

FINANCIAL REPORT
HARVEY VOLUNTEER FIRE COMPANY NO. 2
DECEMBER 31, 2024 AND 2023

HARVEY VOLUNTEER FIRE COMPANY NO. 2

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INDEPENDENT AUDITOR'S REPORT

June 11, 2025

Board of Directors
Harvey Volunteer Fire Company No. 2
P. O. Box 1053
Harvey, Louisiana 70059

Opinion

We have audited the accompanying financial statements of Harvey Volunteer Fire Company No. 2 (a Louisiana non-profit organization) which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Harvey Volunteer Fire Company No. 2 as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. 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 Harvey Volunteer Fire Company No. 2 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 opinion.

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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 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 Harvey Volunteer Fire Company No. 2's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 Harvey Volunteer Fire Company No. 2'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 Harvey Volunteer Fire Company No. 2'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.

Report on Supplementary Information

Our audits were 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 June 11, 2025, on our consideration of Harvey Volunteer Fire Company No. 2's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Harvey Volunteer Fire Company No. 2's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Duplantier, Hopmann, Hogan & Rotter LLP". The signature is written in a cursive, flowing style.

New Orleans, Louisiana

HARVEY VOLUNTEER FIRE COMPANY NO. 2
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

	<u>ASSETS</u>	<u>2024</u>	<u>2023</u>
CURRENT ASSETS:			
Cash		\$ 1,394,260	\$ 608,567
Investments		99,632	96,580
Total current assets		<u>1,493,892</u>	<u>705,147</u>
USE OF ASSETS - NET		<u>1,877,254</u>	<u>2,050,604</u>
OTHER ASSETS:			
Prepaid expenses		7,595	-
Investments		32,503	32,021
Total other assets		<u>40,098</u>	<u>32,021</u>
TOTAL ASSETS		<u>\$ 3,411,244</u>	<u>\$ 2,787,772</u>
<u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES:			
Accrued expenses		\$ 24,434	\$ 111,611
Insurance claims payable		172,669	231,406
Total current liabilities		<u>197,103</u>	<u>343,017</u>
NET ASSETS:			
Without donor restrictions		<u>3,214,141</u>	<u>2,444,755</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 3,411,244</u>	<u>\$ 2,787,772</u>

See accompanying notes.

HARVEY VOLUNTEER FIRE COMPANY NO. 2
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
REVENUES:		
Contract revenue:		
Firefighting contract	\$ 5,880,000	\$ 3,600,000
Insurance rebate	163,583	162,293
Donated firefighting services	21,894	8,871
Interest	3,805	793
Capital Improvement - Jefferson Parish	436,613	783,290
Other income	342,470	446,260
Total support and revenues	<u>6,848,365</u>	<u>5,001,507</u>
EXPENSES:		
Program services:		
Firefighting services	5,879,094	5,541,742
Supporting services:		
General and administrative	185,349	196,573
Fundraising	14,536	16,677
Total expenses	<u>6,078,979</u>	<u>5,754,992</u>
CHANGE IN NET ASSETS	769,386	(753,485)
NET ASSETS, BEGINNING OF YEAR	<u>2,444,755</u>	<u>3,198,240</u>
NET ASSETS, END OF YEAR	<u><u>\$ 3,214,141</u></u>	<u><u>\$ 2,444,755</u></u>

See accompanying notes.

HARVEY VOLUNTEER FIRE COMPANY NO. 2
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Program Services</u>	<u>Supporting Services</u>		
	<u>Firefighting Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
EXPENSES:				
Accounting and legal	\$ -	\$ 18,518	\$ -	\$ 18,518
Conventions, seminars, and classes	11,883	-	-	11,883
Depreciation	251,480	7,778	-	259,258
Donation of firefighting equipment	315,198	-	-	315,198
Donated firefighting services	21,894	-	-	21,894
Dues and subscriptions	6,095	-	-	6,095
Meals and entertainment	-	469	-	469
Fire equipment	12,602	-	-	12,602
Fuel	48,257	-	-	48,257
Public fire education	-	-	14,536	14,536
Insurance	1,323,676	40,938	-	1,364,614
Loss on disposal of assets	71,177	-	-	71,177
Medical supplies	1,284	-	-	1,284
Miscellaneous	83,965	1,270	-	85,235
Office supplies	-	10,214	-	10,214
Payroll processing	9,926	307	-	10,233
Payroll taxes	231,388	7,156	-	238,544
Postage	1,041	32	-	1,073
Promotional	-	1,553	-	1,553
Repairs and maintenance	190,809	-	-	190,809
Radio	15,475	-	-	15,475
Retirement	242,865	7,511	-	250,376
Salaries	2,764,636	85,504	-	2,850,140
Telephone and utilities	132,534	4,099	-	136,633
Uniforms	7,298	-	-	7,298
Vehicle repairs	135,612	-	-	135,612
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL EXPENSES	<u>\$ 5,879,094</u>	<u>\$ 185,349</u>	<u>\$ 14,536</u>	<u>\$ 6,078,979</u>

