

FINANCIAL REPORT  
THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT  
DECEMBER 31, 2020 AND 2019

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT

REPORT INDEX

DECEMBER 31, 2020 AND 2019

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT .....	1 - 2
FINANCIAL STATEMENTS:	
Statements of Financial Position .....	3
Statements of Activities .....	4
Statements of Functional Expenses .....	5 - 6
Statements of Cash Flows .....	7
Notes to Financial Statements .....	8 - 17
SUPPLEMENTARY INFORMATION:	
Schedule of Compensation, Benefits, and Other Payments to Agency Head .....	18
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 <i>GOVERNMENT AUDITING STANDARDS</i> .....	19 - 20
SCHEDULE OF FINDINGS .....	21
STATUS OF PRIOR YEAR FINDINGS .....	22



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## INDEPENDENT AUDITOR'S REPORT

March 30, 2021

Board of Directors  
Third District Volunteer Fire Department  
10423 Jefferson Highway  
River Ridge, Louisiana 70123

We have audited the accompanying financial statements of the Third District Volunteer Fire Department (a Louisiana nonprofit organization) which comprise the statements of financial position as of December 31, 2020 and 2019 and the related statements of activities, functional expenses, and cash flows for the years 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this 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.

### *Auditor's 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Third District Volunteer Fire Department as of December 31, 2020 and 2019, 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.

### ***Report on Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits and other payments to agency head is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 March 30, 2021 on our consideration of the Third District Volunteer Fire Department'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 the Third District Volunteer Fire Department's internal control over financial reporting and compliance.

  
New Orleans, Louisiana

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2020 AND 2019

ASSETS

	<u>2020</u>	<u>2019</u>
<b>CURRENT ASSETS:</b>		
Cash	\$ 1,925,460	\$ 643,641
Accounts receivable	103,985	151,122
Prepaid insurance	112,819	159,729
<b>Total current assets</b>	<u>2,142,264</u>	<u>954,492</u>
 <b>PROPERTY AND EQUIPMENT (net of accumulated depreciation of \$4,506,625 and \$4,177,073)</b>		
	<u>3,871,027</u>	<u>4,203,499</u>
<b>Total property and equipment</b>	<u>3,871,027</u>	<u>4,203,499</u>
 <b>OTHER ASSETS</b>		
	<u>533,390</u>	<u>492,354</u>
<b>TOTAL ASSETS</b>	<u>\$ 6,546,681</u>	<u>\$ 5,650,345</u>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 4,519	\$ 24,179
Accrued wages and payroll taxes	91,766	67,746
Annual leave payable	148,503	160,412
Accrued pension expense	284,248	253,994
Accrued postretirement benefits	152,308	134,709
Paycheck protection program loan	490,100	-
Capital lease payable	33,205	127,593
<b>Total current liabilities</b>	<u>1,204,649</u>	<u>768,633</u>
 <b>LONG-TERM LIABILITIES:</b>		
Accrued postretirement benefits	456,924	404,125
Capital lease, net of current portion	-	33,205
<b>Total long-term liabilities</b>	<u>456,924</u>	<u>437,330</u>
<b>TOTAL LIABILITIES</b>	<u>1,661,573</u>	<u>1,205,963</u>
 <b>NET ASSETS:</b>		
Without donor restrictions	<u>4,885,108</u>	<u>4,444,382</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 6,546,681</u>	<u>\$ 5,650,345</u>

See accompanying notes.

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
REVENUES AND OTHER SUPPORT:		
Fire Protection District No. 3 Contract Fees:		
Ad valorem taxes	\$ 3,231,315	\$ 3,106,620
Capital funds	837,203	241,378
Service charge	340,008	340,008
Insurance rebate	150,179	149,910
Cares Act funds	484,427	-
Interest income	3,018	3,519
Loss on disposal of assets	(91)	-
Miscellaneous	64,744	128,802
	<u>5,110,803</u>	<u>3,970,237</u>
EXPENSES:		
Program services:		
Firefighting	4,445,054	4,311,317
Supporting services:		
General and administrative	225,023	181,439
	<u>4,670,077</u>	<u>4,492,756</u>
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	440,726	(522,519)
Net assets without donor restrictions - January 1	<u>4,444,382</u>	<u>4,966,901</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS - DECEMBER 31	<u>\$ 4,885,108</u>	<u>\$ 4,444,382</u>

See accompanying notes.

