

FINANCIAL REPORT
THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT
DECEMBER 31, 2022 AND 2021

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT

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June 16, 2023

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, 2022 and 2021, 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, 2022 and 2021, 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.

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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.

Report on 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 June 16, 2023 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.



New Orleans, Louisiana

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT
 STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

ASSETS

	<u>2022</u>	<u>2021</u>
CURRENT ASSETS:		
Cash	\$ 293,678	\$ 937,492
Other receivables	-	23,669
Prepaid expenses	125,681	149,641
Total current assets	<u>419,359</u>	<u>1,110,802</u>
 USE OF ASSETS - NET	 4,170,118	 4,302,571
 OTHER ASSETS	 <u>585,038</u>	 <u>530,255</u>
 TOTAL ASSETS	 <u>\$ 5,174,515</u>	 <u>\$ 5,943,628</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 29,438	\$ 111,407
Accrued wages and payroll taxes	93,603	90,772
Annual leave	167,127	159,910
Accrued pension expense	283,700	283,132
Total current liabilities	<u>573,868</u>	<u>645,221</u>
 LONG-TERM LIABILITIES:		
Accrued postretirement benefits	<u>636,846</u>	<u>630,686</u>
Total long-term liabilities	<u>636,846</u>	<u>630,686</u>
 TOTAL LIABILITIES	 <u>1,210,714</u>	 <u>1,275,907</u>
 NET ASSETS:		
Without donor restrictions	<u>3,963,801</u>	<u>4,667,721</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 5,174,515</u>	 <u>\$ 5,943,628</u>

See accompanying notes.

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
REVENUES AND OTHER SUPPORT:		
Fire Protection District No. 3 Contract Fees:		
Ad valorem taxes	\$ 3,272,880	\$ 3,272,880
Capital funds	195,839	229,241
Service charge	340,008	340,008
Insurance rebate	285,054	150,643
Cares Act funds	-	1,352
Donated firefighting services	54,323	60,349
Donations	27,953	18,781
Forgiveness of PPP loan	-	490,100
Reimbursements	14,525	-
Insurance proceeds	11,910	438,942
Interest income	6,365	716
Miscellaneous	114,917	69,511
	<u>4,323,774</u>	<u>5,072,523</u>
EXPENSES:		
Program services:		
Firefighting	4,804,954	4,996,404
Supporting services:		
General and administrative	222,740	293,506
	<u>5,027,694</u>	<u>5,289,910</u>
DECREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
	(703,920)	(217,387)
Net assets without donor restrictions - Beginning of year	<u>4,667,721</u>	<u>4,885,108</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF YEAR	<u>\$ 3,963,801</u>	<u>\$ 4,667,721</u>

See accompanying notes.

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Program</u> <u>Services</u>	<u>Supporting</u> <u>Services</u>	
	<u>Firefighting</u>	<u>General and</u> <u>Administrative</u>	<u>Total</u>
Beverages	\$ 9,792	\$ 354	\$ 10,146
Breathing apparatus	13,515	-	13,515
Depreciation	362,790	13,111	375,901
Donated firefighting services	54,323	-	54,323
First aid supplies	19,023	-	19,023
Insurance	221,443	8,003	229,446
Interest	-	10	10
Legal and accounting	-	77,112	77,112
Maintenance materials	61,136	-	61,136
Major repairs and maintenance	147,334	5,324	152,658
Manpower	3,463,251	114,339	3,577,590
Miscellaneous	28,983	1,003	29,986
Oil and gas	53,191	-	53,191
Operating materials	62,375	-	62,375
Personal safety equipment	9,870	-	9,870
Stationery and office supplies	7,454	269	7,723
Training	15,213	-	15,213
Travel, awards and banquet	8,117	293	8,410
Uniforms	1,948	-	1,948
Utilities	80,849	2,922	83,771
Vehicle maintenance	166,056	-	166,056
Wellness program	18,291	-	18,291
	<u>18,291</u>	<u>-</u>	<u>18,291</u>
 TOTAL	 <u>\$ 4,804,954</u>	 <u>\$ 222,740</u>	 <u>\$ 5,027,694</u>

See accompanying notes.