See accompanying notes.

HARVEY VOLUNTEER FIRE COMPANY NO. 2
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services	<u>Supporting Services</u>		
	Firefighting Services	General and Administrative	Fundraising	<u>Total</u>
EXPENSES:				
Accounting and legal	\$ -	\$ 20,861	\$ -	\$ 20,861
Conventions, seminars, and classes	13,096	-	-	13,096
Copy machine	-	312	-	312
Depreciation	202,299	6,257	-	208,556
Donated firefighting services	8,871	-	-	8,871
Dues and subscriptions	8,339	-	-	8,339
Meals and entertainment	-	1,400	-	1,400
Fire equipment	10,333	-	-	10,333
Fuel	51,060	-	-	51,060
Public fire education	-	-	16,677	16,677
Insurance	1,361,303	42,102	-	1,403,405
Loss on disposal of assets	34	1	-	35
Medical supplies	2,394	-	-	2,394
Miscellaneous	120,539	6,591	-	127,130
Office supplies	-	11,131	-	11,131
Payroll processing	14,306	442	-	14,748
Payroll taxes	215,708	6,671	-	222,379
Postage	1,273	39	-	1,312
Promotional	-	5,839	-	5,839
Repairs and maintenance	197,350	-	-	197,350
Radio	6,476	-	-	6,476
Retirement	222,810	6,891	-	229,701
Salaries	2,717,427	84,044	-	2,801,471
Telephone and utilities	129,045	3,991	-	133,036
Uniforms	11,813	-	-	11,813
Vehicle repairs	247,267	-	-	247,267
	<u>\$ 5,541,742</u>	<u>\$ 196,573</u>	<u>\$ 16,677</u>	<u>\$ 5,754,992</u>
TOTAL EXPENSES	<u>\$ 5,541,742</u>	<u>\$ 196,573</u>	<u>\$ 16,677</u>	<u>\$ 5,754,992</u>

See accompanying notes.

HARVEY VOLUNTEER FIRE COMPANY NO. 2
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 769,386	\$ (753,485)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	259,258	208,556
Noncash donation expense	315,198	-
Interest earned on and reinvested in certificates of deposit	(3,534)	(403)
Loss on disposal of use of assets	71,177	35
Decrease (increase) in accrued expenses	(87,178)	56,110
Decrease in accounts payable	-	(275)
Decrease (increase) in insurance claims payable	(58,737)	106,987
Increase in prepaid expenses	(7,594)	-
Net cash provided (used) by operating activities	<u>1,257,976</u>	<u>(382,475)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of use of assets - equipment	<u>(472,283)</u>	<u>(903,732)</u>
Net cash used by investing activities	<u>(472,283)</u>	<u>(903,732)</u>
NET INCREASE (DECREASE) IN CASH	785,693	(1,286,207)
CASH, BEGINNING OF YEAR	<u>608,567</u>	<u>1,894,774</u>
CASH, END OF YEAR	<u><u>\$ 1,394,260</u></u>	<u><u>\$ 608,567</u></u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Cash paid during the year for:	<u>2024</u>	<u>2023</u>
Interest	\$ -	\$ -
Taxes	-	-

See accompanying notes.

HARVEY VOLUNTEER FIRE COMPANY NO. 2
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NATURE OF OPERATIONS:

Harvey Volunteer Fire Company No. 2 (the Company) was organized on July 8, 1948, to provide the citizens in the Sixth Fire Protection District of Jefferson Parish with fire protection and related services. The Company has a contract with Jefferson Parish, which approved a Fire Protection Agreement between Fire Protection District No. 6 of the Parish of Jefferson, State of Louisiana, and Harvey Volunteer Fire Company No. 2. The Fire Protection Agreement was signed by the Company on May 11, 2018. The term of the Fire Protection is for ten years commencing on December 1, 2017 and ending on December 1, 2027. The majority of the Company's revenue is derived from this contract.