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Program Services</u>	<u>Supporting Services</u>	
	<u>Firefighting</u>	<u>General and Administrative</u>	<u>Total</u>
Beverages	\$ 2,583	\$ 108	\$ 2,691
Breathing apparatus	23,483	-	23,483
Depreciation	319,086	13,295	332,381
First aid supplies	12,545	-	12,545
Insurance	193,141	8,048	201,189
Interest	-	7,383	7,383
Legal and accounting	-	61,932	61,932
Maintenance materials	60,193	-	60,193
Major repairs and maintenance	62,753	2,615	65,368
Manpower	3,348,035	127,658	3,475,693
Miscellaneous	25,616	1,067	26,683
Oil and gas	26,816	-	26,816
Operating materials	137,176	-	137,176
Personal safety equipment	16,227	-	16,227
Stationery and office supplies	7,430	310	7,740
Training	16,387	-	16,387
Travel, awards and banquet	3,252	135	3,387
Uniforms	3,054	-	3,054
Utilities	59,327	2,472	61,799
Vehicle maintenance	112,873	-	112,873
Wellness program	15,077	-	15,077
	<u>                  </u>	<u>                  </u>	<u>                  </u>
TOTAL	\$ <u>4,445,054</u>	\$ <u>225,023</u>	\$ <u>4,670,077</u>

See accompanying notes.

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Program Services</u>	<u>Supporting Services</u>	
	<u>Firefighting</u>	<u>General and Administrative</u>	<u>Total</u>
Beverages	\$ 3,695	\$ 114	\$ 3,809
Breathing apparatus	2,063	-	2,063
Depreciation	333,861	10,326	344,187
First aid supplies	10,203	-	10,203
Insurance	176,568	5,461	182,029
Interest	-	15,351	15,351
Legal and accounting	-	47,085	47,085
Maintenance materials	84,492	-	84,492
Major repairs and maintenance	83,307	2,576	85,883
Manpower	3,150,574	97,440	3,248,014
Miscellaneous	21,599	668	22,267
Oil and gas	31,699	-	31,699
Operating materials	141,488	-	141,488
Personal safety equipment	29,965	-	29,965
Stationery and office supplies	5,335	165	5,500
Training	6,704	-	6,704
Travel, awards and banquet	2,850	88	2,938
Uniforms	5,176	-	5,176
Utilities	70,006	2,165	72,171
Vehicle maintenance	128,944	-	128,944
Volunteer recruitment	495	-	495
Wellness program	22,293	-	22,293
	<u>                    </u>	<u>                    </u>	<u>                    </u>
TOTAL	<u>\$ 4,311,317</u>	<u>\$ 181,439</u>	<u>\$ 4,492,756</u>

See accompanying notes.



THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase (decrease) in net assets	\$ 440,726	\$ (522,519)
Adjustments to reconcile increase (decrease) in net assets to cash provided (used) by operating activities:		
Depreciation	332,381	344,187
Loss on disposal of assets	91	-
Changes in operating assets and liabilities:		
(Increase) decrease in prepaid expenses	46,910	(30,915)
(Increase) decrease in accounts receivable	47,137	(133,401)
(Increase) in other assets	(41,036)	(19,666)
Increase (decrease) in accounts payable	(19,660)	6,889
Increase (decrease) in accrued wages and payroll taxes	24,020	(16,060)
Increase (decrease) in annual leave payable	(11,909)	23,398
Increase in accrued postretirement benefits	70,398	7,041
Increase in accrued pension expense	30,254	65,058
Net cash provided by (used in) operating activities	<u>919,312</u>	<u>(275,988)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from loan	<u>490,100</u>	<u>-</u>
Net cash provided by investing activities	<u>490,100</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments on capital lease obligations	<u>(127,593)</u>	<u>(119,625)</u>
Net cash (used in) financing activities	<u>(127,593)</u>	<u>(119,625)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	1,281,819	(395,613)
Cash at beginning of year	<u>643,641</u>	<u>1,039,254</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 1,925,460</u>	<u>\$ 643,641</u>
<b>SUPPLEMENTARY CASH FLOW INFORMATION:</b>		
Cash was paid for the following:		
Interest	<u>\$ 7,383</u>	<u>\$ 15,351</u>
Income taxes	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes.