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

	<u>Program</u> <u>Services</u>	<u>Supporting</u> <u>Services</u>	
	<u>Firefighting</u>	<u>General and</u> <u>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
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Decrease in net assets	\$ (703,920)	\$ (217,387)
Adjustments to reconcile increase (decrease) in net assets to cash provided (used) by operating activities:		
Depreciation	375,901	350,882
Forgiveness of PPP loan	-	(490,100)
Changes in operating assets and liabilities:		
(Increase) decrease in prepaid expenses	23,960	(36,822)
(Increase) decrease in other receivables	23,669	80,316
(Increase) decrease in other assets	(54,783)	3,135
Increase (decrease) in accounts payable	(81,969)	106,888
Increase (decrease) in accrued wages and payroll taxes	2,831	(994)
Increase in annual leave payable	7,217	11,407
Increase in accrued postretirement benefits	6,160	21,454
Increase (decrease) in accrued pension expense	568	(1,116)
Net cash used in operating activities	<u>(400,366)</u>	<u>(172,337)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	<u>(243,448)</u>	<u>(782,426)</u>
Net cash used in investing activities	<u>(243,448)</u>	<u>(782,426)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on capital lease obligations	<u>-</u>	<u>(33,205)</u>
Net cash used in financing activities	<u>-</u>	<u>(33,205)</u>
NET DECREASE IN CASH	(643,814)	(987,968)
Cash at beginning of year	<u>937,492</u>	<u>1,925,460</u>
CASH AT END OF YEAR	\$ <u>293,678</u>	\$ <u>937,492</u>
SUPPLEMENTARY CASH FLOW INFORMATION:		
Cash was paid for the following:		
Interest	\$ <u>10</u>	\$ <u>540</u>
Income taxes	\$ <u>-</u>	\$ <u>-</u>

See accompanying notes.

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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, 2022 the department was operating four stations with 60 paid employees and 24 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, 2022 and 2021, 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, 2022 AND 2021

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. Also during December 31, 2022 and 2021, the fire department received capital allocation funds from the Parish for the purchase of equipment and vehicles in the amount of \$195,839 and \$229,241, 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 \$285,054 and \$150,643 for 2022 and 2021, 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 2022 and 2021. 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 at December 31, 2022 and 2021 was as follows:

	<u>2022</u>	<u>2021</u>
Cash on hand	\$ 500	\$ 413
Cash in banks	<u>293,178</u>	<u>937,079</u>
	<u>\$ 293,678</u>	<u>\$ 937,492</u>

Donated Services:

Many volunteers 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, 2022 and 2021 was \$54,323 and \$60,349, respectively.

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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, 2022

	<u>1/1/22</u>	<u>Additions</u>	<u>Disposals</u>	<u>12/31/22</u>
Land	\$ 948,461	\$ -	\$ -	\$ 948,461
Buildings	2,412,228	92,300	-	2,504,528
Firefighting equipment	767,180	11,118	-	778,298
Radios	424,429	117,713	-	542,142
Office equipment	82,445	22,317	-	104,762
Vehicles	4,525,335	-	-	4,525,335
Total use of assets	<u>9,160,078</u>	<u>243,448</u>	<u>-</u>	<u>9,403,526</u>
Less accumulated depreciation	<u>(4,857,507)</u>	<u>(375,901)</u>	<u>-</u>	<u>(5,233,408)</u>
Total use of assets, net of depreciation	<u>\$ 4,302,571</u>	<u>\$ (132,453)</u>	<u>\$ -</u>	<u>\$ 4,170,118</u>

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

2. USE OF ASSETS: (Continued)

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>

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 2022, 2021, 2020, and 2019 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, 2022 and 2021, the annual leave payable was \$167,127 and \$159,910, 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, 2022 and 2021, the fire department accrued \$283,700 and \$283,132, respectively, to be contributed to the plan in the following year.

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

6. CONCENTRATIONS:

At various times during 2022 and 2021, the fire department had cash on deposit and cash equivalents in excess of FDIC insurance limits. As of December 31, 2022 and 2021 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, 2022 and 2021. Contributions to the plan by the fire department were \$30,196 and \$27,396 for 2022 and 2021, respectively. The expected contribution for 2023 is \$30,481. The amount of cash held by the insurance company to fund this plan for the years ended December 31, 2022 and 2021 was \$585,038 and \$530,255, 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 2022 and 2021. The maximum benefit per month under this benefit formula is \$300 for 2022 and 2021. The participant vests after five years of service and is entitled to benefits at age 60. Benefits paid to plan participants were \$24,120 and \$21,276 for the years ended December 31, 2022 and 2021, 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 was 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, 2022 and 2021 was \$-0- and \$6,308, respectively. The prior service costs were fully recognized during the year ended December 31, 2021. There is no prior service cost remaining to be amortized over subsequent years.

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

8. DEFINED BENEFIT PLAN: (Continued)

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

	<u>2022</u>	<u>2021</u>
Service cost	\$ 30,098	\$ 36,423
Other components of cost:		
Investment income	(16,366)	(15,624)
Amortization of prior costs	-	6,308
Administrative fee	<u>1,940</u>	<u>1,420</u>
Total other components	<u>(14,426)</u>	<u>(7,896)</u>
Net periodic benefit cost (income)	\$ <u>15,672</u>	\$ <u>28,527</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>2022</u>	<u>2021</u>
Manpower	\$ <u>30,098</u>	\$ <u>36,423</u>

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

Obligations and Funded Status:

	<u>2022</u>	<u>2021</u>
Actuarial present value of accrued benefits for services rendered to date:		
Vested	\$ 623,462	\$ 619,270
Non-vested	<u>13,384</u>	<u>11,416</u>
	\$ <u>636,846</u>	\$ <u>630,686</u>