In addition to fire protection, the Company also responds to emergencies including floods and hurricanes. The Company maintains four fire stations and has forty-one paid employees and twenty-two volunteers.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A summary of the Company's significant accounting policies applied in the preparation of the accompanying financial statements follows:

Basis of Accounting:

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation:

The Company is required to report information regarding its financial position according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

- Net assets without donor restrictions – net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- Net assets with donor-imposed restrictions – net assets subject to donor-imposed (or certain grantor) restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

HARVEY VOLUNTEER FIRE COMPANY NO. 2
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Financial Statement Presentation: (Continued)

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor restrictions on net assets are reported as reclassifications between the applicable classes of net assets. As of December 31, 2024 and 2023, the Company had only net assets without donor restrictions.

The statement of activities presents expenses functionally between program services for firefighting, general and administrative, and fundraising. Those expenses which cannot be functionally categorized are allocated between functions based upon management's estimate of usage applicable to conducting those functions.

Revenues:

Substantially all of the Company's revenue is derived from a contract with the Fire Protection District No. 6 of Jefferson Parish to provide firefighting and rescue services to the designated area of the Fire Protection District No. 6 and is considered to be an exchange transaction within the scope of ASC Topic 606, *Revenue from Contracts with Customers*. The Parish pays the Company monthly installments which represent the net proceeds of millage levied annually on the assessed valuation of property in the Fire Protection District No. 6. The revenue is recognized when the installments are received. Periodically, the Parish will allocate additional funds for the purchase of equipment and vehicles. During the years ended December 31, 2024 and 2023, the Company received capital allocation funds from the Parish totaling \$436,613 and \$783,290, respectively.

In addition, the Company routinely receives revenue from insurance rebates. The amount is received annually from the State of Louisiana through Jefferson Parish. The amount received is based on the number of homes within the fire district and totaled \$163,583 and \$162,293 for 2024 and 2023, respectively.

Donated Services:

FASB ASC 958-605-10 provides that the value of donated services is to be recognized in financial statements if the services require specialized skills, are provided by persons possessing those skills, and the services would be purchased if they were not donated. Many volunteers have donated significant amounts of time to the Company's firefighting program services. The value of these donated services included as income in the financial statements and the corresponding expenses for the years ended December 31, 2024 and 2023 was \$21,894 and \$8,871, respectively. The value of these donated services was estimated using the number of hours donated and an average of hourly rate paid to firefighters during the year. All members of the Board of Directors serve without compensation.

HARVEY VOLUNTEER FIRE COMPANY NO. 2
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Cash:

For purposes of the statement of cash flows, the Company considers all demand deposits, cash on hand, and other short-term assets at financial institutions with original maturity of three months or less to be cash.

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 certain reported amounts of assets and liabilities and the 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.

Investments:

Investments in certificates of deposits are recorded at cost plus accrued interest which approximates fair value. All certificates of deposit are expected to be held to maturity.

Use of Assets:

Per the contract with Jefferson Parish, any acquisition of immovable property, equipment, vehicles, or buildings by the Company with funds from the contract, are the property of Jefferson Parish, and, if legally required to be titled, should be titled in Jefferson Parish's name and not in the name of the Company. The contract also states that in the event the Company should cease operations voluntarily, for whatever reason, during the term of the agreement or be removed for just cause by Jefferson Parish, all buildings, equipment or apparatus purchased with appropriations from Jefferson Parish general and special revenue funds or contract consideration shall become (or remain if already titled in Jefferson Parish's name) the property of Jefferson Parish.

The assets owned and titled by Jefferson Parish and used by the Company are reported on the Company's Statements of Financial Position as a use of asset. The Company records the use of asset for purchases over \$1,000 and expenses those purchases under \$1,000. Expenditures for maintenance, repairs, and minor renewals are charged against earnings as incurred. Depreciation is computed using the straight-line method over the useful lives of the assets. The lives range from 5 to 40 years.

