
Accrued interest	296,402
Long-term liabilities:	
Bonds, financed equipment, debt, leases and SBITA and compensated absences:	
Due within one year	3,271,099
Due in more than one year	19,122,505
Net pension liability:	
Due in more than one year	28,197,356
Total other postemployment benefit liability:	
Due within one year	755,000
Due in more than one year	21,336,709
Total liabilities	85,281,108
DEFERRED INFLOWS OF RESOURCES	
Related to net pension liability	2,132,724
Related to total other postemployment benefit liability	11,358,857
Related to lessor leases	348,521
Total deferred inflows of resources	13,840,102
NET POSITION (DEFICIT)	
Net investment in capital assets	18,759,161
Restricted for:	
Grants	500,000
Unrestricted	(54,310,280)
Total net position (deficit)	$ (35,051,119)

The accompanying notes are an integral part of this statement.

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Statement B

		PROGRAM REVENUES			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	TOTAL
EXPENSES:					
Public safety - fire protection	$ 34,159,276	$ -	$ 3,380,101	$ 793,047	$ (29,986,128)
Depreciation	2,315,883	-	-	-	(2,315,883)
Interest	1,083,696	-	-	-	(1,083,696)
Total governmental activities	37,558,855	-	3,380,101	793,047	(33,385,707)

GENERAL REVENUES:	
Ad valorem taxes	32,814,012
Service charges	1,308,218
State revenue sharing	366,459
Fire insurance tax	650,347
Interest income	517,976
Lease income	20,501
Miscellaneous	91,787
Total general revenues	35,769,300
Change in net position	2,383,593
Net position (deficit):	
Beginning of the year	(37,434,712)
End of the year	$ (35,051,119)

The accompanying notes are an integral part of this statement.

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA
GOVERNMENTAL FUND BALANCE SHEET
SEPTEMBER 30, 2024

Statement C

	GENERAL FUND
ASSETS	
Cash and cash equivalents	$ 8,792,157
Receivables:	
Property taxes and service charges	80,378
Federal grants	86,904
Other grants	79,781
Lessor leases	349,420
Other receivables	86,917
Deposits and prepaids	191,056
Total Assets	$ 9,666,613
LIABILITIES	
Accounts payable	$ 624,623
Salary and benefits payable	1,677,414
Accrued interest payable	9,264
Certificate of indebtedness	10,000,000
Total liabilities	12,311,301
DEFERRED INFLOWS OF RESOURCES	
Related to lessor leases	348,521
FUND BALANCES	
Nonspendable	191,056
Restricted for debt service	10,495
Restricted for grants	500,000
Unassigned (deficit)	(3,694,760)
Total fund balance (deficit)	(2,993,209)
Total Liabilities, Deferred Inflows and Fund Balance	$ 9,666,613

The accompanying notes are an integral part of this statement.

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2024

Statement D

Total fund balance (deficit) - governmental funds (Statement C)		$ (2,993,209)
Cost of capital assets	53,837,862	
Less: Accumulated depreciation and amortization	(16,036,309)	37,801,553
Deferred outflows and inflows of resources are not available to pay current period expenditures and, therefore are not reported in the governmental fund.		
Deferred outflow of resources - related to net pension liability	7,843,907	
Deferred outflow of resources - total other post-employment benefit liability	8,758,018	16,601,925
Deferred inflow of resources - related to net pension liability	(2,132,724)	
Deferred inflow of resources - total other post-employment benefit liability	(11,358,857)	(13,491,581)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term, are reported in the Statement of Net Position.		
Balances at September 30, 2024 are:		
Accrued interest		(287,138)
Long-term liabilities:		
Retirement payoff loan	(714,911)	
Revenue bonds	(12,300,000)	
Compensated absences payable	(2,855,031)	
Lease liability	(825,736)	
SBITA liability	(26,069)	
Financed equipment liability	(5,671,857)	
Net pension liability	(28,197,356)	
Total other post-employment benefit liability	(22,091,709)	(72,682,669)
Net Position (deficit) (Statement A)		$ (35,051,119)

The accompanying notes are an integral part of this statement.

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Statement E

	GENERAL FUND
REVENUES:	
Ad valorem taxes	$ 32,814,012
Service charges	1,308,218
State revenue sharing	366,459
Fire insurance tax	650,347
Supplemental pay	1,215,986
Federal grants	543,941
State and other grants	879,420
Lease income	20,501
Interest income	517,976
Miscellaneous	91,787
Total revenues	38,408,647
EXPENDITURES:	
Personnel services and related benefits	25,874,070
Contractual services	2,086,970
Insurance	1,056,864
Legal and professional	367,178
Office supplies	419,442
Repairs and maintenance	742,286
Supplies	1,208,921
Telecommunications	280,351
Training	313,928
Utilities	389,202
Capital outlay	2,089,171
Debt service:	
Principal	1,855,503
Interest and other charges	1,110,785
Total expenditures	37,794,671
Excess (deficiency) of revenues over (under) expenditures	613,976
Other financing sources (uses):	
Proceeds from issuance of lease agreements	800,704
Total other financing sources (uses)	800,704
Net change in fund balance	1,414,680
Fund balance (deficit):	
Beginning of the year	(4,407,889)
End of the year	$ (2,993,209)

The accompanying notes are an integral part of this statement.

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Statement F

Net change in fund balance - total governmental funds (Statement E)	$ 1,414,680
Amounts reported for governmental activities in the statement of activities (Statement B) are different as follows:	
Capital Assets:	
Capital outlay and other expenditures capitalized	2,089,171
Depreciation and amortizaton expense	(2,315,883)
Changes in Long Term Liabilities:	
Proceeds from issuance of lease agreements	(800,704)
Change in accrued interest payable	27,089
Principal paid on revenue bonds, financed equipment, lease and SBITA liability	1,855,503
Change in compensated absences payable	(33,876)
Change in total OPEB liability and associated deferrals	(469,265)
Change in net pension liability and associated deferrals	616,878
Change in net position (Statement B)	$ 2,383,593

The accompanying notes are an integral part of this statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Introduction

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

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

The District presently has eight stations to provide fire protection within their district. The District has 227 employees.

B. Reporting Entity

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

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

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

C. Basis of Presentation

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

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

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

D. Receivables

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

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

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

Lessor Leases

The District recognizes a lease receivable and a deferred inflow of resources in the financial statements for lease agreements that have a lease term greater than one year and for which have an individual value that is material to the financial statements. The lease receivable is measured at the commencement of the lease agreement at the present value of fixed payments expected to be received during the noncancellable lease term and optional renewal periods that management believes are reasonably certain to be exercised. The lease receivable is reduced by the principal portion of lease payments received or earned. The deferred inflow of resources is measured as the initial amount of the lease receivable and is recognized as revenue over the life of the lease term. Key estimates include the discount rate used to measure the present value of expected lease payments, the term of the lease, and lease payments received or earned. The District uses the interest rate stated in the lease agreement, if available. When an interest rate is not provided, the District uses its estimated incremental borrowing rate as the discount rate for determining present value of expected lease payments. The lease term includes the noncancellable term of the lease agreement and optional renewal periods that management determines are reasonably certain to be exercised.

