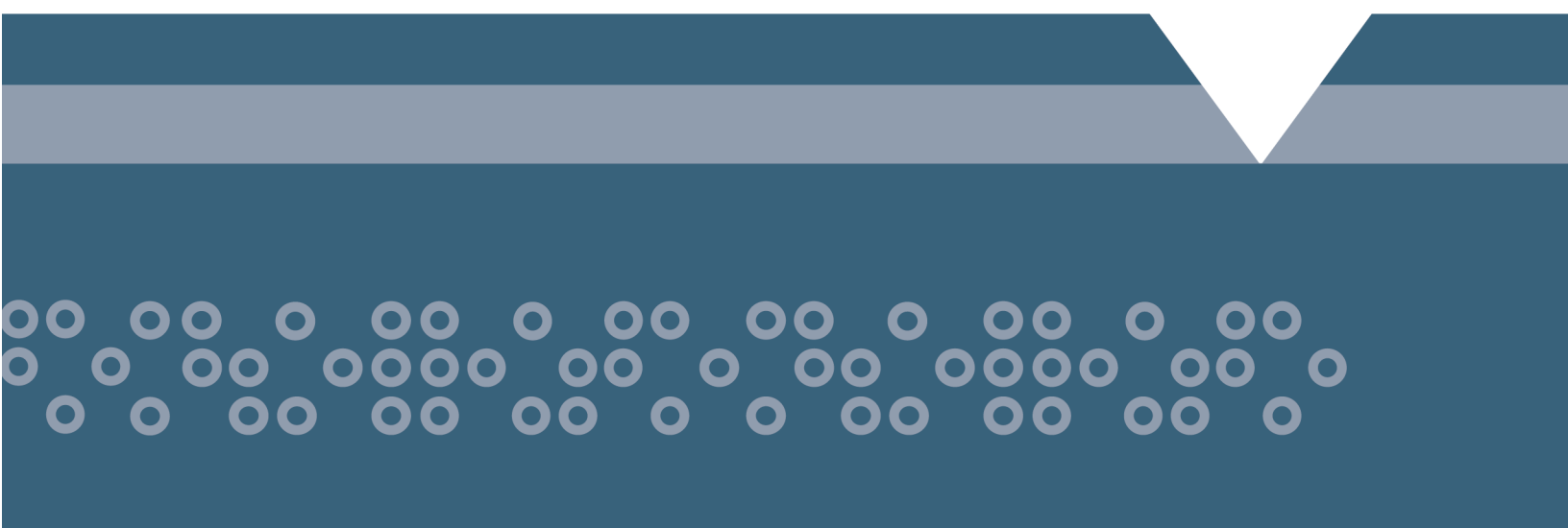


Lincoln Parish Fire Protection District No. 1

Ruston, Louisiana

For the Year Ended December 31, 2024



CERTIFIED PUBLIC
ACCOUNTANTS

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1

RUSTON, LOUISIANA

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

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Lincoln Parish Fire Protection District No. 1 (which is the "District" as well as "the primary government") as of and for the year ended December 31, 2024, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Lincoln Parish Fire Protection District No. 1 as of December 31, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Lincoln Parish Fire Protection District No. 1 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lincoln Parish Fire Protection District No. 1's ability to continue as a going concern for twelve months beyond the financial

statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Lincoln Parish Fire Protection District No. 1's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lincoln Parish Fire Protection District No. 1's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules on pages 21-24 and other schedules on page 25-26 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing

the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of compensation, benefits and other payments to agency head is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated August 4, 2025, on our consideration of the Lincoln Parish Fire Protection District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Lincoln Parish Fire Protection District No. 1's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Lincoln Parish Fire Protection District No. 1's internal control over financial reporting and compliance.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana
August 4, 2025

GOVERNMENT-WIDE FINANCIAL STATEMENTS

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1

STATEMENT OF NET POSITION

DECEMBER 31, 2024

	<u>Governmental Activities</u>
Assets	
Cash	\$ 3,325,228
Investments	1,175,248
Accounts receivable	692,962
Prepaid expenses	107,873
Due from other governments	270,501
Non-depreciable assets	12,800
Property and equipment, net of depreciation	<u>1,941,682</u>
Total assets	<u>7,526,294</u>
Deferred Outflows of Resources	
Pension related	<u>208,344</u>
Liabilities	
Current liabilities:	
Accounts payable	86,120
Due to other governments	1,141,646
Non-current liabilities	
Net pension liability	937,417
Compensated absences	<u>44,331</u>
Total liabilities	<u>2,209,514</u>
Deferred Inflows of Resources	
Pension related	<u>215,091</u>
Net Position	
Net investment in capital assets	1,954,482
Unrestricted	<u>3,355,551</u>
Total net position	<u>\$ 5,310,033</u>