HARVEY VOLUNTEER FIRE COMPANY NO. 2
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Vacation and Sick Leave:

Each full-time operator earns vacation leave as follows:

<u>Years Completed</u>	<u>Days</u>
1 - 9 years	18 days
Over 9 years	19 - 30 days

Employees earn one day of additional vacation leave for each year over nine years of service up to a maximum of 30 days after 20 years.

Each administrative employee earns vacation leave as follows:

<u>Years Completed</u>	<u>Weeks</u>
1 year	1 week
2 - 6 years	2 weeks
7 - 12 years	3 weeks
13 - 15 years	4 weeks
Over 15 years	5 weeks

Vacation leave cannot be carried forward to the next year. All must be used within the current calendar year.

All full-time, non-operations personnel are granted 15 sick days per calendar year. Sick leave for operators is governed by LRS 33:1995, which states operators shall be entitled to full pay during sickness or incapacity not brought about by his own negligence or culpable indiscretion for a period of not less than 52 weeks. There is no accrual of sick leave and no buyback program.

2. CASH:

At December 31, 2024 and 2023, the Company maintained cash balances and savings accounts in several local banks. Bank balances are insured by the FDIC insurance or pledged securities held by Fidelity in the name of Harvey Volunteer Fire Company No. 2.

HARVEY VOLUNTEER FIRE COMPANY NO. 2
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

2. CASH: (Continued)

The bank and book balances as of December 31, 2024 and 2023 were as follows:

	2024		2023	
	<u>Book</u> <u>Balances</u>	<u>Bank</u> <u>Balances</u>	<u>Book</u> <u>Balances</u>	<u>Bank</u> <u>Balances</u>
Petty cash	\$ 442	N/A	\$ 500	N/A
Checking accounts -				
Fidelity Homestead				
General operating fund	143,853	\$ 235,994	29,978	\$ 30,843
Payroll fund	265,346	266,334	335,016	337,841
Private fund	2,760	2,760	3,601	3,601
Insurance disbursement fund	35,801	35,801	34,191	107,816
Savings accounts -				
Fidelity Homestead				
Hospitalization fund	259,348	259,344	34,282	34,278
Savings fund	686,710	686,709	170,999	170,999
Total cash	<u>\$ 1,394,260</u>	<u>\$ 1,486,942</u>	<u>\$ 608,567</u>	<u>\$ 685,378</u>

3. INVESTMENTS:

The Company had the following certificates of deposit as of December 31, 2024 and 2023:

		Interest Rate			Interest Rate	
	<u>Maturity</u>	<u>2024</u>	<u>2024</u>	<u>Maturity</u>	<u>2023</u>	<u>2023</u>
Certificate of deposit	01/18/25	3.198%	\$ 18,097	07/18/24	3.682%	\$ 17,510
Certificate of deposit	08/15/25	3.440%	9,909	08/15/24	0.349%	9,760
Certificate of deposit	01/13/25	3.198%	35,574	07/13/24	3.682%	34,405
Certificate of deposit	05/21/25	3.198%	25,325	05/21/24	4.641%	24,389
Certificate of deposit	08/07/25	1.980%	10,727	08/07/24	1.980%	10,516
Total current			99,632			96,580
Total non-current	03/05/27	0.747%	32,503	03/05/27	0.747%	32,021
Total			<u>\$ 132,135</u>			<u>\$ 128,601</u>

HARVEY VOLUNTEER FIRE COMPANY NO. 2
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

4. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The Company manages its liquidity by operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. As of December 31, 2024, financial assets available for expenses within one year of the statement of financial position date consisted of cash in the amount of \$1,394,260 and investments in the amount of \$99,632. As of December 31, 2023, financial assets available for expenses within one year of the statement of financial position date consisted of cash in the amount of \$608,567 and investments in the amount of \$96,580.

5. USE OF ASSETS:

The cost and accumulated depreciation of the use of assets were as follows:

<u>December 31, 2024</u>	Balance <u>01/01/24</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>12/31/24</u>
Land and land improvements	\$ 73,787	\$ -	\$ -	\$ 73,787
Furniture and fixtures	84,329	-	(7,284)	77,045
Automobiles and trucks	1,337,837	-	-	1,337,837
Equipment	1,878,548	472,283	(401,895)	1,948,936
Building improvements	1,755,307	-	(124,260)	1,631,047
	<u>5,129,808</u>	<u>472,283</u>	<u>(533,439)</u>	<u>5,068,652</u>
Accumulated depreciation	<u>(3,079,204)</u>	<u>(259,258)</u>	<u>147,064</u>	<u>(3,191,398)</u>
Use of assets, net	<u><u>\$2,050,604</u></u>	<u><u>\$ 213,025</u></u>	<u><u>\$ (386,375)</u></u>	<u><u>\$ 1,877,254</u></u>

