

**TERRYTOWN FIFTH DISTRICT
VOLUNTEER FIRE DEPARTMENT, INC.**

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

TERRYTOWN FIFTH DISTRICT VOLUNTEER FIRE DEPARTMENT, INC.

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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

Board of Directors

Terrytown Fifth District Volunteer Fire Department Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Terrytown Fifth District Volunteer Fire Department Inc.(a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year 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 Terrytown Fifth District Volunteer Fire Department Inc.as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Terrytown Fifth District Volunteer Fire Department Inc. 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 opinions.

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 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 Terrytown Fifth District Volunteer Fire Department Inc.'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 Terrytown Fifth District Volunteer Fire Department Inc'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 Terrytown Fifth District Volunteer Fire Department Inc'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, as required by Louisiana Revised Statute, and the Schedule of Revenues and Expenditures – Public Fund are 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, Schedule of Compensation, Benefits and Other Payments to Agency head and Schedule of Revenues and Expenditures – Public Fund are 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 December 13, 2023, on our consideration of Terrytown Fifth District Volunteer Fire Department Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Terrytown Fifth District Volunteer Fire Department Inc.'s 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 Terrytown Fifth District Volunteer Fire Department Inc.'s internal control over financial reporting and compliance.

Camnetar & Co.

Camnetar & Co., CPAs

a professional accounting corporation

Gretna, Louisiana

December 13, 2023

FINANCIAL STATEMENTS

TERRYTOWN FIFTH DISTRICT VOLUNTEER FIRE DEPARTMENT, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2023

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
ASSETS			
CURRENT ASSETS			
Cash in Banks and On-hand	\$ 260,540	\$ 1,889,601	\$2,150,141
Certificates of Deposit	391,538	277,506	669,044
Prepaid Expenses	-	4,025	4,025
Total Current Assets	<u>652,078</u>	<u>2,171,132</u>	<u>2,823,210</u>
PROPERTY AND EQUIPMENT			
Land	-	33,928	33,928
Buildings and Improvements	-	3,528,536	3,528,536
Machinery and Equipment	-	1,035,866	1,035,866
Furniture and Fixtures	-	245,907	245,907
	<u>-</u>	<u>4,844,237</u>	<u>4,844,237</u>
Less: Accumulated Depreciation	-	(3,124,438)	(3,124,438)
Net Property and Equipment	<u>-</u>	<u>1,719,799</u>	<u>1,719,799</u>
OTHER ASSETS			
Meter Deposits	-	75	75
Total Other Assets	<u>-</u>	<u>75</u>	<u>75</u>
TOTAL ASSETS	<u>\$ 652,078</u>	<u>\$ 3,891,006</u>	<u>\$4,543,084</u>
LIABILITIES			
Accounts Payable	\$ -	\$ 11,022	\$ 11,022
Accrued Salary Related Costs	-	6,671	6,671
Compensated Absences	-	146,163	146,163
TOTAL LIABILITIES	<u>-</u>	<u>163,856</u>	<u>163,856</u>
NET ASSETS	<u>652,078</u>	<u>3,727,150</u>	<u>4,379,228</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 652,078</u>	<u>\$ 3,891,006</u>	<u>\$4,543,084</u>

TERRYTOWN FIFTH DISTRICT VOLUNTEER FIRE DEPARTMENT, INC.
STATEMENT OF ACTIVITIES
June 30, 2023

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUES, GAINS, AND OTHER SUPPORT			
Intergovernmental Contributions			
Jefferson Parish Millage Allocation - Operating	\$ -	\$ 3,640,000	\$ 3,640,000
State Fire Insurance Rebate		191,408	191,408
Other Contributions		-	
Voluntary Contributions from Businesses and Individuals	28,068	-	28,068
Grants			
FEMA Grant	-	44,616	44,616
Miscellaneous Income			
Insurance Proceeds	-	13,150	13,150
Workman's compensation dividend	-	176,445	176,445
Other miscellaneous income	761	4,640	5,401
Net Assets Released From Restrictions:			
Net Assets Released from Restrictions for Fire District Operations	4,157,214	(4,157,214)	-
Total Revenues	<u>4,186,043</u>	<u>(86,955)</u>	<u>4,099,088</u>
EXPENSES			
Administrative Costs	74,411	-	74,411
Firefighting Costs	4,133,704	-	4,133,704
Fundraising Expenses	3,856	-	3,856
Total Expenses	<u>4,211,971</u>	<u>-</u>	<u>4,211,971</u>
Increase (Decrease) in Net Assets from Operations	(25,928)	(86,955)	(112,883)
NONOPERATING REVENUES (EXPENSES)			
Investment Return (interest income)	1,263	19,661	20,924
Increase (Decrease) in Net Assets	(24,665)	(67,294)	(91,959)
NET ASSETS - BEGINNING OF YEAR	676,743	3,794,444	4,471,187
NET ASSETS - END OF YEAR	<u>\$ 652,078</u>	<u>\$ 3,727,150</u>	<u>\$ 4,379,228</u>