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

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2024

					Net (Expense) Revenue and Changes in Net Position
	Expenses	Program Revenues		Capital Grants and Contributions	Governmental Activities
		Charges for Services	Operating Grants and Contributions		
Function/Program Activities					
Government Activities:					
Public Safety	<u>\$ 1,477,469</u>	<u>\$ 710,569</u>	<u>\$ -</u>	<u>\$ -</u>	\$ (766,900)
General Revenues:					
Sales Tax					598,860
Investment Earnings					206,981
Fire Insurance Rebate					131,949
Other Revenues					<u>84,231</u>
Total General Revenues					<u>1,022,021</u>
Change in Net Position					255,121
Net Position - Beginning					<u>5,054,912</u>
Net Position - Ending					<u>\$ 5,310,033</u>

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

FUND FINANCIAL STATEMENTS

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1

BALANCE SHEET – GOVERNMENTAL FUNDS

DECEMBER 31, 2024

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Equipment Reserve Fund</u>	<u>Fire Training Center Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash	\$ 2,970,735	\$ -	\$ -	\$ 354,493	\$ 3,325,228
Investments	4,445	-	1,170,803	-	1,175,248
Accounts Receivable	692,962	-	-	-	692,962
Prepaid Expenses	107,873	-	-	-	107,873
Due from Other Governments	260,645	3,394	-	6,462	270,501
Due from Other Funds	<u>819,700</u>	<u>-</u>	<u>2,084,462</u>	<u>46,921</u>	<u>2,951,083</u>
TOTAL ASSETS	<u><u>\$ 4,856,360</u></u>	<u><u>\$ 3,394</u></u>	<u><u>\$ 3,255,265</u></u>	<u><u>\$ 407,876</u></u>	<u><u>\$ 8,522,895</u></u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 67,598	\$ -	\$ 17,978	\$ 544	\$ 86,120
Due to Other Governments	1,036,230	-	105,416	-	1,141,646
Due to Other Funds	<u>2,046,929</u>	<u>84,454</u>	<u>819,700</u>	<u>-</u>	<u>2,951,083</u>
Total Liabilities	<u>3,150,757</u>	<u>84,454</u>	<u>943,094</u>	<u>544</u>	<u>4,178,849</u>
Fund Balances:					
Restricted	-	(81,060)	2,312,171	-	2,231,111
Assigned	-	-	-	407,332	407,332
Unassigned	<u>1,705,603</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,705,603</u>
Total Fund Balances	<u>1,705,603</u>	<u>(81,060)</u>	<u>2,312,171</u>	<u>407,332</u>	<u>4,344,046</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 4,856,360</u></u>	<u><u>\$ 3,394</u></u>	<u><u>\$ 3,255,265</u></u>	<u><u>\$ 407,876</u></u>	<u><u>\$ 8,522,895</u></u>

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

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2024

Total Governmental Fund Balances	\$ 4,344,046
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,954,482
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Pension related items are not reported in the fund statements:

Deferred outflows	208,344
Deferred inflows	(215,091)
Net pension liability	(937,417)

Compensated absences are not due and payable in the current period and therefore are not reported in the funds.	<u>(44,331)</u>
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Net Position of Governmental Activities	<u><u>\$ 5,310,033</u></u>
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The accompanying notes are an integral part of these financial statements.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	General Fund	Debt Service Fund	Equipment Reserve Fund	Fire Training Center Fund	Total Governmental Funds
Revenues:					
Structure Fees	\$ 710,569	\$ -	\$ -	\$ -	\$ 710,569
Sales Tax	598,860	-	-	-	598,860
Insurance Rebate	131,949	-	-	-	131,949
Investment Earnings	145,946	-	50,720	10,315	206,981
Other Revenues	84,231	-	-	-	84,231
Total Revenues	<u>1,671,555</u>	<u>-</u>	<u>50,720</u>	<u>10,315</u>	<u>1,732,590</u>
Expenditures:					
Public Safety					
Salaries and Benefits	935,311	-	-	-	935,311
Insurance and Surety Bonds	1,851	-	-	-	1,851
GIS Mapping	20,000	-	-	-	20,000
Professional Services	49,785	-	-	540	50,325
Uniforms	12,523	-	-	-	12,523
Utilities	52,204	-	-	6,278	58,482
Vehicle Expenditures	42,331	-	-	-	42,331
Maintenance	104,749	-	-	2,896	107,645
Education and Training	1,678	-	-	-	1,678
Telephone	3,846	-	-	-	3,846
Office Supplies	1,035	-	-	-	1,035
Dues and Subscriptions	508	-	-	-	508
Equipment Rental	2,460	-	-	-	2,460
Travel	93	-	-	-	93
Election Expense	389	-	-	-	389
Miscellaneous	3,618	-	-	-	3,618
Leases and Taxes	1,365	-	-	-	1,365
Materials and Supplies	93,185	-	-	-	93,185
Capital Outlay	81,201	-	943,094	-	1,024,295
Total Expenditures	<u>1,408,132</u>	<u>-</u>	<u>943,094</u>	<u>9,714</u>	<u>2,360,940</u>
Excess (Deficiency) of Revenues Over Expenditures	263,423	-	(892,374)	601	(628,350)
Other Financing Sources (uses):					
Operating Transfers In	-	-	-	10,000	10,000
Operating Transfers Out	(10,000)	-	-	-	(10,000)
Total Other Financing Sources(Uses)	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	253,423	-	(892,374)	10,601	(628,350)
Fund Balances - Beginning	<u>1,452,180</u>	<u>(81,060)</u>	<u>3,204,545</u>	<u>396,731</u>	<u>4,972,396</u>
Fund Balances - Ending	<u>\$ 1,705,603</u>	<u>\$ (81,060)</u>	<u>\$ 2,312,171</u>	<u>\$ 407,332</u>	<u>\$ 4,344,046</u>