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

ORGANIZATION:

The Third District Volunteer Fire Department (the fire department) was organized in 1951 and provides the citizens of the Fire Protection District No. 3 of Jefferson Parish with fire protection and related services. The fire department is under a 10-year contract with Jefferson Parish to provide fire protection to the Third District. The contract expires December 1, 2027. The majority of the fire department's revenue is derived from this contract. At December 31, 2020 the department was operating four stations with 63 paid employees and 45 volunteers.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

Basis of Accounting and Presentation:

The financial statements of the fire department are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

The fire department is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor-imposed restrictions. 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, 2020 and 2019, the fire department had only net assets without restrictions.

Allocation of Expenses:

The cost of providing programs and other activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses, which are easily and directly associated with firefighting or general and administrative, are charged directly to that functional area. Certain other expenses have been allocated to firefighting services and general and administrative based on time devoted by the fire department's staff.

Program services consist of providing firefighting services to the Third District of Jefferson Parish.

General and administrative consists of general administrative expenses incurred.

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT  
 NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Revenue:

Substantially all of the fire department's revenue is derived from funds provided by the Fire Protection District No. 3 of Jefferson Parish to provide firefighting and rescue services to the designated area of the Third Fire Protection District and is considered to be an exchange transaction within the scope of ASC Topic 606, *Revenue from Contracts with Customers*. The Parish pays the fire department monthly installments which represent the net proceeds of millage levied annually on the assessed valuation of property in the Third Fire Protection District. The revenue is recognized as the services are performed monthly. During the year ended December 31, 2020, Jefferson Parish received CARES Act money related to the COVID-19 pandemic. The amount allocated to the fire department totaled \$484,427 for 2020. Also during December 31, 2020 and 2019, the fire department received capital allocation funds from the Parish for the purchase of equipment and vehicles in the amount of \$837,203 and \$241,378, respectively. Other sources of revenues would include fundraising, contributions, and interest. These other sources of revenue are recorded when received.

In addition, the fire department routinely receives revenue from the following sources:

- A) 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 \$150,179 and \$149,910 for 2020 and 2019, respectively.
- B) Jefferson Parish Service Charge - The fire department receives monthly installments based on the number of water meters within the fire district and totaled \$340,008 for both 2020 and 2019. The assessment of the service charge was approved by public election.

Cash:

For purposes of the statements of cash flows, the fire department considers all short-term investments purchased with a maturity of three months or less to be cash equivalents. A detail of cash was as follows at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Cash on hand	\$ 360	\$ 360
Cash in banks	<u>1,925,100</u>	<u>643,281</u>
	<u>\$ 1,925,460</u>	<u>\$ 643,641</u>

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Donated Services:

ASC 958-605 provides that the value of donated services should 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.

No amounts have been reflected in the financial statements for donated services. Donated services were not recorded due to the fact that the value of these services was not readily determinable. However, a substantial number of volunteers have donated significant amounts of their time in the fire department's program services.

Property and Equipment:

Property and equipment, consisting primarily of fire stations and residences, furniture, fixtures, and equipment, are recorded at cost when purchased and at fair market value when received as a donation. The Fire Department capitalizes property and equipment 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 3 to 40 years.