<u>December 31, 2023</u>	Balance <u>01/01/23</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>12/31/23</u>
Land and land improvements	\$ 73,787	\$ -	\$ -	\$ 73,787
Furniture and fixtures	84,329	-	-	84,329
Automobiles and trucks	1,277,535	161,971	(101,669)	1,337,837
Equipment	1,766,494	393,998	(281,944)	1,878,548
Building improvements	1,407,544	347,763	-	1,755,307
	<u>4,609,689</u>	<u>903,732</u>	<u>(383,613)</u>	<u>5,129,808</u>
Accumulated depreciation	<u>(3,254,226)</u>	<u>(208,556)</u>	<u>383,578</u>	<u>(3,079,204)</u>
Use of assets, net	<u><u>\$1,355,463</u></u>	<u><u>\$ 695,176</u></u>	<u><u>\$ (35)</u></u>	<u><u>\$ 2,050,604</u></u>

HARVEY VOLUNTEER FIRE COMPANY NO. 2
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

6. SELF-INSURANCE:

The Company has a self-insurance hospitalization plan. The self-insurance program involves co-insurance with an independent insurance Company. The Company is responsible for 100% of the first \$30,000 of claims per individual up to an aggregate amount. Any claim in excess of \$30,000 or the aggregate is covered by the insurance Company. Amounts charged to the Company for this plan were \$279,654 and \$544,857 in years 2024 and 2023, respectively. The estimated payable for incurred, but not paid claims, at December 31, 2024 and 2023, was \$172,669 and \$231,406, respectively. These amounts are reflected as current liabilities on the statements of financial position.

During 2024 and 2023, the Company did not pay claims in excess of its self-insurance policy.

7. INCOME TAXES:

The Company is exempt from federal and state income taxes under the Internal Revenue Code 501(c)(3). Therefore, no provision for income taxes has been included in the financial statements.

Accounting standards provide detailed guidance for the financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. Under FASB ASC 740-10, an entity is required to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. Management has evaluated the significant tax positions against the criteria established by these accounting standards and believes there are no such tax positions requiring accounting recognition. The Company is no longer subject to income tax examinations by taxing authorities generally for years prior to 2021.

8. DEFINED CONTRIBUTION PLAN:

The Company has a defined contribution plan in accordance with Internal Revenue Code Section 401(k). The plan allows full-time employees to defer a portion of their compensation. Voluntary pre-tax contributions for 2024 and 2023 were \$137,600 and \$132,800, respectively. Voluntary Roth 401(k) contributions for 2024 and 2023 were \$161,083 and \$141,614, respectively.

The Company will match voluntary employee contributions to the plan up to 10% of annual salaries. The amount of the employer matching contributions to the plan was \$250,376 in 2024 and \$229,701 in 2023.

HARVEY VOLUNTEER FIRE COMPANY NO. 2
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

9. EXPENSES PAID BY OTHERS:

The full-time firefighters of the Company receive supplemental pay from the State of Louisiana under the provisions of L.R.S. 33:2002. The amount of pay received does not vary based upon years of service, and is based upon state law. As these supplemental state funds are paid directly to the firefighters, and do not pass through the Company, they are not included in these financial statements. For the years ended December 31, 2024 and 2023, \$200,480 and \$194,940 was received by the firefighters in supplemental pay from the state.

10. DONATION EXPENSE:

During the year ended December 31, 2024, the Company donated 56 air packs with masks, 130 air bottles, and 5 rescue packs to the City of Gretna to be used by the David Crockett Volunteer Fire Company. The equipment had a net book value of \$315,198, which was reported as a donation on the statement of functional expenses.

11. SUBSEQUENT EVENTS:

Management has evaluated subsequent events through June 11, 2025, which is the date on which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

HARVEY VOLUNTEER FIRE CO., NO. 2
SUPPLEMENTARY INFORMATION
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2024

Agency head name: Scott Berthelot, Fire Chief (Volunteer)

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits - insurance	-
Benefits - retirement	-
	\$ -



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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

June 11, 2025

To the Board of Directors
Harvey Volunteer Fire Company No. 2

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 Harvey Volunteer Fire Company No. 2 (a Louisiana non-profit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated June 11, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Harvey Volunteer Fire Company No. 2's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Harvey Volunteer Fire Company No. 2's internal control. Accordingly, we do not express an opinion on the effectiveness of Harvey Volunteer Fire Company No. 2's internal control.