TERRYTOWN FIFTH DISTRICT VOLUNTEER FIRE DEPARTMENT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
June 30, 2023

	<u>ADMINISTRATIVE</u>	<u>FIREFIGHTING</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
PAYROLL AND RELATED COSTS				
Labor - Salaries/Wages	\$ 28,519	\$ 2,140,197	\$ -	\$ 2,168,716
Payroll Taxes	2,355	176,751	-	179,106
Pension Plan	1,669	125,288	-	126,957
Insurance - Employees (Health, Life, Dental)	6,408	480,921	-	487,329
Insurance - Workmen's Comp Insurance	3,506	263,101	-	266,607
Medical - Physicals and Drug Tests	168	12,616	-	12,784
	<u>42,625</u>	<u>3,198,874</u>	<u>-</u>	<u>3,241,499</u>
FIREFIGHTING AND STATION EXPENSES				
Cable and Internet	486	36,435	-	36,921
Bunker Gear	-	7,047	-	7,047
Emergency Operations	-	479	-	479
Fire Prevention	-	13,618	-	13,618
Lawn Equipment Repairs	21	1,607	-	1,628
Medical Supplies	-	2,044	-	2,044
Pest Control	33	2,452	-	2,485
Repairs and Maintenance - Firehouses	-	16,490	-	16,490
Repairs and Maintenance - Residences	-	639	-	639
Training	-	8,373	-	8,373
Uniforms and Badges	-	7,801	-	7,801
Utilities and Telephones - Firehouses - Heritage	433	32,460	-	32,893
Utilities and Telephones - Firehouses - Other	-	33,341	-	33,341
Utilities and Telephones - Residences	-	2,097	-	2,097
	<u>973</u>	<u>164,883</u>	<u>-</u>	<u>165,856</u>
VEHICLE AND EQUIPMENT EXPENSES				
Fuel	-	44,138	-	44,138
Insurance - Vehicles	17	1,270	-	1,287
Repairs and Maintenance - Vehicles and Equipment	-	192,664	-	192,664
	<u>17</u>	<u>238,072</u>	<u>-</u>	<u>238,089</u>
OPERATING AND ADMINISTRATIVE EXPENSES				
Accounting and Auditing	209	15,691	-	15,900
Advertising and Promotion	2,460	-	-	2,460
Depreciation Expense	3,225	242,057	-	245,282
Dues and Subscriptions	12,801	-	-	12,801
Incentive Program	20	1,505	-	1,525
Information and Technology	185	13,891	-	14,076
Insurance - General	1,642	123,213	-	124,855
Legal	1	59	-	60
Loss on disposal of assets	321	24,102	-	24,423
Meetings	11	848	-	859
Membership	194	14,591	-	14,785
Miscellaneous	1	49	-	50
Office and Supplies	6,435	-	-	6,435
Postage	2,362	-	-	2,362
Supplies - Other	581	43,609	-	44,190
Travel	59	4,423	-	4,482
Voluntary Contribution Costs	-	-	3,856	3,856
Photo Lab Expense	289	-	-	289
	<u>30,796</u>	<u>484,038</u>	<u>3,856</u>	<u>518,690</u>
INTERGOVERNMENTAL DONATION				
Donation of Vehicle Assets to Parish	-	47,837	-	47,837
TOTAL EXPENSES	<u>\$ 74,411</u>	<u>\$ 4,133,704</u>	<u>\$ 3,856</u>	<u>\$ 4,211,971</u>

TERRYTOWN FIFTH DISTRICT VOLUNTEER FIRE DEPARTMENT, INC.
STATEMENT OF CASH FLOWS
June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$ (91,959)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	245,282
Loss on disposal of assets	24,413
(Increase) Decrease in operating assets	
Prepays and other	307
Increase (Decrease) in operating liabilities	
Accounts payable	4,150
Accrued salaries and related costs	(385)
Compensated absences payable	2,972
Net Cash Provided By (Used In) Operating Activities	184,780

