

PRAIRIEVILLE VOLUNTEER FIRE DEPARTMENT, INC.
Prairieville, Louisiana

FINANCIAL REPORT

December 31, 2017 and 2016

PRAIRIEVILLE VOLUNTEER FIRE DEPARTMENT, INC.
Prairieville, Louisiana

TABLE OF CONTENTS

December 31, 2017 and 2016

	<u>Exhibit</u>	<u>Page</u>
INDEPENDENT AUDITORS' REPORT		1
FINANCIAL STATEMENTS		
Statements of Financial Position	A	3
Statements of Activities	B	4
Statements of Cash Flows	C	5
Notes to Financial Statements	D	6
SUPPLEMENTARY INFORMATION	<u>Schedule</u>	
Schedule of Compensation, Benefits and Other Payments to Agency Head	1	10
SPECIAL INDEPENDENT AUDITORS' REPORT		
Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		11
Schedule of Findings and Responses		13
Summary of Prior Year Findings and Responses		16



INDEPENDENT AUDITORS' REPORT

Board of Directors
Prairieville Volunteer Fire Department, Inc.
Prairieville, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of **PRAIRIEVILLE VOLUNTEER FIRE DEPARTMENT, INC.** (a non-profit organization) (Department), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Department as of December 31, 2017 and 2016, respectively, and the changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the 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 May 21, 2018 on our consideration of the Department'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 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 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 Department's internal control over financial reporting and compliance.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
May 21, 2018

PRAIRIEVILLE VOLUNTEER FIRE DEPARTMENT, INC.

Prairieville, Louisiana

STATEMENTS OF FINANCIAL POSITION

December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 532,096	\$ 462,001
Investments - certificates of deposit	70,438	70,438
Due from Ascension Parish Government	<u>40,997</u>	<u>20,677</u>
Total current assets	643,531	553,116
PROPERTY AND EQUIPMENT, net	<u>128,382</u>	<u>120,889</u>
Total assets	<u>\$ 771,913</u>	<u>\$ 674,005</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable accrued liabilities	\$ 5,357	\$ 7,918
NET ASSETS		
Temporarily restricted	26,670	-
Unrestricted	<u>739,886</u>	<u>666,087</u>
Total net assets	<u>766,556</u>	<u>666,087</u>
Total liabilities and net assets	<u>\$ 771,913</u>	<u>\$ 674,005</u>

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

PRAIRIEVILLE VOLUNTEER FIRE DEPARTMENT, INC.

Prairieville, Louisiana

STATEMENTS OF ACTIVITIES

For the years ended December 31, 2017 and 2016

	2017			2016
	Unrestricted	Temporarily Restricted	Totals	Unrestricted
REVENUES AND SUPPORT				
Support from Ascension Parish Government	\$ 468,859	\$ -	\$ 468,859	\$ 408,527
State fire insurance rebate	148,148	-	148,148	134,320
Private grant	-	26,670	26,670	-
Donations	6,665	-	6,665	388
Interest income	188	-	188	183
Total revenues and support	623,860	26,670	650,530	543,418
EXPENSES				
Personnel costs	470,771	-	470,771	407,128
Supplies	9,620	-	9,620	36,224
Depreciation	35,777	-	35,777	33,566
Professional	14,020	-	14,020	18,322
Training	7,897	-	7,897	13,550
Maintenance	4,541	-	4,541	3,748
Office supplies	2,698	-	2,698	1,370
Other	4,737	-	4,737	2,037
Total expenses	550,061	-	550,061	515,945
Change in net assets	73,799	26,670	100,469	27,473
NET ASSETS				
Beginning of year	666,087	-	666,087	638,614
End of year	\$ 739,886	\$ 26,670	\$ 766,556	\$ 666,087

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

PRAIRIEVILLE VOLUNTEER FIRE DEPARTMENT, INC.

Prairieville, Louisiana

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 100,469	\$ 27,473
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	35,777	33,566
Changes in operating assets and liabilities:		
(Increase) decrease in receivables	(20,320)	13,573
(Decrease) increase in accounts payable and payroll liabilities	<u>(2,561)</u>	<u>1,788</u>
Net cash provided by operating activities	113,365	76,400
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(43,270)</u>	<u>(3,530)</u>
Net increase in cash	70,095	72,870
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>462,001</u>	<u>389,131</u>
End of year	<u>\$ 532,096</u>	<u>\$ 462,001</u>

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

PRAIRIEVILLE VOLUNTEER FIRE DEPARTMENT, INC.

Prairieville, Louisiana

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operations

Prairieville Volunteer Fire Department, Inc. (Department) is a non-profit corporation providing fire protection, emergency medical service, and hazardous materials handling to the citizens of Fire Protection District No. 3 in Ascension Parish.

