

FINANCIAL REPORT  
THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT  
DECEMBER 31, 2021 AND 2020

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT

TABLE OF CONTENTS

DECEMBER 31, 2021 AND 2020

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT .....	1 - 3
FINANCIAL STATEMENTS:	
Statements of Financial Position .....	4
Statements of Activities .....	5
Statements of Functional Expenses .....	6 - 7
Statements of Cash Flows .....	8
Notes to Financial Statements .....	9 - 16
SUPPLEMENTARY INFORMATION:	
Schedule of Compensation, Benefits, and Other Payments to Agency Head .....	17
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> .....	18 - 19
SCHEDULE OF FINDINGS .....	20
STATUS OF PRIOR YEAR FINDINGS .....	21



# Duplantier Hrapmann Hogan & Maher, LLP

A.J. Duplantier, Jr., CPA  
(1919-1985)

Felix J. Hrapmann, Jr., CPA  
(1919-1990)

William R. Hogan, Jr., CPA  
(1920-1996)

James Maher, Jr., CPA  
(1921-1999)

Lindsay J. Calub, CPA, LLC  
Guy L. Duplantier, CPA  
Michelle H. Cunningham, CPA  
Dennis W. Dillon, CPA  
Grady C. Lloyd, III CPA

---

Heather M. Jovanovich, CPA  
Terri L. Kitto, CPA

---

Robynn P. Beck, CPA  
John P. Butler, CPA  
Jason C. Montegut, CPA  
Paul M. Novak, CPA, AVB, CVA  
Wesley D. Wade, CPA

---

Michael J. O'Rourke, CPA  
David A. Burgard, CPA  
Clifford J. Giffin, Jr., CPA  
William G. Stamm, CPA

---

**New Orleans**  
1615 Poydras Street,  
Suite 2100  
New Orleans, LA 70112  
Phone: (504) 586-8866  
Fax: (504) 525-5888

**Northshore**  
1290 Seventh Street  
Slidell, LA 70458  
Phone: (985) 641-1272  
Fax: (985) 781-6497

**Houma**  
247 Corporate Drive  
Houma, LA 70360  
Phone: (985) 868-2630  
Fax: (985) 872-3833

**Napoleonville**  
5047 Highway 1  
P.O. Box 830  
Napoleonville, LA 70390  
Phone: (985) 369-6003  
Fax: (985) 369-9941

## INDEPENDENT AUDITOR'S REPORT

May 4, 2022

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

### Opinion

We have audited the accompanying financial statements of Third District Volunteer Fire Department ("the Department") (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, 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 present fairly, in all material respects, the financial position of the Department as of December 31, 2021 and 2020, 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 Third District Volunteer Fire Department 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.

---

[www.dhhmcpa.com](http://www.dhhmcpa.com)

Members  
American Institute of  
Certified Public Accountants  
Society of LA CPAs

## **Responsibilities of Management for the financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about Third District Volunteer Fire Department'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 Third District Volunteer Fire Department'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 Third District Volunteer Fire Department'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.

### **Supplementary Information**

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated May 4, 2022 on our consideration of Third District Volunteer Fire Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of our 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 Third District Volunteer Fire Department'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

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT  
 STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2021 AND 2020

ASSETS

	<u>2021</u>	<u>2020</u>
CURRENT ASSETS:		
Cash	\$ 937,492	\$ 1,925,460
Other receivables	23,669	103,985
Prepaid expenses	149,641	112,819
Total current assets	<u>1,110,802</u>	<u>2,142,264</u>
USE OF ASSETS - NET	4,302,571	3,871,027
OTHER ASSETS	<u>530,255</u>	<u>533,390</u>
TOTAL ASSETS	<u>\$ 5,943,628</u>	<u>\$ 6,546,681</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 111,407	\$ 4,519
Accrued wages and payroll taxes	90,772	91,766
Annual leave	159,910	148,503
Accrued pension expense	283,132	284,248
Paycheck protection program loan	-	490,100
Capital lease payable	-	33,205
Total current liabilities	<u>645,221</u>	<u>1,052,341</u>
LONG-TERM LIABILITIES:		
Accrued postretirement benefits	<u>630,686</u>	<u>609,232</u>
Total long-term liabilities	<u>630,686</u>	<u>609,232</u>
TOTAL LIABILITIES	<u>1,275,907</u>	<u>1,661,573</u>
NET ASSETS:		
Without donor restrictions	<u>4,667,721</u>	<u>4,885,108</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,943,628</u>	<u>\$ 6,546,681</u>

See accompanying notes.