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of fixed assets	(150,845)
Transfer/Donation of fixed assets to Jefferson Parish	47,837
Net Cash Provided By (Used In) Investing Activities	(103,008)

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 81,772

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 2,737,413

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 2,819,185

Reconciliation of Cash Equivalents to Statement of Financial Position	
Cash in Banks and On-hand	\$ 2,150,141
Certificates of Deposit	669,044
	\$ 2,819,185

TERRYTOWN FIFTH DISTRICT VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Terrytown Fifth District Volunteer Fire Department, Inc.'s (the Fire Department's) significant accounting policies applied in the preparation of the accompanying financial statements follows:

Nature of Activities

Terrytown Fifth District Volunteer Fire Department, Inc. (the Fire Department) is a nonprofit organization dedicated to providing the citizens of the Fifth Fire Protection District of Jefferson Parish (which includes Terrytown and adjoining unincorporated portions of Jefferson Parish) with fire protection and related services and facilities. The Fire Department is under contract with the Parish of Jefferson to provide these services by administering the daily activities of this district. The Fire Department is also supported by donor contributions and other miscellaneous fees and charges. The majority of the Fire Department's revenues are derived from the Parish contract.

Basis of Presentation

The financial statements of the Fire Department have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Fire Department to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Fire Department's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Fire Department or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the fund be maintained in perpetuity and used only for a specified purpose.

Donor restricted contributions are reported as increases to net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. The funds received from the Parish for fire protection services under the cooperative endeavor contract are considered donor restricted.

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Fire Department's ongoing fire protection services in the Fifth District of Jefferson Parish and the provision of support and community services to the firefighters and volunteers who provide services. Non-operating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

TERRYTOWN FIFTH DISTRICT VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measure of Operations (continued)

Receipts under the intergovernmental cooperative endeavor agreement with the Parish are recognized as operating support in the month and year for which they are received. The net assets are released from donor restrictions as expenses for firefighting services are incurred. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activity as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions. The Fire Department considers all property and equipment purchased with Parish contracted funds (i.e., "public funds") to be donor restricted.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking accounts, savings accounts, or certificates of deposit and are carried at cost. Funds deposited from the ad valorem tax millage are placed into a "special" fund and can only be disbursed for operating expenses of the Fire Department (i.e., for the public purpose of providing fire protection services).

Cash and cash equivalents, for cash flow statement purposes, include investments in highly liquid instruments with an initial maturity of three months or less to be cash equivalents.

Supplemental Disclosure of Cash Flow information

Cash paid during the year for:

Interest \$-0-

Income taxes \$-0-

Investments

Investments, if any, are typically in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values (based on quoted market prices) in the Statement of Financial Position. These investments fall under Level 1 of the fair value hierarchy as defined by FASB ASC 820-10-05. Unrealized gains and losses are included in changes in net assets.

TERRYTOWN FIFTH DISTRICT VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Property and equipment, consisting primarily of fire stations and residences, furniture, fixtures, and equipment, are recorded at cost when purchased and at fair market value when received as a donation. The Fire Department capitalizes property and equipment purchases over \$1,000 and expenses those purchases under \$1,000. Expenditures for maintenance, repairs, and minor renewals are charged against earnings as incurred. Depreciation is computed using the straight-line method over the useful lives of the assets. The lives range from 3 to 39 years.

Property and equipment does not include fire trucks and vehicles donated by the Fire Department to the Fifth Fire District of Jefferson Parish. Historically, the Fire Department has received subsidies from the Fifth Fire District of Jefferson Parish for the purchase of fire trucks. The trucks are then purchased by the Fire Department and donated back to the Fifth Fire District of Jefferson Parish. This is done because the funding source of these subsidies is parish ad valorem taxes and the property must stay in the "public domain". The fire trucks and vehicles are utilized by the Fire Department but they are insured by and titled in the name of the Parish of Jefferson. These fire trucks are reported for in the financial statements of the Parish of Jefferson.

Prepaid Expenses and Other Deposits

Items that benefit a future period are recorded as prepaid at year end, if deemed material. These amounts are recognized as expenditures in the period that they benefit.