Management monitors changes in circumstances that would require a remeasurement of its lease agreement and will remeasure the lease receivable and deferred inflow of resources if changes occur that are expected to significantly affect the amount of the lease receivable.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Lessee Leases and SBITA

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

Management monitors changes in circumstances that would require a remeasurement of its lease and SBITA agreements and will remeasure the right-of-use asset and liability if changes occur that are expected to significantly affect the financial statements. Lease and SBITA right-of-use assets are reported as capital assets, and lease and SBITA liabilities are reported as long-term debt on the statement of net position.

F. Use of Estimates

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

G. Cash and Cash Equivalents

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

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

H. Deferred Outflows/Inflows of Resources

The statement of net position reports in a separate section for deferred inflows and outflows of resources. Deferred outflows of resources is a consumption of net assets by the government that is applicable to a future reporting period while deferred inflows of resources is an acquisition of net assets by the government that is applicable to the future reporting period.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Compensated Absences

Employees of the District earn vacation hours at various amounts on a sliding scale that range from 160 hours per year with 1 to 10 years of service to 360 hours per year with more than 21 years of service and also varies based one of three personnel categories, staff, line or communications. An employee begins accruing the vacation time after completing one year of service with the hours prorated from the anniversary date to the end of the calendar year. All other vacation is earned on January 1. Employees can also accrue compensated leave time in lieu of cash payments for overtime work based on the discretion of the Fire Chief. Per L.S.A. R.S. 33:1995, each employee is entitled to 52 weeks of continuous paid leave to recuperate for any illness of injury that is not brought about by the employees' own negligence of culpable indiscretion. Upon termination of employment, employees are paid for accrued vacation and compensated leave. The cost of leave privileges is recognized as a current-year expenditure in the General Fund as leave is taken. The cost of leave privileges not requiring current resources is recorded as a long-term debt as a governmental activity.

J. Revenues

General revenues

Property taxes and the service charges are assessed each calendar year and are recorded on the modified accrual basis and, therefore, recorded when they are both measurable and available. These revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the fiscal year. The calendar of events for the 2023, ad valorem tax calendar was as follows:

	Service charges and Ad valorem taxes
Assessment date	January 1, 2023
Levy date	May 18, 2023
Tax roll completed by	November 15, 2023
Collection date	December 31, 2023

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

Program Revenues

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Expenditures

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

L. Other Financing Sources (Uses)

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

M. Capital Assets

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

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

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

N. Budget Practices

The proposed budget for 2023 - 2024 was made available for public inspection on August 28, 2023. The proposed budget, prepared on the modified accrual basis of accounting, was published in the official journal at least (10) days prior to the public hearing, which was held at the St. George Fire Station on 14100 Airline Highway on September 21, 2023, for comments from taxpayers. The budget is legally adopted and amended, as necessary, by the Board of Commissioners.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Budget Practices (continued)

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

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

O. Equity Classifications

Government-Wide Statements:

1. Net investment in capital assets - Consists of net capital assets reduced by the outstanding balance of any related debt obligations and deferred inflows of resources and increased by any balances of unspent debt proceeds deferred outflows of resources attributable to the acquisition, construction, or improvement of those assets.

2. Restricted net position - Net position is considered restricted if their use is constrained to a particular purpose. Restrictions can be imposed by either external organization such as creditors (such as debt covenants), grants, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted net position is reduced by liabilities and deferred inflows of resource related to the restricted assets.

3. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

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

Fund Financial Statements:

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Equity Classifications (continued)

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

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

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

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

P. Post-Employment Health Care and Dental Insurance Benefits

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

Q. Pension Plans

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

R. Adoption of New Accounting Standard

The District adopted the provisions of GASB Statement 100, *Accounting Changes and Error Correction – an amendment of GASB Statement 62.* The objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant and comparable information for decision making and accountability, as applicable. The implementation of GASB Statement 100 did not have a significant impact to the District's financial statements in the current fiscal year.

2. CASH AND DEPOSITS WITH FINANCIAL INSTITUTIONS

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

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. As of September 30, 2024, St. George Fire District No. 2's bank balance totaled $9,934,101. Of this balance, $260,495 was insured by federal deposit insurance and the remaining $9,673,606 was collateralized with securities held by the pledging financial institutions' trust department or agent in the District's name.

3. LEVIED TAXES AND CHARGES

The following table details each of the District's 2023 assessment roll's ad valorem tax millage rates, levied millage and expiration date of each along with the assessed service charge and expiration date.

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

4. CAPITAL ASSETS

Capital assets as of September 30, 2024 are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Land	$ 2,775,113	$ -	$ -	$ 2,775,113
Construction in progress	-	3,816	-	3,816
Total non-depreciable	2,775,113	3,816	-	2,778,929
Land Improvements	6,298	-	-	6,298
Building	28,435,041	307,366	-	28,742,407
Furniture and appliances	353,457	-	-	353,457
Vehicle	1,326,950	311,790	-	1,638,740
Equipment	18,729,578	579,799	-	19,309,377
Total depreciable	48,851,324	1,198,955	-	50,050,279
Land Improvements	(35)	(420)	-	(455)
Building	(4,417,408)	(705,178)	-	(5,122,586)
Furniture and appliances	(232,672)	(31,665)	-	(264,337)
Vehicle	(932,619)	(131,596)	-	(1,064,215)
Equipment	(8,118,838)	(1,407,640)	-	(9,526,478)
Accumulated depreciation	(13,701,572)	(2,276,499)	-	(15,978,071)
Net depreciable capital asset	35,149,752	(1,077,544)	-	34,072,208
Right of use leased assets				
Building	-	349,571	-	349,571
Equipment	68,869	536,829	-	605,698
Accumulated amortization for leased assets				
Building	-	(11,652)	-	(11,652)
Equipment	(12,626)	(17,055)	-	(29,681)
Net amortized leased assets	56,243	553,884	-	913,936
Right of use SBITA assets				
SBITA	53,385	-	-	53,385
Accumulated amortization for SBITA assets				
SBITA	(6,228)	(10,677)	-	(16,905)
Net amortized SBITA assets	47,157	(10,677)	-	36,480
Capital assets, net	$ 38,028,265	$ (530,521)	$ -	$ 37,801,553

5. SHORT-TERM DEBT

The District borrowed money during the year to finance expenditures for the general operations that are budgeted evenly throughout the year, which are expected to be paid with ad-valorem taxes and service fees. The borrowing was advanced to the District through a certificate of indebtedness bearing interest at 6.67%.