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

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

Net Change in Fund Balances - Total Governmental Funds	\$ (628,350)
The change in net position reported for governmental activities in the Statement of Activities is different because:	
Government funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital Outlay	1,024,295
Depreciation expense	(209,170)
	<u>815,125</u>
Effects of recording net pension liability and deferred inflows and outflows of resources related to net pension liability	
Change in pension expense	22,343
Nonemployer pension contributions	51,913
	<u>74,256</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds	
Change in compensated absences	<u>(5,910)</u>
Change in Net Position in Governmental Activities	<u><u>\$ 255,121</u></u>

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

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

These revenues have been accrued in accordance with accounting principles generally accepted in the United States of America since they have been earned and are expected to be collected within sixty days of the end of the period. Other revenues are considered to be measurable and available only when cash is received by the District. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Modifications to the accrual basis of accounting include:

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

- Employees' vested annual leave is recorded as an expenditure when utilized. The amount of accumulated annual leave unpaid at December 31, 2024 has been reported only in the government-wide financial statements.
- Interest on general long-term obligations is recognized when paid.
- Debt service expenditures are recorded only when payment is due.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

Fund Accounting

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

Governmental Funds

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

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

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

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

Use of Estimates

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

Budgeting Procedures

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

Cash and Cash Equivalents

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

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

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

Valuation of Carrying Amounts and Deposits

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

Fund Equity

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

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

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

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

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

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

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

Receivables

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

Short-term Interfund Receivables/Payables

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

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

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

Fixed Assets

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

Compensated Absences

Employees accrue from 18 to 30 days of annual leave each year depending on years of service with the District. Firemen may receive up to one year's sick leave per illness as prescribed under Louisiana law. A provision of \$44,331 has been made for the compensated absences and vacation in these financial statements.

NOTE 2 – CASH AND CASH EQUIVALENTS

Custodial Credit Risk – Deposits. The custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy to ensure there is no exposure to this risk is to require each financial institution to pledge its own securities to cover any amount in excess of Federal Depository Insurance Coverage. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent bank has failed to pay deposited funds upon demand. Accordingly, the District had no custodial credit risk related to its deposits at December 31, 2024. The District had cash and cash equivalents in demand deposits, totaling \$3,325,228 at December 31, 2024.

These deposits are stated at cost, which approximates market. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Cash and cash equivalents (bank balances other than these backed by the U.S. government) at December 31, 2024, are secured, as follows:

Bank Balances	<u>\$ 3,325,228</u>
FDIC Insurance	\$ 250,000
Pledged Securities (uncollateralized)	<u>2,498,888</u>
Total	<u>\$ 2,748,888</u>

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 3 – PROPERTY AND EQUIPMENT

Capital asset activity for the year ended December 31, 2024 is as follows:

	December 31, 2023			December 31, 2024
	Balance	Additions	Disposals	Balance
Non-Depreciable Assets:				
Land	\$ 12,800	\$ -	\$ -	\$ 12,800
Depreciable Assets:				
Building	1,174,203	-	-	1,174,203
Vehicles	2,444,563	883,425	-	3,327,988
Machinery & Equipment	3,284,339	140,870	-	3,425,209
Totals at Historical Cost	<u>6,903,105</u>	<u>1,024,295</u>	<u>-</u>	<u>7,927,400</u>
Less Accumulated Depreciation for:				
Building	(325,656)	(24,523)	-	(350,179)
Vehicles	(2,193,446)	(162,464)	-	(2,355,910)
Machinery & Equipment	(3,257,446)	(22,183)	-	(3,279,629)
Total Accumulated Depreciation	<u>(5,776,548)</u>	<u>(209,170)</u>	<u>-</u>	<u>(5,985,718)</u>
Total Capital Assets being depreciated, net	<u>1,126,557</u>	<u>815,125</u>	<u>-</u>	<u>1,941,682</u>
Capital Assets, net	<u>\$ 1,139,357</u>	<u>\$ 815,125</u>	<u>\$ -</u>	<u>\$ 1,954,482</u>

Depreciation was charged to the Public Safety function of the District for \$209,170.

NOTE 4 – INVESTMENTS

Custodial Credit Risk – Investments. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District’s investments in United States government securities are held by the District’s agent in the District’s name. Therefore, the District had no custodial credit risk related to its investments at December 31, 2024.