Basis of accounting

The Department's accounts are maintained on the accrual basis. The significant accounting policies are described below to enhance the usefulness of the financial statements.

The Department reports information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Department does not have any permanently restricted net assets at December 31, 2017 and 2016.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts and related disclosures of the financial statements. Actual results could differ from those estimates. Estimates are used primarily when accounting for depreciation.

Income taxes

The Department is a not-for-profit organization that is exempt from income taxes under Section 501(c)(4) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

The Department follows the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740-10, *Accounting for Uncertainty in Income Taxes*. The Department's open audit periods are 2014 through 2017.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

The Department is primarily funded by support from Ascension Parish Government, through a corporate endeavor agreement. Supplementary funding is provided by state fire insurance rebates, grants, and donations solicited from the general public, local businesses, and civic organizations, which are recognized as received.

Cash and cash equivalents

For purposes of the statement of cash flows, the Department considers cash in bank accounts as cash. Cash equivalents include investments with original maturities of three months or less. The Department has no cash equivalents at December 31, 2017 and 2016.

Investments, investment valuation and income recognition

FASB ASC 820, *Fair Value Measurements*, establishes a framework for measuring fair value which provides a fair value hierarchy that prioritizes the sources of pricing information (inputs) to valuation techniques used to measure fair value. The highest priority is given to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets that the Department has the ability to access. The Department does not have any level 1 inputs at December 31, 2017 and 2016.

Level 2 – Inputs including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs that are unobservable and significant to the fair value measurement. The Department does not have any Level 3 inputs at December 31, 2017 and 2016.

Certificates of deposit are recorded at cost, which approximates fair market value using level 2 inputs.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Due from Ascension Parish Government (APG)

Amounts due from APG are stated at the amount management expects to collect and consists of amounts for payroll and related benefit expenses through a cooperative endeavor agreement.

Fair value of financial instruments

The carrying value of cash, due from APG and liabilities approximates fair value due to the short-term maturity of these instruments. Financial instruments are not held for trading purposes.

Property and equipment and depreciation

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated service lives of the assets.

Subsequent events

In preparing the financial statements, the Department has evaluated events and transactions for potential recognition or disclosure through May 21, 2018, the date of the independent auditors' report, which is the date the financial statements were available to be issued.

NOTE 2 - PROPERTY AND EQUIPMENT

A summary of property and equipment, related service lives, and accumulated depreciation at December 31, 2017 and 2016, is as follows:

<u>Description</u>	<u>Service Lives</u>	<u>2017</u>	<u>2016</u>
Fire equipment	5 years	\$ 197,675	\$ 167,925
Furniture and fixtures	5 years	45,036	37,634
Leasehold improvements	15 years	65,072	65,072
Other equipment	5 - 7 years	<u>20,174</u>	<u>14,055</u>
Total		327,957	284,686
Less accumulated depreciation		<u>(199,575)</u>	<u>(163,797)</u>
Property and equipment, net		<u>\$ 128,382</u>	<u>\$ 120,889</u>

Depreciation expense was \$35,777 and \$33,566 for 2017 and 2016, respectively.

NOTE 3 - CONCENTRATION OF CREDIT RISK

The Department typically maintains cash and cash equivalents in local banks that may, at times, exceed the FDIC limits. Management believes that this risk is limited.

NOTE 4 - RELATED PARTY TRANSACTIONS/ ECONOMIC DEPENDENCY

Since the Department provides a service that would otherwise be provided by APG. APG provided financial support for payroll and related benefit expenses to the Department of \$468,859 and \$408,527 for 2017 and 2016, respectively.

Revenue derived from APG accounted for approximately 72% and 75% of total revenue in years 2017 and 2016, respectively; the loss of this significant support would have a material adverse effect on the Department.

The Department utilizes five firehouse facilities provided by APG. Governmental Accounting Standards Board (GASB) No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, requires only payments for payroll and related benefit expenses to be recorded when one entity provides non-cash support to another entity. The valuation relating to the utilization of these facilities are not reflected in the Statement of Activities as in-kind revenue and expenses.

NOTE 5 - DEFERRED COMPENSATION PLAN

The Department offers its employees a defined contribution plan (the Plan) created in accordance with Internal Revenue Code Section 457. The plan is administered by Nationwide Retirement Solutions, Inc. (Nationwide), who is the trustee of the Plan. The Plan, mandatory for all employees, permits them to defer a portion of their salary to future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. In accordance with the amended provisions of the Internal Revenue Code, all amounts deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, are solely the property and rights of the participants and their beneficiaries.

Under this program, employees must defer 4% of their wages and the Department contributes a matching contribution of 4%. For the years ended December 31, 2017 and 2016, employer contributions totaled \$17,791 and \$15,467, respectively.

PRAIRIEVILLE VOLUNTEER FIRE DEPARTMENT, INC.