Donated Services, Goods and Facilities

No amounts have been reflected in the financial statements for donated services, equipment or facilities. Donated services were not recorded because the value of these services is not readily determinable. However, it should be noted that a substantial number of volunteers donate time to the Fire Department's program services. The Fire Department is also allowed to utilize equipment and facilities that are owned by the Parish's Fifth Fire Protection District. The value of these items is also excluded since they are not readily determinable.

Compensated Absences

The Fire Department allows employees who work more than 50 hours per week to earn annual leave at the rate of 0 to 360 hours per year depending on length of continuous service. Annual leave is awarded on the first day of the next pay period after an employee's anniversary date. Employees are allowed to carry-over up to 300 hours from one year to the next. Upon separation, the annual leave is paid to the employee at 100 percent of its current value.

Income Taxes

The Fire Department is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code, which exempts volunteer fire departments, and from state income taxes under Section 121(5) of Title 47 of the Louisiana Revised Statutes of 1950.

TERRYTOWN FIFTH DISTRICT VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Uncertain Tax Positions

The Fire Department follows the provisions of the *Accounting for Uncertainty in Income Taxes* Topic of the FASB Accounting Standards Codification. The implementation of this Topic has had no impact on the statement of financial position and the statement of activities and changes in net assets. The federal and state tax returns of the Fire Department are subject to examination by taxing authorities for the years ended June 30, 2023, 2022 and 2021. All tax returns have been appropriately filed by the Fire Department. The Fire Department's tax filings are subject to audit by various taxing authorities. As of June 30, 2023, management evaluated The Fire Department's tax position and concluded that The Fire Department has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

Accounting Pronouncement

The Fire Department has adopted ASU No. 2018-08, Not-For-Profit Entities (Topic 958) Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made. The new guidance helps distinguish if grants and contracts with resource providers are exchange transactions or contributions. Once a transaction is deemed to be a contribution, the ASU also provides guidance to help determine when a contribution is conditional and evaluates the possibility that a condition will not be met is remote. Unconditional contributions are recognized immediately and classified as either net assets with or without donor restrictions, while conditional contributions received are accounted for as a liability until the barriers to entitlement are overcome, at which point the transaction is recognized as unconditional and classified as either net assets with or without restrictions. The adoption of this standard for the year ended June 30, 2023 did not result in a change to the Fire Department's revenue. Management believes the standard improves the usefulness and understandability of The Fire Department's financial reporting.

Use of Estimates

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

Subsequent Events

The Fire Department's management has evaluated subsequent events through December 13, 2023, which is the date the financial statements were available to be issued.

TERRYTOWN FIFTH DISTRICT VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents totaled \$2,819,185 at June 30, 2023 (including \$2,149,591 in cash and checking accounts, \$550 in petty chas, and \$669,044 in certificates of deposit).

The following are schedules of cash (book) balances reported in at June 30, 2023:

Total Cash and Cash Equivalents

	Without Donor Restrictions	With Donor Restriction	Total
Total Cash in Banks and On-Hand	\$ 260,540	\$ 1,889,051	\$ 2,149,591
Total Savings and Certificates of Deposit	391,538	277,506	669,044
Total Cash and Cash Equivalents	\$ 652,078	\$ 2,166,557	\$ 2,818,635

Schedule of Cash in Banks and On-Hand

Bank/Description	Without Donor Restrictions	With Donor Restriction
Petty Cash on Hand		550
Capital One		
Special (Public) Account - Checking		\$ 1,759,829
Special (Public) Account - Payroll		129,222
Regular (Private) Checking	\$ 260,540	
Total Cash in Banks and On-Hand	\$ 260,540	\$ 1,889,051

TERRYTOWN FIFTH DISTRICT VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 2 – CASH AND CASH EQUIVALENTS (continued)

Schedule of Certificates of Deposit

<u>Bank/Description</u>	<u>Maturity Date</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restriction</u>
Capital One Certificate of Deposit	2/9/2024		\$ 100,000
Gulf Coast Certificate of Deposit	8/21/2024		77,506
Fifth District Homestead Certificate of Deposit	5/20/2024	\$ 27,150	
Certificate of Deposit	9/25/2023	64,388	
Edward Jones Certificate of Deposit	9/28/2023	100,000	
Certificate of Deposit	2/23/2024	100,000	
Certificate of Deposit	2/24/2024	100,000	
Certificate of Deposit	12/20/2023		100,000
Total Certificates of Deposit		<u>\$ 391,538</u>	<u>\$ 277,506</u>

Pledged Securities

Custodial risk is the risk that, in the event of a bank failure, the Fire Department's deposits might not be recovered. The Fire Department's policy for custodial credit risk conforms to state law, which includes the use of federal deposit insurance and securities pledged by the bank.