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
REVENUES AND OTHER SUPPORT:		
Fire Protection District No. 3 Contract Fees:		
Ad valorem taxes	\$ 3,272,880	\$ 3,231,315
Capital funds	229,241	837,203
Service charge	340,008	340,058
Insurance rebate	150,643	150,179
Cares Act funds	1,352	484,427
Donated firefighting services	60,349	82,035
Forgiveness of PPP loan	490,100	-
Insurance proceeds	438,942	-
Interest income	716	3,018
Loss on disposal of assets	-	(91)
Miscellaneous	88,292	64,694
	<u>5,072,523</u>	<u>5,192,838</u>
EXPENSES:		
Program services:		
Firefighting	4,996,404	4,527,089
Supporting services:		
General and administrative	293,506	225,023
	<u>5,289,910</u>	<u>4,752,112</u>
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
	(217,387)	440,726
Net assets without donor restrictions - January 1	<u>4,885,108</u>	<u>4,444,382</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS - DECEMBER 31	<u>\$ 4,667,721</u>	<u>\$ 4,885,108</u>

See accompanying notes.

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Program Services</u>	<u>Supporting Services</u>	
	<u>Firefighting</u>	<u>General and Administrative</u>	<u>Total</u>
Beverages	\$ 7,000	\$ 292	\$ 7,292
Breathing apparatus	9,761	-	9,761
Depreciation	337,739	13,143	350,882
Donated firefighting services	60,349	-	60,349
First aid supplies	12,031	-	12,031
Insurance	212,104	8,838	220,942
Interest	-	540	540
Legal and accounting	-	108,138	108,138
Maintenance materials	56,104	-	56,104
Major repairs and maintenance	255,228	10,634	265,862
Manpower	3,524,857	145,680	3,670,537
Miscellaneous	73,116	3,046	76,162
Oil and gas	36,682	-	36,682
Operating materials	116,138	-	116,138
Personal safety equipment	36,802	-	36,802
Stationery and office supplies	5,618	234	5,852
Training	26,595	-	26,595
Travel, awards and banquet	946	39	985
Uniforms	5,635	-	5,635
Utilities	70,122	2,922	73,044
Vehicle maintenance	127,938	-	127,938
Wellness program	21,639	-	21,639
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL	\$ <u>4,996,404</u>	\$ <u>293,506</u>	\$ <u>5,289,910</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
Donated firefighting services	82,035	-	82,035
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>4,527,089</u>	\$ <u>225,023</u>	\$ <u>4,752,112</u>

See accompanying notes.

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase (decrease) in net assets	\$ (217,387)	\$ 440,726
Adjustments to reconcile increase (decrease) in net assets to cash provided (used) by operating activities:		
Depreciation	350,882	332,381
Forgiveness of PPP loan	(490,100)	-
Loss on disposal of equipment	-	91
Changes in operating assets and liabilities:		
(Increase) decrease in prepaid expenses	(36,822)	46,910
(Increase) decrease in other receivables	80,316	47,137
(Increase) in other assets	3,135	(41,036)
Increase (decrease) in accounts payable	106,888	(19,660)
Increase (decrease) in accrued wages and payroll taxes	(994)	24,020
Increase (decrease) in annual leave payable	11,407	(11,909)
Increase in accrued postretirement benefits	21,454	70,398
Increase (decrease) in accrued pension expense	(1,116)	30,254
Net cash provided by (used in) operating activities	<u>(172,337)</u>	<u>919,312</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	<u>(782,426)</u>	<u>-</u>
Net cash used in investing activities	<u>(782,426)</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from PPP loan	-	490,100
Payments on capital lease obligations	<u>(33,205)</u>	<u>(127,593)</u>
Net cash provided by (used in) financing activities	<u>(33,205)</u>	<u>362,507</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(987,968)</b>	<b>1,281,819</b>
Cash at beginning of year	<u>1,925,460</u>	<u>643,641</u>
<b>CASH AT END OF YEAR</b>	<b>\$ <u>937,492</u></b>	<b>\$ <u>1,925,460</u></b>
<b>SUPPLEMENTARY CASH FLOW INFORMATION:</b>		
Cash was paid for the following:		
Interest	\$ <u>540</u>	\$ <u>7,383</u>
Income taxes	\$ <u>-</u>	\$ <u>-</u>

See accompanying notes.