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

Under state law, the District may invest funds in obligations of the United States, in federally-insured investments, or in time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. At December 31, 2024, the District had the following investments stated at cost, which approximates market:

United States Government Securities	<u>1,175,248</u>
Total	<u>\$ 1,175,248</u>

Interest Rate Risk. In accordance with its investments policy, the District manages its exposure to declines in fair market values by limiting investment portfolio to “money market investments” which are defined as creditworthy, highly liquid investments with maturities of one year or less. Although there may be

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

certain circumstances in which longer-term securities are utilized, the general use of long-term securities is avoided.

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

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

NOTE 5 – ACCOUNTS RECEIVABLE

The receivables of \$692,962 on December 31, 2024, are detailed as follows:

	Due From Other Funds
Structure Fees	\$ 688,962
Other Receivables	4,000
Total	<u>\$ 692,962</u>

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

NOTE 6 – DUE TO/FROM OTHER FUNDS

Individual fund balances due to/from other funds at December 31, 2024, are as follows:

Fund	Due From Other Funds	Due To Other Funds
Major Funds:		
General Fund	\$ 819,700	\$ 2,046,929
Debt Service Fund	-	84,454
Fire Training Center	46,921	-
Equipment Reserve Fund	<u>2,084,462</u>	<u>819,700</u>
Totals	<u>\$ 2,951,083</u>	<u>\$ 2,951,083</u>

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

NOTE 7 – PENSION PLAN

Firefighters' Retirement System of Louisiana (System)

Plan Description

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

Employees with 20 or more years of service who have attained age 50, or employees who have 12 years

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

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

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

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

For the year ended December 31, 2024, the Lincoln Parish Police Jury's total payroll for all employees was \$636,809. Total covered payroll was \$460,918. Covered payroll refers to all compensation paid by the Lincoln Parish Police Jury to active employees covered by the System.

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

Contributions

According to state statute, employer contributions are actuarially-determined each year. For the year ended December 31, 2024, employer and employee contribution rates were 33.25% and 10.00%.

According to state statute, the System receives insurance premium assessments from the state of Louisiana. The assessment is considered support from a non-employer contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions were recognized as revenue during the year ended June 30, 2024, and were excluded from pension expense. Non-employer contributions received by Lincoln Parish Police Jury during the year ended June 30, 2024, were \$51,913.

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

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

At December 31, 2024, the Lincoln Parish Police Jury reported a liability of \$937,417 for its proportionate share of the Net Pension Liability/Asset. The Net Pension Liability/Asset was measured as of June 30, 2024 and the total pension liability used to calculate the Net Pension Liability/Asset was determined by an actuarial valuation as of that date. The Lincoln Parish Police Jury's proportion of the Net Pension Liability/Asset was based on a projection of the Lincoln Parish Police Jury's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the Lincoln Parish Police Jury's proportion was 0.166487%, which was a decrease of 0.0008385% from its proportion measured as of June 30, 2023.

For the year ended December 31, 2024, the Lincoln Parish Police Jury recognized pension expense of \$174,164 plus the employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, (\$196,507). Total pension expense was (\$22,343).

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1**NOTES TO FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2024**

At December 31, 2024, the Lincoln Parish Police Jury reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 70,379	\$ 22,294
Changes in assumption	40,103	-
Net difference between projected and actual earnings on pension plan investments	9,482	-
Changes in employer's portion of beginning net pension liability	4,239	188,431
Differences between employer contributions and proportionate share of employer contributions	6,378	4,367
Subsequent measurement contributions	77,764	-
Total	<u>\$208,345</u>	<u>\$215,092</u>

The \$77,764 reported as deferred outflows of resources related to pensions resulting from the Lincoln Parish Police Jury contributions subsequent to the measurement date and will be recognized as a reduction of Net Pension Liability/Asset in the year ended December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2026	\$ (42,553)
2027	65,891
2028	(67,672)
2029	(41,295)
2030	795
2031	323
Total	<u><u>\$ (84,511)</u></u>

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2024 is as follows:

Valuation Date	June 30, 2024
Actuarial Cost Method for Financial Reporting	Entry Age Normal
Investment Rate of Return (discount rate)	6.90% per annum (net of investment expenses, including inflation)
Expected Remaining Service Lives	7 years, closed period
Inflation rate	2.50% per annum
Salary increases	14.10% in the first two years of service and 5.20% with 3 or more years of service; includes inflation and merit increases

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

Cost-of-Living Adjustments (COLAs)

For the purpose of determining the present value of benefits, COLAs were deemed not to be substantively automatic and only those previously granted were included.

For the June 30, 2024 valuation, assumptions for mortality rates were based on the following:

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

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

The June 30, 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 study for 2024. The consultant's average study included projected nominal rates of return, standard deviations of returns, and correlations of returns for a list of common asset classes collected from a number of investment consultants and investment management firms. Each consultant's response included nominal expected long term rates of return. In order to arrive at long-term expected arithmetic real rates of return, the actuary normalized the data received from the consultant's responses in the following ways. Where nominal returns received were arithmetic, the actuary simply reduced the return assumption by the long-term inflation assumption. Where nominal returns were geometric, the actuary converted the return to arithmetic by adjusting for the long-term standard deviation and then reduced the assumption by the long-term inflation assumption. Using the target asset allocation for the System and the average values for expected real rates of return, standard deviation of returns, and correlation of returns, an arithmetic expected nominal rate of return and standard deviation for the portfolio was determined. The System's long-term assumed rate of inflation of 2.50% was used in this process for the fiscal year ended June 30, 2024.