Prairieville, Louisiana

**SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO AGENCY HEAD**

December 31, 2017

Agency Head: Mark Stewart, Executive Director

No compensation paid from public funds.

SPECIAL INDEPENDENT AUDITORS' REPORT



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

Board of Directors
Prairieville Volunteer Fire Department, Inc.
Prairieville, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of **PRAIRIEVILLE VOLUNTEER FIRE DEPARTMENT, INC. (DEPARTMENT)**, which comprise the statement of financial position as of December 31, 2017, and the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 21, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Department'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 Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

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

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as items 2017-001 and 2017-002 to be significant deficiencies.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards*.

The Department's Response to Findings

The Department's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Department's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

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

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
May 21, 2018

PRAIRIEVILLE VOLUNTEER FIRE DEPARTMENT, INC.

SCHEDULE OF FINDINGS AND RESPONSES

For the year ended December 31, 2017

1) Summary of Auditor's Results:

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

B) A significant deficiency in internal controls was disclosed by the audit of financial statements: **2017-001, 2017-002.**

Material weakness: **None**

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

2) Findings relating to the financial statements reported in accordance with *Government Auditing Standards*: **2017-001, 2017-002.**

PRAIRIEVILLE VOLUNTEER FIRE DEPARTMENT, INC.

SUMMARY OF FINDINGS AND RESPONSES

For the year ended December 31, 2017

3) FINDINGS – FINANCIAL STATEMENT AUDIT

2017-001 Preparation of Financial Statements

Observation: The Department relies on its auditors to assist in the preparation of external financial statements and related disclosures. Under U.S. generally accepted auditing standards, the auditors cannot be considered part of the Department's internal control structure; however, design of the Department's internal control structure does not include procedures to prepare external financial statements and related disclosures in conformity with U.S. generally accepted accounting principles.

Recommendation: Since the Department is satisfied with using its auditing firm to prepare the external financial statements and understands that this matter will continue to be reported. In regard to the Department's monthly financial reporting, we recommend that management review a basic financial statement that incorporates revenues with expenses.

Management's corrective action plan: Management understands that this deficiency results from professional standards that have been adopted by the accounting profession; however, the Department will continue to use the auditing firm to prepare external financial statements.

2017-002 Lack of Segregation of Duties

Observation: The segregation of duties is not sufficient to have effective internal control over financial reporting, which is due to the limited number of employees involved in the accounting process. Personnel responsible for preparing and approving transactions also have the responsibility for recording and reconciling transactions in the accounting records.

Recommendation: We recommend that management delegate responsibilities to other administrative staff as their level of competency increases to enhance internal control through segregation of duties. Specifically, we recommend the Department implement or continue the following procedures:

- Review of bank statements, including cancelled checks, by a board member and/or a member of management who is independent of the preparation of disbursements and bank reconciliation processes,
- Review of bank reconciliations by a board member who is independent of the reconciliation process,
- Review of monthly budget to actual reports by the Board,
- Purchase of a fidelity bond,
- Review of all journal entries recorded in the accounting system.

2017-002 Lack of Segregation of Duties (continued)

Management's corrective action plan: Due to the size of staff of the Department, the achievement of adequate segregation of duties is considered to be impractical. However, a member of the Board of Directors approves and endorses all disbursements, and reviews bank reconciliations and check disbursements. Additionally, all non-payroll disbursements of the Department are required to have dual signatures.

PRAIRIEVILLE VOLUNTEER FIRE DEPARTMENT, INC.

SUMMARY OF PRIOR YEAR FINDINGS AND RESPONSES

For the year ended December 31, 2017

2016-001 Preparation of Financial Statements and Financial Oversight

This finding has been reclassified as 2017-001.

2016-002 Lack of Segregation of Duties

This finding has been reclassified as 2017-002.

PRAIRIEVILLE VOLUNTEER FIRE DEPARTMENT
INDEPENDENT AUDITORS' REPORT ON AGREED-UPON PROCEDURES

December 31, 2017



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

To the Board of Directors
of the Prairieville Volunteer Fire Department
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Prairieville Volunteer Fire Department (the Department) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. The City's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

- a. Budgeting, including preparing, adopting, monitoring, and amending the budget.

The Department has no written policy on budgeting.

- 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.

The Department has no written policy on purchasing.

- c. Disbursements, including processing, reviewing, and approving.

The Department has no written policy on disbursements.

- d. Receipts, including receiving, recording, and preparing deposits.

The Department has no written policy on receipts.

- e. Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

The Department has no written policies on payroll processing and reviewing and approving time and attendance records.

- 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.

The Department has no written policy on contracting.

- 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, and (5) monitoring card usage.

The Department does not utilize credit cards for purchases.

- h. Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

The Department has no written policy on travel and expense reimbursements.

- i. Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

The Department has no written policy on ethics.

- j. Debt Service, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

The Department has no written policy on debt service.