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020

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, 2021 the department was operating four stations with 61 paid employees and 43 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, 2021 and 2020, 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, 2021 AND 2020

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. Revenue is recognized as the services are performed monthly. During the year ended December 31, 2020, Jefferson Parish received \$484,427 in CARES Act money related to the COVID-19 pandemic. Also during December 31, 2021 and 2020, the fire department received capital allocation funds from the Parish for the purchase of equipment and vehicles in the amount of \$229,241 and \$837,203, respectively. Other sources of revenues include contributions, insurance proceeds 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 totaled \$150,643 and \$150,179 for 2021 and 2020, 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 2021 and 2020. 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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash on hand	\$ 413	\$ 360
Cash in banks	<u>937,079</u>	<u>1,925,100</u>
	<u>\$ 937,492</u>	<u>\$ 1,925,460</u>

Donated Services:

Many volunteer have donated significant amounts of their time to the fire department’s firefighting program services. These services include responding to emergencies and answering calls. The value of these donated services that are included in the financial statements and the corresponding expenses for the years ended December 31, 2021 and 2020 was \$60,349 and \$82,035, respectively.

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Use of Assets:

Per the contract with Jefferson Parish, any acquisition of immovable property, equipment, vehicles, or buildings by the fire department 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 fire department. The contract also states that in the event the fire department 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 fire department are reported on the department's Statements of Financial Position as a use of asset. The fire department 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.

2. USE OF ASSETS:

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

December 31, 2021

	<u>1/1/21</u>	<u>Additions</u>	<u>Disposals</u>	<u>12/31/21</u>
Land	\$ 948,461	\$ -	\$ -	\$ 948,461
Buildings	2,412,228	-	-	2,412,228
Firefighting equipment	723,382	43,798	-	767,180
Radios	315,208	109,221	-	424,429
Office equipment	82,445	-	-	82,445
Vehicles	3,895,928	629,407	-	4,525,335
Total use of assets	<u>8,377,652</u>	<u>782,426</u>	<u>-</u>	<u>9,160,078</u>
Less accumulated depreciation	<u>(4,506,625)</u>	<u>(350,882)</u>	<u>-</u>	<u>(4,857,507)</u>
Total use of assets, net of depreciation	<u>\$ 3,871,027</u>	<u>\$ 431,544</u>	<u>\$ -</u>	<u>\$ 4,302,571</u>

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020

2. USE OF ASSETS: (Continued)

December 31, 2020

	<u>1/1/20</u>	<u>Additions</u>	<u>Disposals</u>	<u>12/31/20</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 use of assets	8,380,572	-	(2,920)	8,377,652
Less accumulated depreciation	(4,177,073)	(332,381)	2,829	(4,506,625)
Total use of assets, net of depreciation	<u>\$ 4,203,499</u>	<u>\$ (332,381)</u>	<u>\$ (91)</u>	<u>\$ 3,871,027</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 2021, 2020, 2019, and 2018 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, 2021 and 2020, the annual leave payable was \$159,910 and \$148,503, respectively.

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, 2021 and 2020, the fire department accrued \$283,132 and \$284,248, respectively, to be contributed to the plan in the following year.

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020

6. CONCENTRATIONS:

At various times during 2021 and 2020, the fire department had cash on deposit and cash equivalents in excess of FDIC insurance limits. As of December 31, 2021 and 2020 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% for each of the years ended December 31, 2021 and 2020. Contributions to the plan by the fire department were \$27,396 and \$23,730 for 2021 and 2020, respectively. The expected contribution for 2022 is \$23,444. The amount of cash held by the insurance company to fund this plan for the years ended December 31, 2021 and 2020 was \$530,255 and \$533,390, 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 2021 and 2020. The maximum benefit per month under this benefit formula is \$300 for 2021 and 2020. The participant vests after five years of service and is entitled to benefits at age 60. Benefits paid to plan participants were \$21,276 and \$13,431 for the years ended December 31, 2021 and 2020, respectively.

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 the years ended December 31, 2021 and 2020 was \$6,308 and \$6,307, respectively. The net unrecognized prior service cost was \$-0- and \$6,308 at December 31, 2021 and 2020, respectively. There is no prior service cost remaining to be amortized over subsequent years.