Short-term debt activity for the year ended September 30, 2024, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Certificate of indebtedness	$ 10,000,000	$ 15,000,000	$ 15,000,000	$ 10,000,000

6. LONG-TERM LIABILITIES

The following is a summary of the long-term obligations during the year ended September 30, 2024:

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
Government Activities					
Compensated absences	$ 2,821,155	$ 1,276,622	$ 1,242,746	$ 2,855,031	1,250,355
Direct placement debt:					
Retirement payoff loan	733,544	-	18,633	714,911	20,058
Construction loan	13,200,000	-	900,000	12,300,000	935,000
Financed equipment liability:					
Fire Vehicles	6,510,708	-	862,173	5,648,535	883,882
Medical Equipment	58,305	-	34,983	23,322	23,322
Lease liability	57,080	800,704	32,048	825,736	150,325
SBITA liability	33,735	-	7,666	26,069	8,157
	$ 23,414,527	$ 2,077,326	$ 3,098,249	$ 22,393,604	$ 3,271,099

Direct Placement Debt:

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

6. LONG-TERM LIABILITIES (continued)

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

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

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

The District entered into a subscription-based information technology arrangement (SBITA) involving fleet management software. Pursuant to GASB Statement 96, *Subscription-Based Information Technology Arrangements*, the District has recorded a subscription asset and liability for future payment. The total of the District's subscription asset is recorded at a cost of $53,385, less accumulated amortization of $16,905, for a net SBITA asset of $36,480 at September 30, 2024. A one-time implementation fee of $9,825 was capitalized as part of the SBITA asset. The subscription liability, recorded at present value using a discount rate of 6.40%, is $26,069 as of September 30, 2024.

The District leases an office building and equipment to conduct administrative activities. Three separate lease agreements consist of an office building, a bundle of computer equipment and hardware, and two copy machines covered under one lease agreement. All three agreements require monthly payments and have a term of 5 years with varying expiration dates. In accordance with GASB Statement 87, *Leases*, a liability has been recorded for the present value of lease payments over the lease terms. As of September 30, 2024, the lease liability was $825,736. Discount rates between 3.31% and 6.67% were used to determine the present value of the lease payments. Variable payments such as reimbursable costs and equipment usage were not considered in determining the lease liability. As of September 30, 2024, the recorded value of the right-of-use asset for leased equipment was $605,698, off-set by accumulated amortization of $29,681. The recorded value of the right-of-use asset for leased buildings was $349,571, offset by $11,652 in accumulated amortization. Upfront costs to renovate the office building for use were included in the right-of-use asset.

6. LONG-TERM LIABILITIES (continued)

The annual principal and interest payments on loans and financed equipment liability outstanding at September 30, 2024, are as follows:

	Principal Payments			Interest			
Year Ending	Loans	Financed Equipment	Total	Loans	Financed Equipment	Total	Total
2025	$ 955,058	$ 907,204	$ 1,862,262	$ 478,412	$ 142,222	$ 620,634	$ 2,482,896
2026	986,562	906,137	1,892,699	442,802	119,967	562,769	2,455,468
2027	1,023,179	928,952	1,952,131	405,913	97,152	503,065	2,455,196
2028	1,059,784	952,341	2,012,125	367,780	73,762	441,542	2,453,667
2029	1,101,776	976,320	2,078,096	327,913	49,783	377,696	2,455,792
2030-2034	6,137,192	1,000,903	7,138,095	989,224	25,201	1,014,425	8,152,520
2035-2039	1,560,026	-	1,560,026	152,078	-	152,078	1,712,104
2040-2042	191,334	-	191,334	29,387	-	29,387	220,721
	$ 13,014,911	$ 5,671,857	$ 18,686,768	$ 3,193,509	$ 508,087	$ 3,701,596	$ 22,388,364

The annual principal and interest payments on leases and SBITA liability outstanding at September 30, 2024, are as follows:

	Principal Payments			Interest			
Year Ending	Leases	SBITAs	Total	Leases	SBITAs	Total	Total
2025	$ 150,325	$ 8,157	$ 158,482	$ 49,308	$ 1,529	$ 50,837	$ 209,319
2026	162,008	8,679	170,687	39,388	1,051	40,439	211,126
2027	174,534	9,233	183,767	28,678	542	29,220	212,987
2028	174,003	-	174,003	17,363	-	17,363	191,366
2029	164,866	-	164,866	5,388	-	5,388	170,254
	$ 825,736	$ 26,069	$ 851,805	$ 140,125	$ 3,122	$ 143,247	$ 995,052

7. PENSION PLANS

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

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

7. PENSION PLANS (continued)

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

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

Plan Description

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

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

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

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

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

[2] Calculation varies depending if hired before 9/1/15 or after 9/1/15

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

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

[5] NSP = non-public safety and PS = public safety

7. PENSION PLANS (continued)

Contributions

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

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

Contributions to the plans are required and determined and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended September 30, 2024, for the District and covered employees were as follows:

	District	Employees
Firefighters' Retirement System (FRS)		
Employees receiving compensation above poverty guidelines of US Department of Health	33.25%	10.00%
Employees receiving compensation below poverty guidelines of US Department of Health	35.25%	8.00%
City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System (CPERS)	40.32%	9.50%

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

	2024	2023
Firefighters' Retirement System	$ 4,979,792	$ 4,224,071
City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System	44,103	37,893

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

The following schedule lists the District's proportionate share of the Net Pension Liability allocated by each of the pension plans based on the June 30, 2024 for FRS and December 31, 2023 for CPERS, measurement date of the liability for each plan. The District uses this measurement to record its Net Pension Liability and associated amounts as of September 30, 2024, in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2024 for FRS and December 31, 2023 for CPERS, along with the change compared to the prior year measurement rates for each plan. The District's proportion of the Net Pension Liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

7. PENSION PLANS (continued)

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

The following schedule list each pension plan's proportionate share of recognized pension expense for the District for the year ended September 30, 2024:

	Total expenses
Firefighters' Retirement System	$ 5,873,567
City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System	67,251
	$ 5,940,818

The District recognized its proportionate share of the ad-valorem tax withheld by the Sheriff from taxing districts that was paid to FRS and CPERS. The revenue was recognized in the amount of $1,533,801.

At September 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to each pension plan and total from the following sources:

Deferred outflows

	FRS	CPERS	Total
Differences between expected and actual experience	$ 2,078,021	$ 16,408	$ 2,094,429
Changes of assumptions	1,184,088	-	1,184,088
Net difference between projected and actual earnings on pension plan investments	279,976	59,828	339,804
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,899,469	30,678	2,930,147
Employer contributions subsequent to the measurement date	1,261,563	33,876	1,295,439
Total	$ 7,703,117	$ 140,790	$ 7,843,907

Deferred Inflows

	FRS	CPERS	Total
Differences between expected and actual experience	$ (658,257)	$ -	$ (658,257)
Changes of assumptions	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	(1,473,981)	(486)	(1,474,467)
Total	$ (2,132,238)	$ (486)	$ (2,132,724)

The amount reported in the above table totaling $1,295,439 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2024, for FRS and December 31, 2023 for CPERS, will be recognized as a reduction in Net Pension Liability in the year ended September 30, 2025.