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

8. DEFINED BENEFIT PLAN: (Continued)

Obligations and Funded Status: (Continued)

	<u>2022</u>	<u>2021</u>
Actuarial present value of accrued benefit obligation at December 31	\$ (636,846)	\$ (630,686)
Employer contributions	30,196	27,396
Benefit payments	(24,120)	(19,719)
Gain on investments	(6,076)	(7,677)
Fair value of plan assets (included in other assets on the statements of financial position) at December 31	<u>585,038</u>	<u>530,255</u>
Plan assets in deficit of projected benefit obligation		
Unfunded status	\$ <u>(51,808)</u>	\$ <u>(100,431)</u>

Amounts recognized in the statements of financial position at December 31, 2022 and 2021 consist of:

	<u>2022</u>	<u>2021</u>
Noncurrent assets	\$ 585,038	\$ 530,255
Noncurrent liabilities	<u>(636,846)</u>	<u>(630,686)</u>
	\$ <u>(51,808)</u>	\$ <u>(100,431)</u>

Assumptions:

Weighted-average assumptions used to determine benefit obligations at December 31, 2022 and 2021.

	<u>2022</u>	<u>2021</u>
Discount rate	4.25%	4.25%
Expected return on plan assets	4.25%	4.25%

In the December 31, 2022 and 2021 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, 2022 and 2021 was \$170,186 and \$158,717, respectively.

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

10. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

At December 31, 2022 the fire department had \$293,678 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 in the amount of \$293,678.

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 in the amount of \$937,492 and other receivables in the amount of \$23,669.

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. In 2021, the loan was forgiven and recognized as income and is included in revenues and other support on the Statement of Activities for the year ended December 31, 2021.

12. DATE OF MANAGEMENT’S REVIEW:

Management has evaluated subsequent events through June 16, 2023, 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.

13. RECLASSIFICATIONS:

Some 2021 amounts were reclassified to conform to the 2022 presentation. Net assets at December 31, 2021 did not change because of these reclassifications.

SUPPLEMENTARY INFORMATION

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2022

Agency head name: Brad Migliore, Fire Chief

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



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

June 16, 2023

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, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 16, 2023.

Report on 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) 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 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.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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, 2022

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, 2022 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, 2022

PRIOR YEAR AUDIT FINDING:

NONE

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

FOR THE FISCAL YEAR
JANUARY 1, 2022 THROUGH DECEMBER 31, 2022

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT

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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

June 22, 2023

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

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures (SAUPs) for the year January 1, 2022 through December 31, 2022. 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 1, 2022 through December 31, 2022. 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:

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

Upon applying the agreed-upon procedures above, we noted that there are no written policies and procedures for ethics or information technology disaster recovery/business continuity.

Management's Response:

We will work on preparing and adopting policies for these areas.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe 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 fiscal period.*
 - 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.
 - d) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Upon applying the agreed-upon procedures above, we noted that five of the months tested did not include discussion of financial activity.

Management's Response:

We will make sure to include discussion of financial activity in each meeting held.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly selected 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
- c) Management has documentation reflecting 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 that there was no documentation that bank reconciliations were reviewed by management.

Management's Response:

We will look into our procedures and see what changes can be made.

Collections (excluding electronic funds transfers)

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

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

- 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.

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

- 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.

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

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) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe 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.

Upon applying the agreed-upon procedures above, we noted that four out of six deposits tested were not made within one business day of the receipt.

Management’s Response:

We will work on making deposits at the bank more timely.

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).

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

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

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

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

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 whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity.
 - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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

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

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

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

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

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

13. 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 following procedures, we noted that statements do not have written or electronic approval by someone other than the authorized card holder.

Management's Response:

We will look into our procedures and see what changes can be made.

14. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement and obtain supporting documentation for the transactions. 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)

Upon applying the following procedures, we noted that there were 17 transactions from 4 different credit cards that did not have receipts or support.

Management's Response:

We will look into our procedures and see what changes can be made.

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

15. 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 costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, 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.

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

Contracts

16. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the 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 fiscal period 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.

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

Payroll and Personnel

17. 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.

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

18. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe 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.

Upon applying the following procedures, we noted that timesheets are not routinely kept. There is also no evidence of supervisors' approval.

Management's Response:

District Chiefs record each employee's time for each shift. Time worked is submitted to the office manager to be submitted to our third-party payroll processing company. Receiving the time from the District Chief is our way of getting their approval.

- 19. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity'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.

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

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

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

Fraud Notice

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

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

- 22. 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.

Upon applying the following procedure, we noted that the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds is not posted on the website.

Management's Response:

We will work on posting the required notice on our website.

Information Technology Disaster Recovery/Business Continuity

23. Perform the following procedures and verbally discuss the results with management:

- 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 and was not stored on the government's local server or network. 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 procedure and discussed the results with management.

24. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9c.

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

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.

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

June 22, 2023

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.



New Orleans, Louisiana