Board (or Finance Committee, if applicable)

- 2. Obtain and review the board/committee minutes for the fiscal period, and:
 - a. Report whether the managing board met (with quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

The Department's Board met four months during the fiscal year. The bylaws state that the Department's Board shall meet on a monthly basis.

- b. Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

The minutes do not reference monthly budget to actual comparisons.

- c. Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

The Department's minutes discussed non-budgetary financial information, including approval of disbursements.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

A list of the Department's bank accounts was provided by management and management represented that the list was complete.

4. Using the listing provided by management, select all the of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a. Bank reconciliations have been prepared;

Monthly reconciliations were prepared for the Business, Fire, and Payroll accounts, without exception.

- b. Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

The Department's bank reconciliations did not include evidence that a member of management or board member with no involvement reviewed each bank reconciliation.

- c. If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

The Fire and Payroll account's reconciliation for the month ended December 2017 showed 13 items, collectively, outstanding for over six months year that did not have documentation showing that they were researched by management.

Collections

5. Obtain a listing of cash/check/money order (cash) Collection location and management's representation that the listing is complete.

Management represented that the Department maintains only one collection location, which is by U.S. Postal mail that is received by the Executive Director's Secretary.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

- a. Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

The Department has no written policy regarding personnel responsible for cash collections.

- b. Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

The Department has no written policy regarding the reconciliation of cash collections.

- c. Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - i. Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

We verified all collections and deposits within the largest week of collections by obtaining corresponding receipts and the June bank statement. As collections and deposits were verified, the collections and deposit dates were compared to determine lag time between receipt date and deposit date. Of the 1 deposit made during the largest week, we noted lag time between the collection and deposit was approximately 5 days.

- ii. Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

No exceptions noted.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections

The Department has no written policy to determine completeness or all collections.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

A check register of disbursements for the year ended December 31, 2017 was obtained. Management represented that the listing was complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a. Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

No purchases were initiated using a requisition/ purchase order system.

- b. Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

No purchases were initiated by a pre-approved purchase order.

- c. Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

No purchases were initiated by a pre-approved purchase order.

- 10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Individuals that are responsible for processing payments have the ability to add vendors to the entity's purchasing/disbursement system.

- 11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

The Fire Chief, Assistant Fire Chief, and Treasurer all have signatory authority. The Treasurer and Fire Chief's assistant have physical access to the checks; however, checks are required to have two signatures of the three individuals with signatory authority.

- 12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

No exceptions noted.

- 13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

No signature stamp is used by the Department.

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

- 14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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.

The Department has no active credit, bank, fuel, or P-cards.

- 15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each

year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a. Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, 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.]]

Not applicable.

- b. Report whether finance charges and/or late fees were assessed on the selected statements.

Not applicable.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a. For each transaction, report whether the transaction is supported by:

- i. An original itemized receipt (i.e., identifies precisely what was purchased)

Not applicable.

- ii. Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

Not applicable.

- iii. Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

Not applicable.

- b. For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

Not applicable.

- c. For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Not applicable.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Management provided a general ledger detail for the account in which all travel and expense reimbursements were coded. Management represented that the list was complete.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

The Department has no written policy related to travel and expense reimbursement.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail.
 - a. Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

No exceptions noted.

- b. Report whether each expense is supported by:
 - i. An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

No exceptions noted.

- ii. Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

No exceptions noted.

- iii. Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

No exceptions noted.

- c. Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions noted.

- d. Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

Contracts

- 20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

The Department had no contracts in effect during the fiscal period.

- 21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

The check register was sorted by vendor to determine which vendors were paid the most money during the fiscal year.

- a. Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

Not applicable.

- b. Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- i. If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).

The Louisiana Public Bid Law or Procurement Code is not applicable to the Department.

- ii. If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

None available.

- c. Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

Not applicable.

- d. Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

Not applicable.

- e. Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

None available.

Payroll and Personnel

- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

- a. Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

No exceptions noted.

- b. Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

No changes made to pay rates or salaries during the fiscal year.

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or

randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a. Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

No exceptions noted.

- b. Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

No exceptions noted.

- c. Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

The Department does not accrue vacation or leave time. This procedure is not applicable.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

The Department does not accrue vacation or leave time. This procedure is not applicable.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

No exceptions noted.

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

Not applicable as the Department is a nonprofit entity.

Ethics

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's

actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

No ethics violations reported during fiscal period based on inquiry with management.

Debt Service

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

Not applicable as the Department is a nonprofit entity.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Not applicable as the Department is a nonprofit entity.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Not applicable as the Department is a nonprofit entity.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Per inquiry with management, there have been no misappropriations of public funds or assets.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

The notice required by R.S. 24:523.1 was observed as posted on the Department's premises and website.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

No exceptions noted.

We were not engaged to and did not conduct an examination or review, 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.

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

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, LA
May 21, 2018