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

Year	FRS	CPERS	Total
2025	$ 669,554	$ 34,845	$ 704,399
2026	3,856,547	33,641	3,890,188
2027	(425,386)	39,632	(385,754)
2028	(425,907)	(1,690)	(427,597)
2029	240,867	-	240,867
2030	393,641	-	393,641
	$ 4,309,316	$ 106,428	$ 4,415,744

7. PENSION PLANS (continued)

A summary of the actuarial methods and assumptions used in determining the total pension liability for each pension plan as of September 30, 2024, are as follows:

	FRS	CPERS
Valuation Date	June 30, 2024	January 1, 2023
Actuarial Cost Method	Entry Age Normal Cost	Entry Age Normal Cost
Actuarial Assumptions:		
Expected Remaining Service Lives	7 years	4 years
Investment Rate of Return	6.90%	7.00%
Inflation Rate	2.50%	2.25%
Mortality	• For active members, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees. • For annuitants and beneficiaries, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees. • For disabled retirees, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees. • In all cases the base table was multiplied by 105% for males and 115% for females, each with full generational projection using the appropriate MP2019 scale.	Healthy - RP-2006 Blue Collar (employee for active and annuitant for inactives) Projected back to 2001, Generational with MP 2018 (2016 base year) Disabled - RP-2006 Disability Table Projected back to 2001, Generational with MP-2018 (2016 base year)
Salary Increases	14.10% in first two years of service and 5.20% with 3 more years of service; includes inflation and merit increases	BREC/Regular with <1 year of service ranges from 1.50% to 7.60% based on age BREC/Regular with 1+ year of service ranges from 0.75% to 7.60% based on age Fire/Police with <1 years of service is 15.50% for all ages Fire/Police with 1+ years of service ranges from 2.00% to 6.5% based on age
Cost of Living Adjustments	For the purpone of determining the present value of benefits, COLAs were deemed not to be sustantively automatic and only those previously granted were included.	None

7. PENSION PLANS (continued)

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

FRS	CPERS
The June 30, 2024, estimated long-term expected rate of return on pension plan investments was determined by the System's actuary using the System's target asset allocation as of January 2024, and the Curran Actuarial Consulting average studies for 2024. The consultants' average studies included projected nominal rates of return, standard deviations of returns, and correlations of returns for a list of common asset classes collected from a number of investment consultants and investment management firms. Each consultant's response included nominal expected long term rates of return. In order to arrive at long term expected arithmetic real rates of return, the actuary normalized the data received from the consultant's responses in the following ways. Where nominal returns received were arithmetic, the actuary simply reduced the return assumption by the long-term inflation assumption. Where nominal returns were geometric, the actuary converted the return to arithmetic by adjusting for the long-term standard deviation and then reduced the assumption by the longterm inflation assumption. Using the target asset allocation for Firefighters' Retirement 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. Subsequent to the actuary's calculation of the long term expected real rate of return in January 2024, the FRS board voted to amend the target asset allocation. These changes include an increase to target weight in U.S. public equity, a decrease in the target weight to emerging market equity, and the inclusion of a target weight to multisector fixed income to further diversify fixed income exposures. The System's long-term assumed rate of inflation of 2.50% was used in this process for the fiscal years ended June 30, 2024 . 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 change integrates data from multiple sources to produce average values thereby reducing reliance on a single data source.	The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These expected future real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

7. PENSION PLANS (continued)

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

	Target Allocation		Long-Term Expected Real Rate of Return	
Asset Class	FRS	CPERS	FRS	CPERS
US Equity	28.50%	34.50%	6.24%	7.50%
Non-US Equity	11.00%	15.50%	6.36%	8.50%
Global Equity	10.00%	-	6.42%	-
Emerging Market Equity	4.50%	-	8.26%	-
US Core Fixed Income	22.00%	-	2.09%	-
U.S. TIPS	2.00%	-	2.00%	-
Emerging Market Debt	2.00%	-	4.05%	-
Global Multisector Fixed Income	4.00%	-	2.34%	-
Real estate	4.00%	15.00%	4.85%	4.50%
Alternative Assets	-	5.00%	-	5.66%
Private equity	9.00%	-	9.77%	-
Domestic bonds	-	25.00%	-	2.50%
International bonds	-	5.00%	-	3.50%
Real Assets	3.00%	-	5.93%	-
Total	100.00%	100.00%		

Discount Rate

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

7. PENSION PLANS (continued)

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

	1.0% Decrease	Current Discount Rate	1.0% Increase
FRS			
Rates	5.9%	6.9%	7.9%
District's Share of NPL	$ 45,952,002	$ 27,678,437	$ 12,436,517
CPERS			
Rates	6.0%	7.0%	8.0%
District's Share of NPL	$ 641,206	$ 518,919	$ 415,914

The District recorded an accrued liability to the Firefighters Retirement Systems for the year ended September 30, 2024, mainly due to the accrual for payroll at the end of the fiscal year. The amount due is included in liabilities under the amounts reported as salaries and benefits payable. The balance due to each of the retirement systems at September 30, 2024 is as follows:

FRS	$ 549,000
CPERS	-
	$ 549,000

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

8. OTHER POST-EMPLOYMENT BENEFITS

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

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

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

8. <u>OTHER POST-EMPLOYMENT BENEFITS</u> (continued)

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

Retirees and surviving spouses	35
Active participants	219
	254

Changes in the Total OPEB Liability

Balance at September 30, 2023	$ 19,223,599
Changes for the year:	
Service cost	521,268
Interest costs	961,575
Changes in benefit terms	-
Difference between expected and actual experience	(452,118)
Changes in assumption and other inputs	2,556,276
Benefit payments	(718,891)
Net changes	2,868,110
Balance at September 30, 2024	$ 22,091,709

Actuarial assumptions- The total OPEB liability as of September 30, 2024 was based on an actuarial valuation as of October 1, 2023, using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Cost method	Entry age
Valuation date	October 1, 2023
Inflation	2.13%
Salary increases	3.50%
Discount rate	4.06% S&P Municipal Bond High Grade Rate Index, increased from prior year of 4.87%
Healthcare cost trend rates	Initial rate 10%, Ultimate rate 4% grading period 5 years
Mortality	RP 2014 Table projected to 2021 with scale BB
Withdrawal rates	