The estimated long-term expected rate of return on pension plan investments was determined by the System's actuary using the System's target asset allocation and the G.S. Curran & Company Consultant Average study for 2024. The consultants' average study included projected nominal rates of return, standard deviations of returns, and correlations of returns for a list of common asset classes collected from a number of investment consultants and investment management firms. Each consultant's response included nominal expected long-term rates of return. In order to arrive at long term expected arithmetic real rates of return, the actuary normalized the data received from the consultant's responses in the following ways. Where nominal returns received were arithmetic, the actuary simply reduced the return

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

assumption by the long-term inflation assumption. Where nominal returns were geometric, the actuary converted the return to arithmetic by adjusting for the long-term standard deviation and then reduced the assumption by the long-term inflation assumption. Using the target asset allocation for the System and the average values for expected real rates of return, standard deviation of returns, and correlation of returns, an arithmetic expected nominal rate of return and standard deviation for the portfolio was determined. The System's long-term assumed rate of inflation of 2.50% was used in this process for the fiscal year ended June 30, 2024.

Best estimates of arithmetic real rates of return for each major class included in the System's target asset allocation as of June 30, 2024, are summarized in the following tables:

	Asset Type	Target Asset Allocation	Long-Term Expected Real Rate of Return
Equity	U.S. Equity	28.50%	6.24%
	Non-U.S. Equity	11.00%	6.49%
	Global Equity	10.00%	6.49%
	Emerging Market Equity	4.50%	8.37%
Fixed Income	U.S. Core Fixed Income	22.00%	2.09%
	U.S. TIPS	2.00%	2.00%
	Emerging Market Debt	2.00%	4.05%
	Multisector Fixed Income	4.00%	2.34%
Alternatives	Private Equity/Private Debt	9.00%	9.77%
	Real Estate	4.00%	4.85%
	Real Assets	3.00%	5.93%
		<u>100.00%</u>	

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

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

The following represents the net pension liability of the participating employers calculated using the discount rate of 6.90%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate as of June 30, 2024.

	1.0% Decrease in Discount Rate 5.90%	Current Discount Rate 6.90%	1.0% Increase in Discount Rate 7.90%
Net Pension Liability	\$1,556,308	\$937,417	\$421,202

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

Payables to the Pension Plan

These financial statements include a payable to the pension plan of \$0, which is the legally required contribution due at December 31, 2024.

Plan Fiduciary Net Position

The System issued a stand-alone audit report on its financial statements for the year ended June 30, 2024. Access to the audit report can be found on the Louisiana Legislative Auditor's official website at www.lla.la.gov and on the System's website at www.ffret.com.

NOTE 8 – DEFERRED COMPENSATION PLAN

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

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

NOTE 9 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budget/Actual Variances

For the year ended December 31, 2024, when comparing budgeted amounts to actual revenue and expenditure figures, the General Fund experienced an unfavorable variance of 5% in expenditures. This increase was largely attributable to higher than expected expenditures in the categories of salaries and benefits, as well as Insurance and surety bonds.

For the year ended December 31, 2024, when comparing budgeted amounts to actual revenue and expenditure figures, the Equipment Reserve Fund experienced a favorable variance of greater than 5% in revenues. This variance was attributed to higher earnings on investments.

For the year ended December 31, 2024, when comparing budgeted amounts to actual revenue and expenditure figures, the Fire Training Center experienced an unfavorable variance of 87% in revenues. This variance was primarily due to the non-receipt of a local grant and lower earnings on investments. The Fire Training Center expenditures showed a favorable variance of 38%. This increase was largely attributable to lower than expected expenditures in the category of insurance.

NOTE 10 – LITIGATION AND CLAIMS

According to the Parish District Attorney, the Lincoln Parish Fire Protection District No. 1 had no pending or threatened litigation as of December 31, 2024.