Property and equipment does not include fire trucks, vehicles, and equipment donated by the fire department to the Fire Protection District No. 3 of Jefferson Parish. Historically, the fire department has received subsidies from the Fire Protection District No. 3 of Jefferson Parish for the purchase of fire trucks and various equipment. The trucks are then purchased by the fire department and donated back to the Fire Protection District No. 3 of Jefferson Parish. This is done because the funding source of these subsidies is parish ad valorem taxes, and the property must stay in the "public domain". The fire trucks and vehicles are utilized by the fire department but they are insured by and titled in the name of the Parish of Jefferson. These fire trucks are reported for in the financial statements of the Parish of Jefferson.

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

New Accounting Standards:

In 2019, the fire department adopted FASB ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). This guidance outlines a single, comprehensive model for accounting for revenue from contracts with customers. The fire department's primary source of revenue is from its contract with Jefferson Parish. The fire department analyzed the provisions of FASB's ASU Topic 606, *Revenue from Contracts with Customers*, and concluded that no changes to their revenue recognition were needed to conform to the new standard.

The fire department also adopted FASB ASU 2018-08, *Not-For-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This update clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. The fire department analyzed the provisions of FASB's ASU Topic 958, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, and concluded that no changes were necessary to conform with the new standard.

As of January 1, 2019, the fire department implemented FASB ASU 2017-07, *Compensation – Retirement Benefits* (Topic 715): *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. This update requires that an employer disaggregate the service cost component from the other components of net benefit cost.

2. PROPERTY AND EQUIPMENT:

The cost and accumulated depreciation of property and equipment were as follows:

December 31, 2020

	<u>1/1/20</u>	<u>Additions</u>	<u>Disposals</u>	<u>12/31/20</u>
<u>Property and Equipment:</u>				
Land	\$ 948,461	\$ -	\$ -	\$ 948,461
Buildings	2,412,228	-	-	2,412,228
Firefighting equipment	723,382	-	-	723,382
Radios	315,208	-	-	315,208
Office equipment	85,365	-	(2,920)	82,445
Vehicles	3,895,928	-	-	3,895,928
Total property and equipment	<u>8,380,572</u>	<u>-</u>	<u>(2,920)</u>	<u>8,377,652</u>
Less accumulated depreciation	<u>(4,177,073)</u>	<u>(332,381)</u>	<u>2,829</u>	<u>(4,506,625)</u>
Total property and equipment, net of depreciation	<u>\$ 4,203,499</u>	<u>\$ (332,381)</u>	<u>\$ (91)</u>	<u>\$ 3,871,027</u>

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

2. PROPERTY AND EQUIPMENT: (Continued)

December 31, 2019

	<u>1/1/19</u>	<u>Additions</u>	<u>Disposals</u>	<u>12/31/19</u>
<u>Property and Equipment:</u>				
Land	\$ 948,461	\$ -	\$ -	\$ 948,461
Buildings	2,412,228	-	-	2,412,228
Firefighting equipment	723,382	-	-	723,382
Radios	315,208	-	-	315,208
Office equipment	85,365	-	-	85,365
Vehicles	3,915,154	-	(19,226)	3,895,928
Total property and equipment	8,399,798	-	(19,226)	8,380,572
Less accumulated depreciation	(3,852,112)	(344,187)	19,226	(4,177,073)
Total property and equipment, net of depreciation	<u>\$ 4,547,686</u>	<u>\$ (344,187)</u>	<u>\$ -</u>	<u>\$ 4,203,499</u>

In February 2011, two fire trucks were acquired under a capital lease at a cost of \$594,410 each. See note 9 for the capital lease. The assets are amortized over their estimated useful lives. Amortization of assets under capital leases is included in depreciation expense for the years 2020 and 2019. In 2019, Jefferson Parish began reimbursing the fire department for the lease payments. The following is an analysis of the leased assets included in property and equipment:

	<u>2020</u>	<u>2019</u>
Trucks	\$ 1,188,820	\$ 1,188,820
Less accumulated depreciation	<u>(785,942)</u>	<u>(706,688)</u>
Net book value	<u>\$ 402,878</u>	<u>\$ 482,132</u>

3. INCOME TAXES:

The fire department is exempt from income taxes under the Internal Revenue Code 501(c)(3). The fire department's Federal Return of Organization Exempt from Income Tax (Form 990) for 2020, 2019, 2018, and 2017 remain open and subject to examination by taxing authorities.