As noted above, the Fire Department maintains cash balances and certificates of deposit at several financial institutions in the New Orleans area. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Interest bearing accounts with balances in excess of FDIC insurance at a financial institution are also secured by pledged securities held in joint custody at the Federal Reserve Bank, New Orleans in the Fire Department's name. At June 30, 2023, the book balances of cash and cash equivalents totaled \$2,819,185 and the bank balances of \$2,850,038 were entirely secured by FDIC insurance and/or pledged securities.

TERRYTOWN FIFTH DISTRICT VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Fire Department had the following financial assets available to meet cash needs for general expenditures within one year:

Financial assets at year end June 30, 2023

Cash and cash equivalents \$ 2,819,185

As part of the Fire Department’s liquidity management, it invests cash in excess of daily requirements in short-term investments (typically CDs). The Fire Department does not maintain any open letters of credit with its fiscal agent bank; therefore, it must monitor its short-term cash needs closely to ensure that its cash balances are adequate to cover current expenditures. The contract with the Parish provides a monthly allocation in about the third week of each month based on 1/12th of the annual estimated revenue from the ad valorem taxes for that year. These allocations are taken into account when monitoring cash-flows.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2023 consisted of the following:

<u>Asset Category</u>	<u>June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Donations</u>	<u>June 30, 2023</u>
Non Depreciable Assets					
Land	\$ 33,928	\$ -	\$ -	\$ -	\$ 33,928
Vehicles and Fire Trucks	-	47,837	-	(47,837)	-
Total Non Depreciable Assets	33,928	47,837	-	(47,837)	33,928
Depreciable Assets					
Buildings and Improvements	3,510,958	48,707	(31,129)	-	3,528,536
Machinery and Equipment	1,676,975	63,899	(705,008)	-	1,035,866
Furniture and Fixtures	324,370	15,402	(93,865)	-	245,907
Total Depreciable Assets	5,512,303	128,008	(830,002)	-	4,810,309
Total Property and Equipment	5,546,231	175,845	(830,002)	(47,837)	4,844,237
Less Accumulated Depreciation	(3,684,738)	(245,282)	805,582	-	(3,124,438)
Net Property and Equipment	\$ 1,861,493	\$ (69,437)	\$ (24,420)	\$ (47,837)	\$ 1,719,799

Depreciation expense for the year ended June 30, 2023 was \$245,282. Donations of \$47,837 represent the transfer of department purchased vehicle to the Parish of Jefferson, in accordance with the contract (all fire-related vehicles must be titled in the Parish’s name under the contract).

TERRYTOWN FIFTH DISTRICT VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 5 - COMPENSATED ABSENCES

Compensated absences payable at June 30, 2023 totaled \$146,163.

NOTE 6 - RESTRICTIONS ON NET ASSETS

At June 30, 2023, net assets without donor restrictions totaled \$652,078 and the amount of net assets with donor restrictions totaled \$3,727,150. The net assets without donor restrictions are essentially made up of the private cash accounts (the regular account and the ladies auxiliary account, along with any related investments in CDs). The amounts held as net assets with donor restrictions are made up of the funds received from the Parish and deposited into the Special Account or the Payroll account, any related CDs, and any property and equipment purchased with those funds and dedicated to providing fire protection services under the contract, net of any related payables and accrued liabilities.

NOTE 7 - INTERGOVERNMENTAL CONTRACTED SERVICES

The Fire Department is under contract with the Parish of Jefferson to provide fire protection services within the Fifth Fire Protection District. The current contract is effective from May 1, 2018 through December 1, 2027. Afterwards, the contract will be month-to-month until a new one is negotiated. The contract calls for the Fire Department to provide fire protection services to the Fifth District of Jefferson Parish in exchange for funding from the Parish.

To fund the contract, the Parish levied an ad valorem tax of 18.60 mills in December 2022 and 2021 on the assessed valuation of properties within the Fifth Fire District to fund these operations (the millage rate was renewed by the voters on May 4, 2013 for 10 years). The taxes received by the Parish are passed through to the Fire Department under this cooperative endeavor agreement in monthly installments, which represent the 1/12th of the estimated net proceeds of the millage levied annually.