NOTE 11 – COMPENSATION FOR THE BOARD OF COMMISSIONERS

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

NOTE 12 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 4, 2025, which is the date the financial statements were available to be issued, and it has been determined that no significant events have occurred for disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
Revenues (Inflows):				
Structure Fees	\$ 655,000	\$ 655,000	\$ 710,569	\$ 55,569
Sales Tax	625,000	580,000	598,860	18,860
Insurance Rebate	125,000	131,949	131,949	-
Investment Earnings	30,000	104,000	145,946	41,946
Other Revenues	500	142,600	84,231	(58,369)
Total Revenues	<u>1,435,500</u>	<u>1,613,549</u>	<u>1,671,555</u>	<u>58,006</u>
Expenditures (Outflows):				
Salaries and Benefits	946,500	986,200	935,311	50,889
Insurance and Surety Bonds	98,000	108,500	1,851	106,649
GIS Mapping	20,000	20,000	20,000	-
Professional Services	69,000	60,000	49,785	10,215
Uniforms	15,000	15,000	12,523	2,477
Utilities	60,000	60,000	52,204	7,796
Vehicle Expenditures	45,000	45,000	42,331	2,669
Maintenance	90,000	80,000	104,749	(24,749)
Education and Training	2,000	2,000	1,678	322
Telephone	5,400	4,000	3,846	154
Office Supplies	2,500	2,500	1,035	1,465
Dues and Subscriptions	1,350	1,350	508	842
Equipment Rental	3,000	2,500	2,460	40
Travel	1,000	1,000	93	907
Miscellaneous	11,500	11,500	3,618	7,882
Leases and Taxes	1,600	1,600	1,365	235
Materials and Supplies	5,500	5,500	93,185	(87,685)
Capital Outlay	21,200	25,500	81,201	(55,701)
Total Expenditures	<u>1,398,550</u>	<u>1,432,150</u>	<u>1,407,743</u>	<u>24,407</u>
Excess Revenues Over Expenditures	36,950	181,399	263,812	82,413
Other Financing Uses				
Transfer In (Out)	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
Excess of Revenues and Other Sources				
Over Expenditures and Other Uses	26,950	171,399	253,812	82,413
Fund Balances - Beginning	1,224,234	1,224,234	1,452,180	227,946
Fund Balances - Ending	<u>\$ 1,251,184</u>	<u>\$ 1,395,633</u>	<u>\$ 1,705,992</u>	<u>\$ 310,359</u>

The accompanying notes to budgetary comparison schedules are an integral part of this financial schedules.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
BUDGETARY COMPARISON SCHEDULE – EQUIPMENT RESERVE FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
Revenues (Inflows):				
Investment Earnings	\$ -	\$ -	\$ 50,720	\$ 50,720
Total Revenues	-	-	50,720	50,720
Expenditures (Outflows):				
Capital Outlay	138,000	122,500	943,094	(820,594)
Total Expenditures	138,000	122,500	943,094	(820,594)
Excess Revenues Over Expenditures	(138,000)	(122,500)	(892,374)	(769,874)
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess of Revenues and Other Sources Over Expenditures and Other Uses	(138,000)	(122,500)	(892,374)	(769,874)
Fund Balances - Beginning	3,204,545	3,204,545	3,204,545	-
Fund Balances - Ending	\$ 3,066,545	\$ 3,082,045	\$ 2,312,171	\$ (769,874)

The accompanying notes to budgetary comparison schedules are an integral part of this financial schedules.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
BUDGETARY COMPARISON SCHEDULE – FIRE TRAINING CENTER
FOR THE YEAR ENDED DECEMBER 31, 2024

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
Revenues (Inflows):				
Local Grants	\$ 20,000	\$ 20,000	\$ -	\$ (20,000)
Investment Earnings	120	500	10,315	9,815
Total Revenues	<u>20,120</u>	<u>20,500</u>	<u>10,315</u>	<u>(10,185)</u>
Expenditures (Outflows):				
Professional Services	1,000	550	540	10
Utilities	3,500	3,500	6,278	(2,778)
Materials and Supplies	100	100	-	100
Maintenance	2,500	2,900	2,896	4
Insurance	2,500	2,750	-	2,750
Miscellaneous	50	50	-	50
Capital Outlay	202,000	-	-	-
Total Expenditures	<u>211,650</u>	<u>9,850</u>	<u>9,714</u>	<u>136</u>
Excess Revenues Over Expenditures	(191,530)	10,650	601	(10,049)
Other Financing Uses				
Transfer In (Out)	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>10,000</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	(191,530)	10,650	10,601	(49)
Fund Balances - Beginning	<u>396,731</u>	<u>396,731</u>	<u>396,731</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 205,201</u>	<u>\$ 407,381</u>	<u>\$ 407,332</u>	<u>\$ (49)</u>

The accompanying notes to budgetary comparison schedules are an integral part of this financial schedules.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
NOTES TO BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2024

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

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

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2024

Fiscal Year	Agency's proportion of the net pension liability (asset)	Agency's proportionate share of the net pension liability (asset)	Agency's covered payroll	Agency's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2015	0.26669%	\$ 1,439,329	\$ 245,120	587%	72.45%
2016	0.23997%	1,569,621	547,973	286%	68.16%
2017	0.22474%	1,288,199	526,603	245%	73.55%
2018	0.22643%	1,302,455	539,092	242%	74.76%
2019	0.23191%	1,452,206	558,876	260%	73.96%
2020	0.22308%	1,546,297	553,102	280%	72.61%
2021	0.19692%	697,866	530,071	132%	86.78%
2022	0.18054%	1,273,047	465,138	274%	74.68%
2023	0.17487%	1,141,356	469,431	243%	77.69%
2024	0.16649%	937,417	460,918	203%	77.69%

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

Schedule is intended to show information for 10 years.