4. ANNUAL LEAVE PAYABLE:

All full time employees of the Third District Volunteer Fire Department accumulate annual leave which is accrued based on years of service and the employee's current rate of pay. At termination of employment, compensation will be paid for all annual leave hours remaining on the books at the employee's straight time rate. No compensation will be paid for any sick leave remaining at termination of employment. As of December 31, 2020 and 2019, the annual leave payable was \$148,503 and \$160,412, respectively.

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

5. DEFINED CONTRIBUTION PLAN:

The fire department sponsors a defined contribution plan that covers all employees who have accumulated at least 1,000 service hours annually.

Contributions to the plan are based on 12% of the gross wages paid by the fire department and the supplemental wages received from the State of Louisiana.

For the years ended December 31, 2020 and 2019, the fire department accrued \$284,248 and \$253,994, respectively, to be contributed to the plan in the following year.

6. CONCENTRATIONS:

At various times during 2020 and 2019, the fire department had cash on deposit and cash equivalents in excess of FDIC insurance limits. As of December 31, 2020 and 2019 all balances were fully insured.

The fire department also has a promontory insured cash sweep (ICS) which is used to maintain a certain balance in the operating cash account by moving cash back and forth as needed to maintain that balance. Deposits in promontory ICS accounts are spread among other banks within the promontory network so that no balances at any one bank are above FDIC coverage.

7. USE OF ESTIMATES:

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

8. DEFINED BENEFIT PLAN:

The fire department has a nonqualified defined benefit plan covering substantially all of its volunteers. The plan is noncontributory and is administered by a trustee. An actuarial valuation of the plan is prepared annually. The assumed interest rate used in the valuation was 4.25% and 4.75% for the years ended December 31, 2020 and 2019, respectively. Contributions to the plan by the fire department were \$23,730 and \$25,879 for 2020 and 2019, respectively. The expected contribution for 2021 is \$27,396. The amount of cash held by the insurance company to fund this plan for the years ended December 31, 2020 and 2019 was \$533,390 and \$492,354, respectively.

The benefits are based on years of volunteer service to the fire department at \$10.00 per month up to thirty years of service for 2020 and 2019. The maximum benefit per month under this benefit formula is \$300 for 2020 and 2019. The participant vests after five years of service and is entitled to benefits at age 60. Benefits paid to plan participants were \$13,431 and \$16,325 for the years ended December 31, 2020 and 2019, respectively.

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

8. DEFINED BENEFIT PLAN: (Continued)

The prior service cost at adoption of the plan was \$163,983. This amount is based on \$5.00 per month per year of past service per participant up to a maximum of twenty years. This cost is being recognized over the average estimated remaining service life of the participants or twenty-six years. The amount recognized for each of the years ended December 31, 2020 and 2019 was \$6,307. The net unrecognized prior service cost was \$6,308 and \$12,615 at December 31, 2020 and 2019, respectively. The prior service cost for the plan that will be amortized over the next year is \$6,308.

The net periodic benefit cost for the defined benefit plan for the years ended December 31 as follows:

	<u>2020</u>	<u>2019</u>
Service cost	\$ 77,620	\$ 17,059
Other components of cost:		
Investment income	(25,631)	(13,942)
Amortization of prior costs	6,307	6,307
Insurance premiums	-	2,149
Administrative fee	<u>1,440</u>	<u>1,430</u>
Total other components	<u>(17,884)</u>	<u>(4,056)</u>
Net periodic benefit cost	<u>\$ 59,736</u>	<u>\$ 13,003</u>

In 2019, the fire department implemented the provisions of FASB ASU 2017-07 that require an employer to report the service cost component separately from other components of net benefit cost. The service cost component is reported in the same line of the statement of functional expenses where they report compensation cost. The other components of net benefit cost are reported as other expenses.