NOTE 8 – CONCENTRATION OF SUPPORT

Substantially all of the Fire Department's support is derived from funds provided by the contract with the Parish of Jefferson.

The revenues from this operating contract amounted to \$3,640,000 for the fiscal year and made up a substantial portion (88.8 percent) of the Fire Department's total revenues.

Management is not aware of any plans on the part of the Parish of Jefferson to terminate this contract.

TERRYTOWN FIFTH DISTRICT VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 9 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various firefighting programs, administrative activities, and other general activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and support activities based on management's estimates of time and percentages used to conduct those functions.

NOTE 10 - ADVERTISING COSTS

Advertising costs are expensed as incurred. For the years ended June 30, 2023, advertising expense totaled \$2,460.

NOTE 11 - PENSION PLAN

The Fire Department has a non-standardized 401k Profit Sharing Plan. The plan allows individuals employed over six months who have completed 1,000 hours of service and have reached the age of 21 to defer up to 10 percent of their compensation, subject to limitations. The Fire Department makes non-forfeitable contributions of 5 percent of the compensation for those eligible employees that elect to participate in the plan by making salary reduction contributions. Employee contributions to the pension plan for the year ended June 30, 2023 were \$148,336. The cost to the Fire Department for the year ended June 30, 2023 was \$126,957.

NOTE 12 - EXPENSES PAID BY OTHERS

The full-time firefighters of the Fire Department who meet certain requirements receive supplemental pay from the State of Louisiana under the provisions of LRS 33:2002. The State pays this supplemental pay directly to the firefighters; therefore, the expense does not pass through these financial statements. State supplemental payments made to Fire Department employees totaled \$156,690 for the fiscal year ended June 30, 2023. The supplemental pay is included in the taxable income of the firefighters so that federal and state taxes may be applied.

OTHER SUPPLEMENTARY INFORMATION

TERRYTOWN FIFTH DISTRICT VOLUNTEER FIRE DEPARTMENT, INC.
STATEMENT OF REVENUES AND EXPENDITURES – PUBLIC FUND
June 30, 2023

REVENUES

Jefferson Parish Millage Allocation - Operating	\$	3,640,000
State Fire Insurance Rebate		191,408
Federal Grant - FEMA		44,616
Insurance Proceeds		13,150
Workman's compensation dividend		176,445
Other miscellaneous income		4,640
Interest income		19,661
		4,089,920

EXPENDITURES

PAYROLL AND RELATED COSTS

Labor - Salaries/Wages		2,168,716
Payroll Taxes		179,106
Pension Plan		126,957
Insurance - Employees (Health, Life, Dental)		487,329
Insurance - Workmen's Comp Insurance		266,607
Medical - Physicals and Drug Tests		12,784
		3,241,498

FIREFIGHTING AND STATION EXPENSES

Cable and Internet		36,921
Bunker Gear		7,047
Emergency Operations		479
Fire Prevention		13,618
Lawn Equipment Repairs		1,628
Medical Supplies		2,044
Pest Control		2,485
Repairs and Maintenance - Firehouses		16,490
Repairs and Maintenance - Residences		639
Training		8,373
Uniforms and Badges		7,801
Utilities and Telephones - Firehouses - Heritage		32,893
Utilities and Telephones - Firehouses - Other		33,341
Utilities and Telephones - Residences		2,097
		165,856

VEHICLE AND EQUIPMENT EXPENSES

Fuel		44,138
Insurance - Vehicles		1,287
Repairs and Maintenance - Vehicles and Equipment		192,664
		238,089

TERRYTOWN FIFTH DISTRICT VOLUNTEER FIRE DEPARTMENT, INC.
STATEMENT OF REVENUES AND EXPENDITURES – PUBLIC FUND (continued)
June 30, 2023

OPERATING AND ADMINISTRATIVE EXPENSES	
Accounting and Auditing	15,900
Advertising and Promotion	2,460
Depreciation Expense	245,282
Dues and Subscriptions	12,801
Incentive Program	1,525
Information and Technology	14,076
Insurance - General	122,281
Legal	60
Loss on disposal of assets	24,423
Meetings	859
Membership	5,119
Miscellaneous	50
Office and Supplies	6,435
Postage	762
Supplies - Other	44,190
Travel-Conference Expense	4,182
Photo Lab Expense	289
	500,694
INTERGOVERNMENTAL DONATIONS	
Donation of Fire Trucks to Parish	11,076
	11,076
TOTAL EXPENDITURES	4,157,214
EXPENDITURES IN EXCESS OF REVENUES	\$ (67,294)