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT  
 NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020

8. DEFINED BENEFIT PLAN: (Continued)

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

	<u>2021</u>	<u>2020</u>
Service cost	\$ 36,423	\$ 77,620
Other components of cost:		
Investment income	(15,624)	(25,631)
Amortization of prior costs	6,308	6,307
Administrative fee	<u>1,420</u>	<u>1,440</u>
Total other components	<u>(7,896)</u>	<u>(17,884)</u>
Net periodic benefit cost	<u>\$ 28,527</u>	<u>\$ 59,736</u>

FASB ASU 2017-07 requires 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>2021</u>	<u>2020</u>
Manpower	<u>\$ 36,423</u>	<u>\$ 77,620</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>2021</u>	<u>2020</u>
Actuarial present value of accrued benefits for services rendered to date:		
Vested	\$ 619,270	\$ 605,614
Non-vested	<u>11,416</u>	<u>9,926</u>
	<u>\$ 630,686</u>	<u>\$ 615,540</u>



THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020

8. DEFINED BENEFIT PLAN: (Continued)

Obligations and Funded Status: (Continued)

	<u>2021</u>	<u>2020</u>
Actuarial present value of accrued benefit obligation at December 31	\$ (630,686)	\$ (615,540)
Employer contributions	27,396	23,730
Benefit payments	(19,719)	(13,431)
Gain on investments	(7,677)	(10,299)
Fair value of plan assets (included in other assets on the statements of financial position) at December 31	<u>530,255</u>	<u>533,390</u>
Plan assets in deficit of projected benefit obligation	(100,431)	(82,150)
Unrecognized prior service costs	<u>-</u>	<u>6,308</u>
Unfunded status	<u>\$ (100,431)</u>	<u>\$ (75,842)</u>

Amounts recognized in the statements of financial position at December 31, 2021 and 2020 consist of:

	<u>2021</u>	<u>2020</u>
Noncurrent assets	\$ 530,255	\$ 533,390
Noncurrent liabilities	<u>(630,686)</u>	<u>(609,232)</u>
	<u>\$ (100,431)</u>	<u>\$ (75,842)</u>

Assumptions:

Weighted-average assumptions used to determine benefit obligations at December 31, 2021 and 2020.

	<u>2021</u>	<u>2020</u>
Discount rate	4.25%	4.25%
Expected return on plan assets	4.25%	4.25%

In the December 31, 2021 and 2020 actuarial valuations, the entry age normal method was used.

9. 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. These supplemental state funds are received through the fire department, and the department pays the taxes on them. The amount of supplemental pay paid to firefighters during the years ended December 31, 2021 and 2020 was \$158,717 and \$152,999, respectively.

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT  
 NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020

10. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

At December 31, 2021 the fire department had \$961,161 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 \$937,492 and other receivable in the amount of \$23,669.

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 other receivable in the amount of \$103,985.

11. PAYCHECK PROTECTION PROGRAM:

In May 2020, the 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. The loan was subject to a note dated May 13, 2020 with a maturity date of May 13, 2025 and an interest rate of 1.0%. Funds from the PPP loan could only be used for payroll costs, group healthcare benefits, rent, and utilities. 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. In 2021, the loan was forgiven and recognized as income, included in revenues and other support on the Statement of Activities.

12. The capital lease consists of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</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
Less: current portion	-	<u>(33,205)</u>
Total	<u>\$ -</u>	<u>\$ -</u>

13. DATE OF MANAGEMENT’S REVIEW:

Management has evaluated subsequent events through May 4, 2022, 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.

14. RECLASSIFICATIONS:

Certain amounts in 2020 have been reclassified to conform to the current year presentation.

SUPPLEMENTARY INFORMATION

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT  
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS  
TO AGENCY HEAD  
FOR THE YEAR ENDED DECEMBER 31, 2021

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

<b><u>Purpose</u></b>	<b><u>Amount</u></b>
Reimbursements (cell phone)	\$ <u>600</u>
	\$ <u><u>600</u></u>



# Duplantier Hrapmann Hogan & Maher, LLP

A.J. Duplantier, Jr., CPA  
(1919-1985)

Felix J. Hrapmann, Jr., CPA  
(1919-1990)

William R. Hogan, Jr., CPA  
(1920-1996)

James Maher, Jr., CPA  
(1921-1999)

Lindsay J. Calub, CPA, LLC  
Guy L. Duplantier, CPA  
Michelle H. Cunningham, CPA  
Dennis W. Dillon, CPA  
Grady C. Lloyd, III CPA