Service costs are included in the statements of activities as follows:

	<u>2020</u>	<u>2019</u>
Manpower	<u>\$ 77,620</u>	<u>\$ 17,059</u>

The annual measurement date is December 31<sup>st</sup> for the retirement benefits. The following table provides further information about the fire department's postretirement plan:

Obligations and Funded Status:

	<u>2020</u>	<u>2019</u>
Actuarial present value of accrued benefits for services rendered to date:		
Vested	\$ 605,614	\$ 545,805
Non-vested	<u>9,926</u>	<u>5,644</u>
	<u>\$ 615,540</u>	<u>\$ 551,449</u>



THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT  
 NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

8. DEFINED BENEFIT PLAN: (Continued)

Obligations and Funded Status: (Continued)

	<u>2020</u>	<u>2019</u>
Actuarial present value of accrued benefit obligation at December 31	\$ (615,540)	\$ (551,449)
Employer contributions	23,730	25,879
Benefit payments	(13,431)	(16,325)
Fair value of plan assets (included in other assets on the statements of financial position) at December 31	<u>533,390</u>	<u>492,354</u>
Plan assets in deficit of projected benefit obligation	(82,150)	(59,095)
Unrecognized prior service costs	<u>6,308</u>	<u>12,615</u>
Unfunded status	<u>\$ (75,842)</u>	<u>\$ (46,480)</u>

Amounts recognized in the statements of financial position at December 31, 2020 and 2019 consist of:

	<u>2020</u>	<u>2019</u>
Noncurrent assets	\$ 533,390	\$ 492,354
Current liabilities	(152,308)	(134,709)
Noncurrent liabilities	<u>(456,924)</u>	<u>(404,125)</u>
	<u>\$ (75,842)</u>	<u>\$ (46,480)</u>

Assumptions:

Weighted-average assumptions used to determine benefit obligations at December 31, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
Discount rate	4.25%	4.75%
Expected return on plan assets	4.25%	4.75%

In the December 31, 2020 and 2019 actuarial valuations, the entry age normal method was used.

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT  
 NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

9. CAPITAL LEASE OBLIGATIONS:

The capital lease consists of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Fire truck – lease payable to Regions Bank, interest at 6.5%, payable in quarterly installments of \$33,744, last payment due 2-25-2021.	\$ 33,205	\$ 160,798
Less: current portion	<u>(33,205)</u>	<u>(127,593)</u>
Total	<u>\$ _____</u>	<u>\$ 33,205</u>

Future minimum payments of the capital lease obligation as of December 31<sup>st</sup> are as follows:

2021	\$ <u>33,205</u>
Total lease payments	\$ <u>33,205</u>

10. EXPENSES PAID BY OTHERS:

The full-time firefighters of the fire department receive supplemental pay from the State of Louisiana under the provisions of L.R.S. 33:2002. The amount of pay received varies based on years of service. As these supplemental state funds are paid directly to the firefighters, and do not pass through the fire department, they are not included in these financial statements.

11. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

At December 31, 2020 the fire department had \$2,029,445 of financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures, consisting of cash of \$1,925,460 and accounts receivable in the amount of \$103,985.

At December 31, 2019 the fire department had \$794,763 of financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures, consisting of cash of \$643,641 and accounts receivable in the amount of \$151,122.

12. UNCERTAINTIES:

A novel strain of coronavirus was reported in New Orleans in March 2020, and continues to spread throughout the United States. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. The related financial impact and duration cannot be reasonably estimated at this time.

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

13. PAYCHECK PROTECTION PROGRAM:

In May 2020, the fire department received a loan (the “PPP Loan”) from its primary lender in the amount of \$490,100, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES act, which was enacted March 27, 2020. Funds from the PPP loan may only be used for payroll costs, group healthcare benefits, rent, and utilities. Under the terms of the PPP, certain amounts of the PPP loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The fire department used the entire PPP Loan amount for qualifying payroll and related expenses. The balance of the loan at December 31, 2020 was \$490,100. The fire department plans to apply for forgiveness in early 2021.