Years of service	Rate
<1	10.0%
1 - 3	6.0%
4 - 6	3.5%
7-10	2.0%
>10	1.0%

8. <u>OTHER POST-EMPLOYMENT BENEFITS</u> (continued)

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

	1.0% Decrease 3.06%	Current discount rate 4.06%	1.0% Increase 5.06%
Total OPEB liability	$ 25,798,698	$ 22,091,709	$ 19,107,119

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

	1% Decrease	Current healthcare cost trend rate Initial 10%, Ultimate 4.00%	1% Increase
Total OPEB liability	$ 18,930,385	$ 22,091,709	$ 25,959,967

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

For the year ended September 30, 2024, the District recognized an OPEB expense of $1,188,156 and reported deferred outflows of resources and deferred inflows of resources related to OPEB for the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,163,732	$ (1,041,415)
Changes in assumptions and other inputs	5,594,286	(10,317,442)
	$ 8,758,018	$ (11,358,857)

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

Year ending September 30:	
2025	$ (294,685)
2026	(294,686)
2027	(294,686)
2028	(294,686)
2029	(294,688)
Thereafter	(1,127,408)
	(2,600,839)

9. ON BEHALF PAYMENTS:

The full-time firefighters of the fire department receive supplemental pay from the State of Louisiana under the provisions of L.R.S. 33:2002. Each full-time firefighter after their second year of service, received $500 per month. These supplemental state funds are paid directly to the firefighters, and do not pass through the fire department, they are included in total salaries and as revenue. The total amount received by the qualified full-time firefighters was $1,215,986.

10. LITIGATION

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

The District is in pending litigation involving former employees of the District with a possible loss ranging from $300,000- $500,000. This matter is currently in the discovery phase with the ultimate resolution and determination of an unfavorable outcome uncertain. As such, a liability was not recognized in this matter in the financial statements.

11. PROPERTY TAX ABATEMENT

The Louisiana Industrial Ad Valorem Tax Exemption program (Louisiana Administrative Code. Title 13, Chapter 5) is a state incentive program which abates, up to ten years, local ad valorem taxes on a manufacturer's new investment and annual capitalized additions related to the manufacturing site. Application to exempt qualified property for five years are approved by the Board of Commerce and Industry. For the fiscal year ended September 30, 2024, approximately $32,433 of the District's ad valorem tax revenues were abated by the state of Louisiana through this program.

12. BOARD OF COMMISSIONERS

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

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

13. GRANTS FROM OTHER GOVERNMENTAL UNITS OR CONTRIBUTIONS

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

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

On August 12, 2022, the District was awarded a grant from the City of Baton Rouge, East Baton Rouge Parish (City-Parish) for $675,000. The grant was funded by the City-Parish from federal Coronavirus State and Local Fiscal Recovery Funds (SLFRF) enacted under the American Rescue Plan Act. The grant is for reimbursement of funds spent on eligible costs and requires the District to spend the funds by December 31, 2026. As of September 30, 2024, the District has recognized $525,547 in revenue related to this grant, $293,047 of which was recognized in the current fiscal year.

On February 1, 2024, the District was granted $500,000 from the State of Louisiana under House Bill No. 560 for the purpose of training and equipment. As of September 30, 2024, these funds were not spent, and a restriction in net position for grants has been recognized.

The District recognized an additional $86,373 from three reimbursable grants from other state and local governments in the current year. These grants were for assistance provided for weather and other disaster related relief efforts.

14. DEFICIT FUND BALANCE

The General Fund's surplus resulted from an increase in property tax revenue of $7,725,830 due to a new 4 mill ad valorem tax for general operations that went into effect in the current year. Additionally, the District recognized other financing sources of $800,704 from the issuance of two new lease agreements. The current year change in fund balance of $1,414,680 is a change of $2,554,412 over the prior year change in fund balance deficit of ($1,139,732). The District intends to eliminate the deficit fund balance in future years by continuing to assess and collect higher property tax revenues in subsequent years.

15. LESSOR LEASE

The District entered into an agreement to lease approximately 3,700 square feet of the District's administrative building to the newly established City of St. George. The agreement commenced on July 1st, 2024 for an initial term of eighteen months expiring on December 31, 2025. The lease agreement contains a renewal option for an additional thirty-six-month term commencing January 1, 2026 and ending December 31, 2028, which management believes is reasonably certain will be executed by the lessee.

In accordance with GASB Statement 87, *Leases*, a lease receivable has been recorded for the present value of expected lease payments over the term of the lease to include the optional renewal term. A discount rate of 6.67% was applied to determine the present value of lease payments. Additionally, a deferred inflow of resources has been recorded and will be recognized as revenue over the term of the lease. The lease receivable and deferred inflow at September 30, 2024 are $349,420 and $348,521, respectively. Deferred inflows recognized during the year ending September 30th, 2024 consist of lease revenue of $20,501 and interest income of $4,059.

The lease agreement stipulates that the first payment shall be payable to the District ninety days after the lessee first receives tax revenue from East Baton Rouge Parish. A receivable has been recorded in lieu of cash payments as of September 30th, 2024.

16. SUBSEQUENT EVENTS

On October 30, 2024, the District entered into a finance purchase agreement to acquire a fire truck. Repayment terms are for seven years with $1,631,152 in principal payments and expected interest payments of $375,858.

REQUIRED SUPPLEMENTAL INFORMATION – PART II

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

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Ad valorem taxes	$ 29,599,000	$ 32,759,257	$ 32,814,012	$ 54,755
Service charges	1,300,000	1,307,881	1,308,218	337
State revenue sharing	354,000	366,459	366,459	-
Fire insurance tax	740,000	650,347	650,347	-
Supplemental pay	-	-	1,215,986	1,215,986
Federal grants	-	457,037	543,941	86,904
State and other grants	500,000	500,000	879,420	379,420
Lease income	-	-	20,501	20,501
Interest income	250,000	513,448	517,976	4,528
Miscellaneous	12,000	53,715	91,787	38,072
Total revenues	32,755,000	36,608,144	38,408,647	1,800,503
EXPENDITURES:				
Personnel services and related benefits	24,287,661	25,037,300	25,874,070	(836,770)
Contractual services	683,700	1,074,400	2,086,970	(1,012,570)
Insurance	908,040	1,056,865	1,056,864	1
Legal and professional	255,200	324,580	367,178	(42,598)
Office supplies	321,120	422,076	419,442	2,634
Repairs and maintenance	371,920	854,011	742,286	111,725
Supplies	963,480	1,068,568	1,208,921	(140,353)
Telecommunications	262,800	290,694	280,351	10,343
Training	216,450	97,354	313,928	(216,574)
Utilities	361,340	383,781	389,202	(5,421)
Capital outlay	-	524,545	2,089,171	(1,564,626)
Debt service	2,408,820	2,866,592	2,966,288	(99,696)
Total expenditures	31,040,531	34,000,766	37,794,671	(3,793,905)
Excess (deficiency) of revenues over (under) expenditures	1,714,469	2,607,378	613,976	(1,993,402)
Other financing sources (uses):				
Proceeds from issuance of lease agreements	-	-	800,704	800,704
Total other financing sources (uses)	-	-	800,704	800,704
Net change in fund balance	1,714,469	2,607,378	1,414,680	(1,192,698)
Fund balance (deficit):				
Beginning of the year	(4,407,889)	(4,407,889)	(4,407,889)	-
End of the year	$ (2,693,420)	$ (1,800,511)	$ (2,993,209)	$ (1,192,698)