Heather M. Jovanovich, CPA  
Terri L. Kitto, CPA

Robynn P. Beck, CPA  
John P. Butler, CPA  
Jason C. Montegut, CPA  
Paul M. Novak, CPA, AVB, CVA  
Wesley D. Wade, CPA

Michael J. O'Rourke, CPA  
David A. Burgard, CPA  
Clifford J. Giffin, Jr., CPA  
William G. Stamm, CPA

**New Orleans**  
1615 Poydras Street,  
Suite 2100  
New Orleans, LA 70112  
Phone: (504) 586-8866  
Fax: (504) 525-5888

**Northshore**  
1290 Seventh Street  
Slidell, LA 70458  
Phone: (985) 641-1272  
Fax: (985) 781-6497

**Houma**  
247 Corporate Drive  
Houma, LA 70360  
Phone: (985) 868-2630  
Fax: (985) 872-3833

**Napoleonville**  
5047 Highway 1  
P.O. Box 830  
Napoleonville, LA 70390  
Phone: (985) 369-6003  
Fax: (985) 369-9941

## 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

May 4, 2022

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, 2021, 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 May 4, 2022.

### 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.

[www.dhhmcpa.com](http://www.dhhmcpa.com)

Members  
American Institute of  
Certified Public Accountants  
Society of LA CPAs

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, 2021

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, 2021 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, 2021

PRIOR YEAR AUDIT FINDING:

NONE



THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT

INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

FOR THE YEAR  
JANUARY 01, 2021–DECEMBER 31, 2021

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT

TABLE OF CONTENTS

FOR THE YEAR  
JANUARY 01, 2021–DECEMBER 31, 2021

	<u>PAGE</u>
INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES.....	1
AGREED-UPON PROCEDURES .....	2 – 10



Duplantier  
Hrapmann  
Hogan &  
Maher, LLP

A.J. Duplantier, Jr., CPA  
(1919-1985)

Felix J. Hrapmann, Jr., CPA  
(1919-1990)

William R. Hogan, Jr., CPA  
(1920-1996)

James Maher, Jr., CPA  
(1921-1999)

Lindsay J. Calub, CPA, LLC  
Guy L. Duplantier, CPA  
Michelle H. Cunningham, CPA  
Dennis W. Dillon, CPA  
Grady C. Lloyd, III CPA

Heather M. Jovanovich, CPA  
Terri L. Kitto, CPA

Robynn P. Beck, CPA  
John P. Butler, CPA  
Jason C. Montegut, CPA  
Paul M. Novak, CPA, AVB, CVA  
Wesley D. Wade, CPA

Michael J. O'Rourke, CPA  
David A. Burgard, CPA  
Clifford J. Giffin, Jr., CPA  
William G. Stamm, CPA

**New Orleans**

1615 Poydras Street,  
Suite 2100  
New Orleans, LA 70112  
Phone: (504) 586-8866  
Fax: (504) 525-5888

**Northshore**

1290 Seventh Street  
Slidell, LA 70458  
Phone: (985) 641-1272  
Fax: (985) 781-6497

**Houma**

247 Corporate Drive  
Houma, LA 70360  
Phone: (985) 868-2630  
Fax: (985) 872-3833

**Napoleonville**

5047 Highway 1  
P.O. Box 830  
Napoleonville, LA 70390  
Phone: (985) 369-6003  
Fax: (985) 369-9941

INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

May 4, 2022

Board of Directors  
Third District Volunteer Fire Department  
and The Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures (SAUPs) for the year January 01, 2021 through December 31, 2021. Third District Volunteer Fire Department's management is responsible for the control and compliance areas identified in the SAUPs.

Third District Volunteer Fire Department has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the year January 01, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

[www.dhmcpcpa.com](http://www.dhmcpcpa.com)

Members  
American Institute of  
Certified Public Accountants  
Society of LA CPAs

### Written Policies and Procedures

1. Obtain and inspected the entity's written policies and procedures and observed whether they addressed each of the following categories and subcategories if applicable to public funds and the entity's operations:
  - a) Budgeting, including preparing, adopting, monitoring, and amending the budget.
  - b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) Disbursements, including processing, reviewing and approving.
  - d) Receipts/Collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
  - e) Payroll/Personnel, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
  - f) Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
  - g) Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
  - h) Travel and Expense Reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
  - i) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
  - j) Debt Service, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
  - k) Information Technology Disaster Recovery/Business Continuity, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
  - l) Sexual Harassment, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Upon applying the agreed-upon procedures above, we noted the following:

- Third District Volunteer Fire Department does not have written policies over information technology disaster recovery/business continuity.