14. SUBSEQUENT EVENTS:

Management has evaluated subsequent events through March 30, 2021, which is the date on which the financial statements were available to be issued, and determined no events occurred that would have significantly affected these financial statements.

**SUPPLEMENTARY INFORMATION**

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT  
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS  
TO AGENCY HEAD  
FOR THE YEAR ENDED DECEMBER 31, 2020

**Agency head name:** Brad Migliore, Fire Chief

<b><u>Purpose</u></b>	<b><u>Amount</u></b>
Reimbursements (cell phone)	\$ <u>550</u>
	\$ <u><u>550</u></u>



# Duplantier Hrapmann Hogan & Maher, LLP

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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

March 30, 2021

To the Board of Directors  
Third District Volunteer Fire Department

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Third District Volunteer Fire Department (a Louisiana nonprofit organization), which comprise the statement of financial position as of December 31, 2020, 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 March 30, 2021.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Third District Volunteer Fire 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 Third District Volunteer Fire Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Third District Volunteer Fire Department'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Third District Volunteer Fire Department's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 *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 Third District Volunteer Fire Department'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 Third District Volunteer Fire Department'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 Legislature Auditor as a public document.

  
New Orleans, Louisiana

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2020

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of the Third District Volunteer Fire Department for the year ended December 31, 2020 was unmodified.
  
2. Internal Control  
Material weaknesses: none  
Significant deficiency: none
  
3. Compliance and Other Matters  
Noncompliance material to financial statements: none

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

NONE



THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT  
STATUS OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2020

PRIOR YEAR AUDIT FINDING:

NONE



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March 30, 2021

To the Board of Directors  
Third District Volunteer  
Fire Company  
10423 Jefferson Highway  
River Ridge, LA 70123

In planning and performing our audit of the financial statements of Third District Volunteer Fire Department (the "fire department") as of and for the year ended December 31, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the fire department'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 the fire department's internal control.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency.

While performing the audit, we noted in some instances, the credit card statements did not have evidence of review or approval prior to being paid. We also noted payments being made in excess of the statement balance. Additionally, there were transactions noted that did not have receipts noting the business purpose. The monthly credit card statements and support should be provided to someone other than the authorized user to review and approve prior to being paid. We recommend that the statements with support documenting the business purpose be provided to someone other than the authorized user to review and approve prior to being paid.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with the fire department's personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

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This communication is intended solely for the information and use of management and the Board of Directors and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

DUPLANTIER, HRAPMANN, HOGAN & MAHER, LLP

A handwritten signature in blue ink that reads "Lindsay J. Calub CPA". The signature is written in a cursive style with a large initial "L".

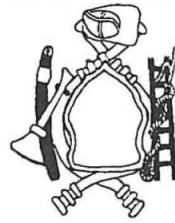
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Lindsay J. Calub, CPA  
Partner

# THIRD DISTRICT VOLUNTEER FIRE DEPT.

*GEORGE DYER, SR. MEMORIAL FIRE STATION*

COOPERATION



PROTECTION

10415 JEFFERSON HWY.  
RIVER RIDGE, LA. 70123  
JEFFERSON PARISH

BUS. PHONE 738-3258

Mr. Lindsay J. Calub, CPA  
Partner  
Duplantier, Hrapmann, Hogan & Maher, LLP  
1650 Poydras St, Suite 2100  
New Orleans, LA 70112

Dear Mr. Calub:

This letter is in response to the management letter issued to the Fire Department dated March 30, 2021 as part of the annual audit for the year ended December 31, 2020.

As recommended, we will review our current policies and procedures and re-emphasize the importance of following all policies and procedures in place. Additionally, we will discuss with the Board and all staff the process of continually monitoring our processes and re-evaluating periodically to ensure we are strengthening our internal controls. Although the items noted did not result in any significant issues, we plan on thoroughly reviewing our policies and procedures and updating as needed.

Once again, as we discussed with you, we appreciate your comments and will take the necessary actions to address.

A handwritten signature in blue ink, appearing to read 'Cary Radford', is positioned above the typed name.

Cary Radford  
President  
Third District Volunteer Fire Department