Notes to Required Supplementary Information
Budget and Actual
For the Year Ended September 30, 2024

Budgetary Process

The proposed budget for 2023 - 2024 was made available for public inspection on August 28, 2023. The proposed budget, prepared on the modified accrual basis of accounting, was published in the official journal at least 10 days prior to the public hearing, which was held at the St. George Fire Station on 14100 Airline Highway on September 21, 2023, for the comments from taxpayers. The budget is legally adopted and amended, as necessary, by the Board of Commissioners.

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

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

Expenditures Exceeding Appropriations

Excess of expenditures over appropriations in individual funds or departments within the fund occurred as follows:

	Amended Budget	Actual (GAAP Basis)	Excess over Budget
General Fund:			
Personnel services and related benefits	$ 25,037,300	$ 25,874,070	$ (836,770)
Contractual Services	1,074,400	2,086,970	(1,012,570)
Legal and professional	324,580	367,178	(42,598)
Supplies	1,068,568	1,208,921	(140,353)
Training	97,354	313,928	(216,574)
Utilities	383,781	389,202	(5,421)
Capital outlay	524,545	2,089,171	(1,564,626)
Debt Service	2,866,592	2,966,288	(99,696)
	$ 31,377,120	$ 35,295,728	$ (3,918,608)

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

SCHEDULE OF CHANGES IN TOTAL OTHER POST-EMPLOYMENT BENEFIT LIABILITY AND RELATED RATIOS
YEAR ENDED SEPTEMBER 30, 2024

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

Notes to Schedule:

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

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

Changes of Assumptions.

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

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

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
COST SHARING PLANS ONLY
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Pension Plan	Year	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Firefighters' Retirement System (1)						
	2024	4.9157%	$ 27,678,437	$ 14,225,303	194.5719%	81.68%
	2023	4.6761%	30,519,811	12,547,878	243.2269%	61.66%
	2022	5.0698%	35,748,592	13,056,952	273.7897%	74.68%
	2021	4.7771%	16,929,254	11,984,225	141.2628%	86.78%
	2020	4.5739%	31,704,096	11,388,659	278.3830%	72.61%
	2019	4.4248%	27,707,643	10,699,218	258.9689%	73.96%
	2018	4.2119%	24,227,333	10,013,746	241.9408%	74.76%
	2017	3.9893%	22,866,232	9,310,574	245.5942%	73.55%
	2016	4.0056%	26,200,082	9,027,902	290.2123%	68.16%
	2015	4.2529%	22,953,520	9,029,945	254.1934%	72.45%
City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System (2)						
	2024	0.0685%	$ 518,919	$ 101,056	513.4965%	62.46%
	2023	0.0643%	487,554	90,266	540.1303%	77.69%
	2022	0.0621%	319,237	85,306	374.2257%	73.35%
	2021	0.0611%	357,052	82,737	431.5506%	68.78%
	2020	0.0598%	376,094	79,008	476.0201%	65.47%
	2019	0.0539%	395,663	70,470	561.4630%	59.36%
	2018	0.0475%	254,087	66,248	383.5391%	68.80%
	2017	0.0466%	276,894	65,152	424.9969%	64.09%
	2016	0.0427%	246,449	58,794	419.1737%	63.95%
	2015	0.0413%	181,447	55,935	324.3890%	70.95%

(1) The amounts presented have a measurement date of June 30th of the previous year identified.
(2) The amounts presented have a measurement date of December 31st of the previous year identified.

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA
SCHEDULE OF CONTRIBUTIONS TO EACH RETIREMENT SYSTEM
COST SHARING PLANS ONLY
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Pension Plan:	Year	Contractually Required Contribution[1]	Contributions in Relation to Contractually Required Contribution[2]	Contribution Deficiency (Excess)	Covered Payroll[3]	Contributions as a % of Covered Payroll
Firefighters' Retirement System						
	2024	$ 4,979,792	$ 4,979,792	$ -	$ 14,976,822	33.25%
	2023	4,224,071	4,224,071	-	12,692,509	33.28%
	2022	4,328,956	4,328,956	-	12,869,423	33.64%
	2021	3,960,551	3,960,551	-	12,136,067	32.63%
	2020	3,333,588	3,333,588	-	11,537,505	28.89%
	2019	2,921,448	2,921,448	-	10,892,968	26.82%
	2018	2,685,307	2,685,307	-	10,133,230	26.50%
	2017	2,431,000	2,431,000	-	9,509,337	25.56%
	2016	2,427,986	2,427,986	-	9,076,845	26.75%
	2015	2,590,370	2,590,370	-	9,008,030	28.76%
City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System						
	2024	$ 44,103	$ 44,103	$ -	$ 110,590	39.88%
	2023	37,893	37,893	-	94,927	39.92%
	2022	34,984	34,984	-	90,470	38.67%
	2021	32,378	32,378	-	85,241	37.98%
	2020	30,119	30,119	-	81,935	36.76%
	2019	27,306	27,306	-	78,359	34.85%
	2018	24,801	24,801	-	72,598	34.16%
	2017	18,615	18,615	-	56,341	33.04%
	2016	19,816	19,816	-	67,778	29.24%
	2015	17,644	17,644	-	58,149	30.34%

For reference only:

[1] *Employer contribution rate multiplied by covered payroll*

[2] *Actual employer contributions remitted to Retirement Systems*

[3] *Employer's covered employee payroll amount for the year ended September 30 of each year*

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLANS - NET PENSION LIABILITY
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Changes in Benefit Terms Include:

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

Changes in Assumptions Include:

Changes in Discount Rates: Following includes the year that a change was made

Plan	
FRS	06/30/2021 - 6.90% 06/30/2020 - 7.00%; 06/30/2019 - 7.15%; 06/30/2018 - 7.30%; 06/30/2017 - 7.40%; 06/30/2014 - 7.50%
CPERS	12/31/2019 - 7.00%; 12/31/2018 - 7.04%; 12/31/2017 - 7.25%; 12/31/2014 - 7.50%

Changes in Inflation Rates:

Plan	
FRS	06/30/2019 - 2.50%; 06/30/2018 - 2.70%; 06/30/2017 - 2.775%; 06/30/2015 - 2.880% 06/30/2014 - 3.00%
CPERS	12/31/2019 - 2.25%; 12/31/2015 - 2.75%; 12/31/2014 - 3.50%

Changes in Salary Increases:

Plan	Measurement Date	
FRS	06/30/2020	14.10% in the first 2 years of service and 5.20% with 3 or more years
	06/30/2019	Vary from 14.75% in the first 2 years of service to 4.50% with 25 or more years
	06/30/2015	Vary from 15.00% in the first 2 years of service to 4.75% with 25 or more years
	06/30/2014	Vary from 15.00% in the first 2 years of service to 5.50% after 14 years
CPERS	12/31/2020	BREC/Regular with <1 year of service ranges from 1.50% to 7.60% based on age BREC/Regular with 1+ year of service ranges from 1.55% to 7.60% based on age Fire/Police with <1 years of service is 15.50% for all ages Fire/Police with 1+ years of service ranges from 2.00% to 6.5% based on age
CPERS	12/31/2019	BREC/Regular with <1 year of service ranges from 1.50% to 7.60% based on age BREC/Regular with 1+ year of service ranges from 3.25% to 7.60% based on age Fire/Police with <1 years of service is 15.50% for all ages Fire/Police with 1+ years of service ranges from 3.00% to 6.5% based on age
CPERS	12/31/2013	BREC/Regular ranges from .50% to 2.5% based on age up to age 50 Fire/Police ranges from 1.00% to 4.00% based on age up to age 45

Changes in Mortality Tables:

Plan	Measurement Date	
FRS	06/30/2020	Pub-2010 Public Retirement Plans Mortality for Safety multiplied by 105% for males and 115% for females based on experience study from July 1, 2014 to June 30, 2019
	06/30/2015	RP-2000 Sex Distinct Tables projected to 2031 Scale AA based on experience study from July 1, 2009 to June 30, 2014
	06/30/2014	RP-2000 Sex Distinct Tables projected to 2031 Scale AA based on experience study from July 1, 2004 to June 30, 2009
CPERS	12/31/2019	Healthy - RP-2006 Blue Collar Projected back to 2001, Generational with MP 2018 (2016 base year) Disabled - RP-2006 Disabled Table Projected back to 2001, Generational with MP 2018 (2016 base year)
	12/31/2013	Healthy - RP-2000 Healthy Combined Blue Collar Projected to 2019 using Scale BB Disabled - RP-2000 Disabled Mortality Projected to 2019 using Scale BB

OTHER INFORMATION

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

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Gerard C. Tarlenton, Fire Chief	
Salary (including state supplemental pay)	$ 213,501
Benefits - retirement	70,989
Benefits - insurance	5,315
Total Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer	$ 289,805

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Louisiana Governmental Audit Guide* and *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the General Fund of the **ST. GEORGE FIRE PROTECTION DISTRICT NO. 2 (District)** as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 27, 2025.

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 District'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. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and recommendations as item 2024-001 that we consider to be a significant deficiency.

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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 two instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2024-002 and 2024-003.

The District's Response to Findings

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

Purpose of this Report

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

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

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
March 27, 2025

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
BATON ROUGE, LOUISIANA

SCHEDULE OF FINDINGS

For the year ended September 30, 2024

1) Summary of Auditors' Results:

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

B) Significant deficiencies in internal control that were disclosed by the audit of financial statements: **2024-001.**

Material weaknesses: **None.**

C) Noncompliance which is material to the financial statements: **2024-002** and **2024-003.**

2) Findings related to the financial statements reported in accordance with *Governmental Accounting Standards*: **2024-001, 2024-002** and **2024-003.**

3) FINDING – FINANCIAL STATEMENTS:

2024-001 Controls over Credit Card Administration

Fiscal Year Finding Originated: 2022

Criteria: Credit card statements, including supporting documentation, should be reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.

Condition: We observed that charges on one of the five credit cards utilized by the District did not have evidence of review and approval by someone other than the authorized card holder. Additionally, one of the five authorized card holders incurred charges in which the purchase requisition did not contain evidence of approval.

Cause: The Department's policies over credit card administration does not require approval of the agency head's purchases as they are approved through budgetary controls.

Effect: Credit card expenditures that lack supervisory review and approval increase the risk of being improper or noncompliant expenditures, whether due to fraud or error.

Recommendation: For transactions made by members of management, the District should have another member of management or a board member approve monthly charges before payment is remitted.

Response: Management concurs with this matter and intends to reinforce the established policies regarding purchases made by use of credit cards.

4) FINDINGS – NONCOMPLIANCE WITH STATE LAWS AND REGULATIONS

2024-002 Louisiana Government Budget Act

Fiscal Year Finding Originated: 2020

Criteria: In accordance with Louisiana R.S. 39:1301 - 1315, *Louisiana Governmental Budget Act* (LGBA), political subdivisions are required to monitor the adopted budget and duly authorize adopted amendments to the budgets for all legally adopted budgets. Additionally, management of the political subdivision is required to advise the governing authority to adopt a budget amendment, in writing, for all legally adopted budgets when the following conditions exist:

- The budget document setting forth the proposed financial plan for the General Fund and each special revenue fund shall include a budget message signed by the budget preparer which shall include a summary description of the proposed financial plan, policies, and objectives, assumptions, budgetary basis, and a discussion of the most important features.

  Additionally, the budget document must also present the estimated fund balances at the beginning of the year, estimates of all receipts and revenues to be received, revenues itemized by source, recommended expenditures itemized by agency, department, function, and character, other financing sources and uses by source and use, and the estimated fund balance at the end of the fiscal year. Such statements shall also include a clearly presented side-by-side detailed comparison of such information for the current year, including the fund balances at the beginning of the year, year-to-date actual receipts and revenues received and estimates of all receipts and revenues to be received the remainder of the year; estimated and actual revenues itemized by source, year-to-date actual expenditures and estimates of all expenditures to be made the remainder of the year itemized by agency, department, function, and character, other financing sources and uses by source and use, both year-to-date actual and estimates for the remainder of the year; the year-to-date actual and estimated fund balances as of the end of the fiscal year, and the percentage change for each item of information (R.S. 39:1305(C)).

- The total of proposed expenditures shall not exceed the total of estimated funds available for the ensuing fiscal year (R.S. 39:1305(E)).

- Total revenues and other sources plus projected revenues and other sources for the remainder of the year, within a fund, are failing to meet total budgeted revenue and other sources by 5% or more (R.S. 39:1311(A)(1)).

- Total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by 5% or more (R.S. 39:1311(A)(2)).

- Actual beginning fund balance, within a fund, fails to meet estimated beginning fund balance by 5% or more and fund balance is being used to fund current year expenditures (R.S. 39:1311(A)(3)).