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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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Harvey Volunteer Fire Company No. 2's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the 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 *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in blue ink that reads "Duplantier, Hopmann, Hogan & Roter LLP". The signature is written in a cursive, flowing style.

New Orleans, Louisiana

HARVEY VOLUNTEER FIRE COMPANY NO. 2
SUMMARY SCHEDULE OF CURRENT YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2024

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of Harvey Volunteer Fire Company No. 2 for the year ended December 31, 2024 was unmodified.
2. Internal Control
 Significant deficiencies: none noted
 Material weaknesses: none noted
3. Compliance and Other Matters
 Noncompliance material to financial statements: none noted

FINDINGS REQUIRED TO BE REPORTED UNDER *GOVERNMENT AUDITING*
STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA:

None noted

HARVEY VOLUNTEER FIRE COMPANY NO. 2
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2024

SUMMARY OF PRIOR YEAR FINDINGS:

None noted

HARVEY VOLUNTEER FIRE COMPANY NO. 2

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

FOR THE FISCAL YEAR JANUARY 1, 2024
THROUGH DECEMBER 31, 2024

HARVEY VOLUNTEER FIRE COMPANY NO. 2

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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
FOR THE FISCAL YEAR JANUARY 1, 2024
THROUGH DECEMBER 31, 2024

April 30, 2025

Board of Directors
Harvey Volunteer Fire Company No. 2 and
Louisiana Legislative Auditor

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 01, 2024 through December 31, 2024. Harvey Volunteer Fire Company No. 2's management is responsible for those C/C areas identified in the SAUPs.

Harvey Volunteer Fire Company No. 2 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 the LLA's SAUPs for the fiscal period January 01, 2024 through December 31, 2024. Additionally, the 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:

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1) Written Policies and Procedures

- A. **Procedure**: Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - ii. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
 - iii. ***Disbursements***, including processing, reviewing, and approving.
 - iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
 - vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
 - viii. ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
 - ix. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
 - x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
 - xi. ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available

system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

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

Results: As a result of applying the above agreed-upon procedures, it is noted that there is no policy or procedure in place regarding contracting, or information technology disaster recovery/business continuity. Additionally the policy and procedures over disbursements do not reference maintaining or adding vendors to the vendor list.

Response: Management has noted the lack of these policies and procedures and will continue to work with the Board of Directors on creating and adopting the policies above.

2) Board or Finance Committee

- A. **Procedure:** Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Results: No findings noted as a result of applying the above agreed-upon procedures.

3) Collections (excluding electronic funds transfers)

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

Results: No findings noted as a result of applying the above agreed-upon procedures.

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

- i. Employees responsible for cash collections do not share cash drawers/registers;
- ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
- iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

Results: Upon applying the agreed-upon procedures above, it is noted that there is no segregation of duties. Due to the size of the company, there is only one employee receiving cash, preparing deposits, making deposits, reconciling, and adding to the general ledger.

Response: Because of the size of the Company, it is not cost effective to staff the personnel required to segregate these duties. The receipts mostly consist of checks which are deposited when received. The bank reconciliations are reviewed by a member of management and the Board of Directors each month.

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

Results: No findings noted as a result of applying the above agreed-upon procedures.

- D. **Procedure:** Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements*

when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:

- i. Observe that receipts are sequentially pre-numbered.
- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- iii. Trace the deposit slip total to the actual deposit per the bank statement.
- iv. Observe 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).
- v. Trace the actual deposit per the bank statement to the general ledger.

Results: Upon applying the agreed-upon procedures above, five out of the ten deposits were not made within one business day of the receipt. There is also a lack of segregation of duties due to the size of the entity.

Response: Deposits are typically made within one business day of receipt. This was an oversight this year and not typical.

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

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

Results: No findings noted as a result of applying the above agreed-upon procedures.

- B. **Procedure:** For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;

- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

Results: Upon applying the agreed-upon procedures above, we noted that there is a lack of segregation of duties. There is only one employee responsible for purchases, adding/modifying vendor files, approving electronic disbursements of funds, and mailing payments.