Management's response: We will work on it and have a policy implemented this year.

### **Board or Finance Committee**

2. Obtain and inspect the board/finance committee minutes for the calendar year, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the calendar year, and:
    - a) Observe that the board/finance committee met with a quorum at least monthly or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
    - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit 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 calendar year.*
    - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the calendar year referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
- *We noted no findings upon applying the agreed upon procedure above.*

### **Bank Reconciliations**

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

Upon applying the agreed-upon procedures above, we noted the following:

- The bank reconciliations have no evidence that a member of management or board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.

Management's response: We will review and see what changes need to be made.

**Collections (excluding electronic funds transfers)**

4. Obtain a list of deposit sites for the calendar year where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly selected 5 deposit sites (or all deposit sites if less than 5).

- *We noted no findings upon applying the agreed upon procedure above.*

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

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

- *We noted no findings upon applying the agreed upon procedure above.*

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the calendar year.

- *We noted no findings upon applying the agreed upon procedure above.*

7. Randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliation" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
  - a) Observe that receipts are sequentially pre-numbered.
  - b) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Traced the deposit slip total to the actual deposit per the bank statement.
  - d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
  - e) Trace the actual deposit per the bank statement to the general ledger.
  - *We noted no findings upon applying the agreed upon procedure above.*

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

8. Obtain a listing of locations that process payments for the calendar year and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
  - *We noted no findings upon applying the agreed upon procedure above.*
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
  - *We noted no findings upon applying the agreed upon procedure above.*
10. For each location selected under #8 above, we obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursement) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

- a) Observe the disbursement matched the related original itemized invoice and supporting documentation indicated deliverables included on the invoice were received by the entity.
  - b) Observed the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
- *We noted no findings upon applying the agreed upon procedure above.*

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the calendar year, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
  - *We noted no findings upon applying the agreed upon procedure above.*
12. Using the listing prepared by management randomly select 5 cards (or all cards if less than 5) that were used during the calendar year. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
  - a) Observe there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
  - b) Observe that finance charges and late fees were not assessed on the selected statements.

*Upon applying the agreed upon procedures above, we noted the following:*

- There was no evidence that the monthly statements and supporting documentation were reviewed and approved, in writing, by someone other than the authorized cardholder.
- One card out of the four tested had a late charge fee on the credit card.
- One transaction on the credit card was missing supporting documentation

Management's Response: We will review and see what changes need to be made.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement and obtain supporting documentation for the transactions. For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny. For each transaction, observe it is supported by:
  - a) An original itemized receipt that identifies precisely what was purchased,
  - b) Written documentation of the business/public purpose,
  - c) Documentation of the individuals participating in meals (for meals charges only)



- *We noted no findings upon applying the agreed upon procedure above.*

### **Travel and Travel-Related Expense Reimbursement (excluding card transactions)**

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

- *We noted no findings upon applying the agreed upon procedure above.*

### **Contracts**

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

Upon applying the agreed upon procedures above, we noted the following:

- Per inquiry with management and through observation, it was determined that, Third District Volunteer Fire Department did not enter in to any contracts during the year as described above.

### Payroll and Personnel

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

- *We noted no findings upon applying the agreed upon procedure above.*

17. Randomly select one pay period during the calendar year. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
- b) Observe supervisors approved the attendance and leave of the selected employees or officials.
- c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

- *We noted no findings upon applying the agreed upon procedure above.*

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

- *We noted no findings upon applying the agreed upon procedure above.*

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

- *We noted no findings upon applying the agreed upon procedure above.*

### **Fraud Notice**

20. Obtain a listing of misappropriations of public funds and assets during the calendar year and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

- *We noted no findings upon applying the agreed upon procedure above.*

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

- *We noted no findings upon applying the agreed upon procedure above.*

### **Information Technology Disaster Recovery/Business Continuity**

22. Perform the following procedures

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observed evidence that the test/verification was successfully performed within the past 3 months.
- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly selected 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

- *We performed the procedures above and discussed the results with management.*

We were engaged by Third District Volunteer Fire Department 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 Third District Volunteer Fire Department 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, Haganman, Hogan & Bates LLP*

New Orleans, Louisiana