4) FINDINGS – NONCOMPLIANCE WITH STATE LAWS AND REGULATIONS (CONTINUED)

2024-002 Louisiana Government Budget Act (Continued)

Condition: The District adopted a budget in which the total proposed expenditures (including other financing uses) exceeded the sum of total estimated expenses incurred and total actual expenditures and other uses are exceeding the total budgeted expenditures and other uses by 5% or more. Therefore, the District is not in compliance with the LGBA. Additionally, the District's budget documents did not include all detailed information as required by R.S. 39:1305(C).

Cause: Unknown.

Effect: The District may not be compliant with the LGBA.

Recommendation: We recommend that the District comply with all aspects of the LGBA.

Response: Management concurs with this matter and plans to comply with the LGBA in future periods.

2024-003 Compliance with Debt Service Covenants

Fiscal Year Finding Originated: 2022

Criteria: In accordance with Bond Resolution No. 10-11-2018-01 Section 10 of the District's $10,000,000 Revenue Bond – Series 2018 (Bond) the District shall create a Sinking Fund and deposit sufficient amounts into the Sinking Fund to pay promptly and fully the principal of and the interest on the Bond as they become due and payable. The required deposits of the Fund are to be paid monthly in advance on or before the business day prior to the last day of each month. The required monthly deposits related to the Bond's principal and interest payments are as follows:

- A sum equal to one-twelfth ($1/12^{th}$) of the principal falling due on the Bond's next principal payment date.

- A sum equal to one-sixth ($1/6^{th}$) of the interest falling due on the Bond's next interest payment date.

Condition: As of September 30, 2024, the Sinking Fund was required to be funded for two-twelfths of the annual schedule debt service of the Bond, or at approximately $228,830. The Sinking Fund balance as of September 30, 2024 was $10,495, a shortage of $218,335.

Cause: In January 2024, the District transferred $1,709,764 to the Sinking Fund. In August 2024 the District withdrew $1,700,000 to fund the required debt services payment due in November 2024 of $1,155,785. The District did not fund the monthly required Sinking Fund deposits in August or September 2024, of approximately $114,815, to establish an adequate balance as of September 30, 2024, as required by the Bond agreement.

4) FINDINGS – NONCOMPLIANCE WITH STATE LAWS AND REGULATIONS (CONTINUED)

Effect: The District may not be compliant with all debt service covenants as required by the Bond agreement. The District fulfilled all debt service payment obligations of the Bond agreement, as due in full in November 2024.

Recommendation: We recommend the District make monthly deposits of sufficient amounts into the Sinking Fund on or before the business day prior to the last day of each month in order to maintain compliance with the Bond agreement and maintain a sufficient Sinking Fund cash balance as required by the Bond agreement.

Response: Management concurs with this matter and plans to comply with its debt service covenant requirements in future periods. The District's operating cash was maintained at a balance to cover these obligations, although the banking transfers were not initiated.

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
BATON ROUGE, LOUISIANA

SUMMARY OF PRIOR YEAR FINDINGS

For the year ended September 30, 2024

2023-001 Controls over Credit Card Administration

This finding has been reclassified as Item 2024-001.

2023-002 Local Government Budget Act

This finding has been reclassified as Item 2024-002.

2023-003 Compliance with Debt Service Covenants

This finding has been reclassified as Item 2024-003.

Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2

Baton Rouge, Louisiana

For the fiscal period ended September 30, 2024

FAULK & WINKLER
CPAs - BUSINESS ADVISORS

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2023 through September 30, 2024. The **ST. GEORGE FIRE PROTECTION DISTRICT NO. 2's (District's)** management is responsible for those C/C areas identified in the SAUPs.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period October 1, 2023 through September 30, 2024. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and schedule of findings are as follows:

1) Written Policies and Procedures

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

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vi. ***Contracting,*** including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

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

viii. ***Credit Cards*** (and debit cards, fuel cards, purchase cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

ix. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

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

xi. ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

xii. ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

2) Board or Finance Committee

A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

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:

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

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

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

4) Collections (excluding electronic funds transfers)

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

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

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

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

   iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and

   iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

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

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

5) Non-Payroll Disbursements (excluding card purchases/payments, 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).

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

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
   ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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.

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

A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

   i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
   ii. Observe that finance charges and late fees were not assessed on the selected statements.

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

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

A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
   i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
   ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
   iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
   iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

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. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
   i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
   ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
   iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
   iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

9) Payroll and Personnel

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

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

    i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
    ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
    iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
    iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

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

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

10) Ethics

A. Using the 5 randomly selected employees/officials from procedure #9A under "Payroll and Personnel" above, 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
    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.

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

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.

B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

12) Fraud Notice

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

13) Information Technology Disaster Recovery/Business Continuity

A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
    i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on government's local server or network, and (c) was encrypted.
    ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
    iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.
C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:
    a. Hired before June 9, 2020 – completed the training; and
    b. Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

14) Prevention of Sexual Harassment

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

B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

    i. Number and percentage of public servants in the agency who have completed the training requirements;
    ii. Number of sexual harassment complaints received by the agency;
    iii. Number of complaints which resulted in a finding that sexual harassment occurred;
    iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
    v. Amount of time it took to resolve each complaint.

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2

Baton Rouge, Louisiana

SCHEDULE OF FINDINGS

For the fiscal period ended September 30, 2024

Exceptions:

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

1) Written Policies and Procedures:

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

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

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

vi (1)(2)(3)(4)(5) Contracting -The District has no written policies and procedures addressing types of services requiring written contracts, standard terms and conditions of contracts, legal review of contracts, the approval process of contracts, and the monitoring process of contracts.

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

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

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

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

2) Board or Finance Committee:

A(iii) - We did not observe evidence in the minutes that referenced or included a formal plan to eliminate the negative unassigned fund balance in the General Fund from prior year audit report.

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

4) Collections:

D(iv) - Based on the observation of two deposits totaling $4,942, we did not observe evidence the deposits were made within one day of receipt at the collection location.

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

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

C(1) - Based on the observation of thirty credit card transactions, one transaction totaling $11 did not have a supporting receipt identifying what was purchased.

11) Debt Service:

B - The District did not make monthly sinking fund deposits, as required by the Series 2018 Bond agreement during the fiscal year ended September 30, 2024; a lump sum transfer was made in January 2024, which provided sufficient funding of the required sinking fund balance as of September 30, 2024.

Additionally, the District fulfilled all debt service payment obligations of the Bond as due and in full in November 2024 through the utilization of sinking fund cash.

12) Fraud Notice:

B - We could not locate on the District's premises and website the notice concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

13) Information Technology Disaster Recovery/Business Continuity:

A,B,C - We performed the related procedures and discussed the results with management.

14) Prevention of Sexual Harassment:

C - We could not observe the District's sexual harassment report that contained applicable requirements of R.S. 42:344.

Management's Response:

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

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

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

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

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
March 27, 2025