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

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1**SCHEDULE OF EMPLOYER CONTRIBUTIONS****FOR THE YEAR ENDED DECEMBER 31, 2024**

Fiscal Year	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency	Agency's covered payroll	Contributions as a percentage of covered payroll
2015	\$ 146,024	\$ 146,024	\$ -	\$ 245,120	59.57%
2016	141,893	141,893	-	547,973	25.89%
2017	139,727	139,727	-	526,603	26.53%
2018	143,329	143,329	-	539,092	26.59%
2019	163,096	163,096	-	578,524	28.19%
2020	164,776	164,776	-	546,533	30.15%
2021	166,028	166,028	-	502,545	33.04%
2022	143,023	143,023	-	427,496	33.46%
2023	163,266	163,266	-	490,796	33.27%
2024	148,686	148,686	-	447,195	33.25%

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

Schedule is intended to show information for 10 years.

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

OTHER SUPPLEMENTARY INFORMATION

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2024

	Kevin Reynolds Director	
Purpose:		
Salary	\$	92,782
Benefits - Retirement		32,845

OTHER REPORTS



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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Lincoln Parish Fire Protection District No. 1 as of and for the year ended December 31, 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 August 4, 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses. We consider the deficiency described in the accompanying schedule of findings and questioned costs as items 2024-1 to be material weaknesses.

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 test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Purpose of this Report

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

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana
August 4, 2025

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the basic financial statements of the Lincoln Parish Fire Protection District No. 1.
2. One deficiency relating to the audit of the basic financial statements is reported and is considered to be material weaknesses.
3. There were two findings of noncompliance relating to the basic financial statements of the Lincoln Parish Fire Protection District No. 1 disclosed during the audit.
4. No federal single audit was required under the Uniform Guidance relating to the financial statements of the Lincoln Parish Fire Protection District No. 1.

B. Findings — Financial Statement Audit

2024-1: Lack of Internal Controls over Journal Entries

CONDITION: During our audit, we noted that the entity does not have adequate internal controls in place over the preparation, approval, and posting of journal entries. Specifically, we observed that journal entries are being prepared and posted by the same individual without independent review or approval. In some cases, there was no documentation of the rationale or supporting evidence for manual journal entries.

CRITERIA: Effective internal control systems required by government accounting standards should include segregation of duties, documented authorization, and review of journal entries to ensure completeness and accuracy.

CAUSE: The deficiency appears to result from a lack of formalized policies governing journal entry processes, including segregation of duties and supervisory review.

EFFECT: The absence of adequate internal controls increases the risk of errors or fraudulent transactions occurring and going undetected. This could lead to materially misstated financial statements and undermine the integrity of financial reporting.

RECOMMENDATION: We recommend the entity implement formal controls over journal entries, including segregation of duties between the preparer and approver, independent review and documented approval of all journal entries prior to posting, maintenance of adequate supporting documentation, and periodic review of journal entry activity by management.

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

2024-2: Late Submission of Audit Report to the Legislative Auditor

CONDITION: The audit report was submitted after the statutory due date.

CRITERIA: Louisiana Revised Statute 24:513 requires that all local auditees submit their audited financial statements to the Louisiana Legislative Auditor (LLA) no later than six months after their fiscal year end.

CAUSE: Delays in all requested information being provided, and entries prepared during/after fieldwork caused a delay in the submission of the audit report.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024

EFFECT: Delayed submission of the audit report can result in the entity being placed on the Legislative Auditor's noncompliance list. This status could prevent the entity from receiving state funds until removed from the list and hampers management's ability to address internal control deficiencies and noncompliance issues identified by the audit.

RECOMMENDATION: The District should implement policies and procedures to ensure timely filing of all required reports.

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

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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

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

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

CURRENT STATUS: We consider this finding to be cleared.

2023-2: Unreconciled Due To/Due From Balances

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

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

CURRENT STATUS: We consider this finding to be cleared.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
MANAGEMENT'S CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2024