Response: Due to the size of the Company, it is not cost effective to staff the personnel needed for the segregation of duties. Checks written require two signatures and all purchases are reviewed by at least one other person than the one that makes the purchase request.

- C. **Procedure:** For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

Results: No findings noted as a result of applying the above agreed-upon procedures.

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

Results: No findings noted as a result of applying the above agreed-upon procedures.

We were engaged by Harvey Volunteer Fire Company No. 2 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 Harvey Volunteer Fire Company No. 2 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 results 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 Louisiana Legislative Auditor as a public document.

Duplantier, Hopmann, Hogan & Nater LLP

New Orleans, Louisiana

HARVEY VOLUNTEER FIRE COMPANY NO. 2

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

FOR THE FISCAL YEAR JANUARY 1, 2024
THROUGH DECEMBER 31, 2024

HARVEY VOLUNTEER FIRE COMPANY NO. 2

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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
FOR THE FISCAL YEAR JANUARY 1, 2024
THROUGH DECEMBER 31, 2024

April 30, 2025

Board of Directors
Harvey Volunteer Fire Company No. 2 and
Louisiana Legislative Auditor

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 01, 2024 through December 31, 2024. Harvey Volunteer Fire Company No. 2's management is responsible for those C/C areas identified in the SAUPs.

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1) Written Policies and Procedures

- A. **Procedure**: Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - ii. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
 - iii. ***Disbursements***, including processing, reviewing, and approving.
 - iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
 - vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
 - viii. ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
 - ix. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
 - x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
 - xi. ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available

system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

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

Results: As a result of applying the above agreed-upon procedures, it is noted that there is no policy or procedure in place regarding contracting, or information technology disaster recovery/business continuity. Additionally the policy and procedures over disbursements do not reference maintaining or adding vendors to the vendor list.

Response: Management has noted the lack of these policies and procedures and will continue to work with the Board of Directors on creating and adopting the policies above.

2) Board or Finance Committee

- A. **Procedure:** Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Results: No findings noted as a result of applying the above agreed-upon procedures.

3) Collections (excluding electronic funds transfers)

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

Results: No findings noted as a result of applying the above agreed-upon procedures.

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

- i. Employees responsible for cash collections do not share cash drawers/registers;
- ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
- iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

Results: Upon applying the agreed-upon procedures above, it is noted that there is no segregation of duties. Due to the size of the company, there is only one employee receiving cash, preparing deposits, making deposits, reconciling, and adding to the general ledger.

Response: Because of the size of the Company, it is not cost effective to staff the personnel required to segregate these duties. The receipts mostly consist of checks which are deposited when received. The bank reconciliations are reviewed by a member of management and the Board of Directors each month.

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

Results: No findings noted as a result of applying the above agreed-upon procedures.

- D. **Procedure:** Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements*

when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:

- i. Observe that receipts are sequentially pre-numbered.
- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- iii. Trace the deposit slip total to the actual deposit per the bank statement.
- iv. Observe 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).
- v. Trace the actual deposit per the bank statement to the general ledger.

Results: Upon applying the agreed-upon procedures above, five out of the ten deposits were not made within one business day of the receipt. There is also a lack of segregation of duties due to the size of the entity.

Response: Deposits are typically made within one business day of receipt. This was an oversight this year and not typical.

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

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

Results: No findings noted as a result of applying the above agreed-upon procedures.

- B. **Procedure:** For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;

- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

Results: Upon applying the agreed-upon procedures above, we noted that there is a lack of segregation of duties. There is only one employee responsible for purchases, adding/modifying vendor files, approving electronic disbursements of funds, and mailing payments.

Response: Due to the size of the Company, it is not cost effective to staff the personnel needed for the segregation of duties. Checks written require two signatures and all purchases are reviewed by at least one other person than the one that makes the purchase request.

- C. **Procedure:** For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

Results: No findings noted as a result of applying the above agreed-upon procedures.

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

Results: No findings noted as a result of applying the above agreed-upon procedures.

We were engaged by Harvey Volunteer Fire Company No. 2 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 Harvey Volunteer Fire Company No. 2 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 results 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 Louisiana Legislative Auditor as a public document.

Duplantier, Hopmann, Hogan & Nater LLP

New Orleans, Louisiana