2024-1: Lack of Internal Controls over Journal Entries

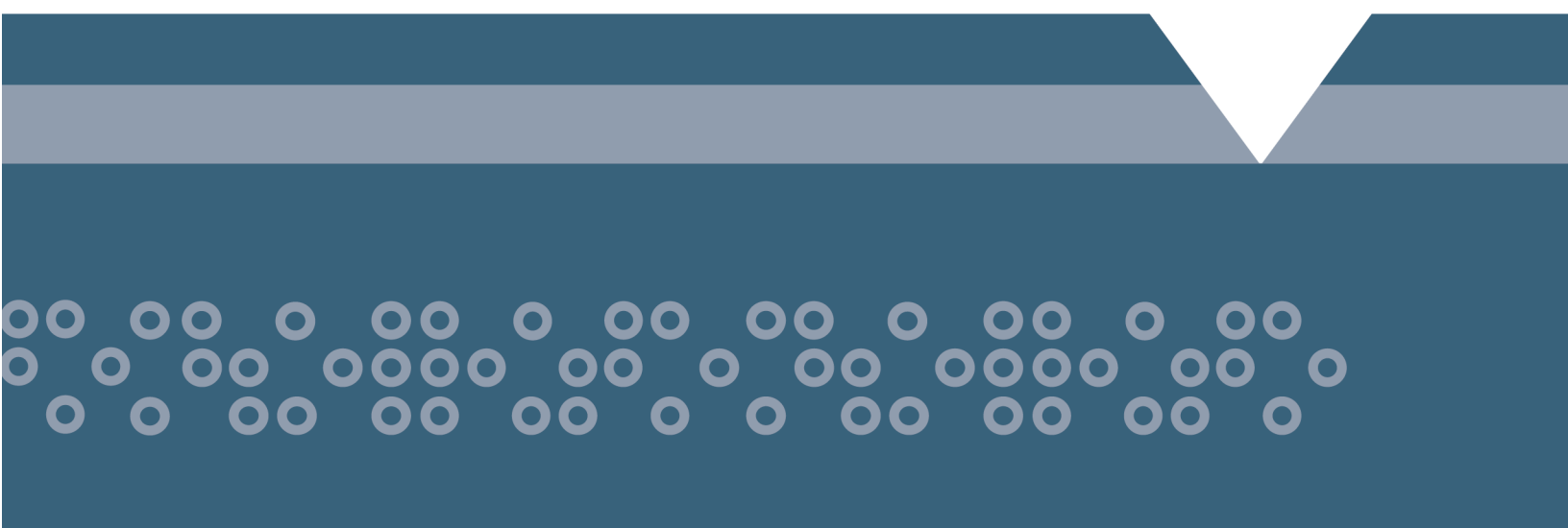
MANAGEMENT RESPONSE: Management believes all journal entries are materially correct and necessary. We will work to improve our backup documentation for journal entries and implement an approval process prior to posting entries in the current fiscal year. We agree with the need to improve controls over journal entries.

2024-2: Late Submission of Audit Report to the Legislative Auditor

MANAGEMENT'S RESPONSE: Management agrees that reclassification entries which were important to presenting accurate financial statements were provided during the later part of fieldwork. We will strive to prepare and make all necessary entries in a timely manner going forward.

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

January 1, 2024 through December 31, 2024





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

August 11, 2025

Lincoln Parish Fire Protection District No. 1
Ruston, Louisiana

Louisiana Legislative Auditor
Baton Rouge, Louisiana

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

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2024 through December 31, 2024. Lincoln Parish Fire Protection District No. 1 (District) management is responsible for those C/C areas identified in the SAUPs.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2024 through December 31, 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 associated findings are as follows:

Written Policies and Procedures

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

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

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

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

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

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds.
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - d) Observe whether the board or finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Findings: *Exceptions noted. The minutes did not refer to or include budget to actual comparisons. There was no evidence that the resolution of audit findings was included in board minutes.*

Management's Response: *Management agrees. Although the board may not meet every month, budget to actual comparisons are reviewed monthly. Moving forward, the minutes will reflect that action.*

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Findings: *Exception noted. Bank Reconciliations lacked evidence that management researched reconciling items over 12 months olds from statement closing date.*

Management's Response: *Management agrees. Although these items were researched and identified, the reconciliation may not have reflected that evidence in a timely manner. The proper steps have been implemented to reflect such evidence.*

Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Findings: Exception noted. Deposits were not made within one business day of receipt at the collection location.

Management Response: Deposits are made as soon as received in the mail. Management has since implemented a step to notate all incoming payments with a "Received" stamp along with the date to correctly identify when the deposit was made compared to the receipt date.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
 - e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related original itemized invoice, and that supporting documentation indicates that deliverables included on the invoice were received by the entity.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3 above, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g. sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy.

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

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

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

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

13. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card, obtain supporting documentation, and:
- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
14. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Findings: *Exceptions noted. Multiple instances where written documentation was lacking to demonstrate the business or public purpose of the charge.*

Management's Response: *Management acknowledges the findings regarding the lack of written documentation for the business or public purpose of the charge. To enhance our practices, we will ensure that the purpose of each charge is recorded on the credit card log form moving forward.*

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

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

Findings: *No exceptions noted.*

Contracts

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

Findings: *No exceptions noted.*

Payroll and Personnel

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

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

Findings: *No exceptions noted.*

Ethics

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

Findings: *No exceptions noted.*

Debt Service

23. 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.
24. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

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

Fraud Notice

25. 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.
26. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Findings: *No exceptions noted.*

Information Technology Disaster Recovery/Business Continuity

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

- a. Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government’s local server or network, and (c) was encrypted.
- b. Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- c. Obtain a listing of the entity’s computers currently in use, and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- d. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure 18. Observe evidence that the selected terminated employees have been removed or disabled from the network.
- e. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure 16, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency’s information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:
 1. Hired before June 9, 2020 - completed the training; and
 2. Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

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

Prevention of Sexual Harassment

28. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year, as required by R.S. 42:343.
29. 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).
30. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344:
 1. Number and percentage of public servants in the agency who have completed the training requirements;

2. Number of sexual harassment complaints received by the agency;
3. Number of complaints which resulted in a finding that sexual harassment occurred;
4. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
5. Amount of time it took to resolve each complaint.

Findings: No exceptions noted.

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

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

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

Heard, McElroy & Vestal, LLC