**TERRYTOWN FIFTH DISTRICT VOLUNTEER FIRE DEPARTMENT, INC.
 SCHEDULE OF COMPENSATION AND OTHER PAYMENTS TO AGENCY
 HEAD OR CHIEF EXECUTIVE OFFICER
 For the Year Ended June 30, 2023**

Agency Head Name / Title: Michael L Burt, President

<u>Purpose</u>		<u>Amount</u>
Salary	A	\$ -
Benefits - Insurance		\$ -
Benefits - Retirement		\$ -
Benefits - Other		\$ -
Car allowance		\$ -
Vehicle provided by government		\$ -
Per diem		\$ 180.50
Reimbursement		\$ -
Travel		\$ -
Registration Fee		\$ -
Conference Travel		\$ 210.50
Housing		\$ -
Unvouchered Expenses		\$ -
Special Meals		\$ -
Other		\$ -

Notes to Schedule:

A - The President serves in a voluntary capacity and receives no salary.

COMPLIANCE SECTION

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

Board of Directors of
Terrytown Fifth District Volunteer Fire Department Inc.

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 Terrytown Fifth District Volunteer Fire Department Inc. (a non-profit entity), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Terrytown Fifth District Volunteer Fire Department Inc.'s basic financial statements, and have issued our report thereon dated December 13, 2023

Report on Internal Control over Financial Reporting

In planning and performing our audit, we considered Terrytown Fifth District Volunteer Fire Department Inc.'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Terrytown Fifth District Volunteer Fire Department Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Terrytown Fifth District Volunteer Fire Department Inc.'s internal control

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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified . Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be a material weakness. We identified deficiencies in internal control, as described in the accompanying schedule of findings and responses as items 2023-1 and 2023-2, which we consider to be a significant deficiencies.

Report on Compliance and Other Matters

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

Terrytown Fifth District Volunteer Fire Department Inc.'s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Terrytown Fifth District Volunteer Fire Department Inc.'s response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Terrytown Fifth District Volunteer Fire Department Inc.'s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Terrytown Fifth District Volunteer Fire Department Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Under the Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Camnetar & Co.

Camnetar & Co., CPAs
a professional accounting corporation
Gretna, Louisiana
December 13, 2023

TERRYTOWN FIFTH DISTRICT VOLUNTEER FIRE DEPARTMENT, INC.
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2023

We have audited the financial statements of the Terrytown Fifth District Volunteer Fire Department, Inc. (the Fire Department) as of and for the year ended June 30, 2023, and have issued our report thereon dated December 13, 2023. We conducted our audit 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 audit of the financial statements as of June 30, 2023 resulted in an unqualified opinion.

Section I – Summary of Auditor’s Report

A. Report on Internal Control and Compliance Material to the Financial Statements.

Internal Control

Material Weakness ___ Yes X No

Significant Deficiency X Yes ___ No

Compliance

Compliance Material to the Financial Statements ___ Yes X No

Management Letter

Management Letter issued: ___ Yes X No

B. Federal Awards

The Fire Department was not subject to a Single Audit under OMB’s Uniform Guidance.

Section II – Financial Statement Findings

A. Material Weakness – None

B. Significant Deficiencies –

Finding 2023-1 - Inadequate Segregation of Duties

Criteria: Internal control is a process affected by those charged with governance, management, and other personnel designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Cause: We noted that the size of the Fire Department’s operations is too small to provide for an adequate segregation of duties.

Effect: The lack of segregation of duties in the accounting function constitutes a material weakness in the internal control over financial reporting.

TERRYTOWN FIFTH DISTRICT VOLUNTEER FIRE DEPARTMENT, INC.
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2023

Section II – Financial Statement Findings (continued)

B. Significant Deficiencies –

Finding 2023-1 - Inadequate Segregation of Duties (continued)

Condition: The Fire Department's Treasurer is charged with most of the responsibilities relating to the cash receipts, cash disbursements, payroll and financial reporting cycles. The Fire Department does, however, have various controls in place which tend to mitigate this problem, including (1) having another person review and initial all bank reconciliations, (2) requiring dual signatures on all checks, (3) requiring the presentation of actual versus budget reports on a monthly basis.

Recommendation - Employing additional controls may not be cost beneficial, however, the Board should remain cognizant of the lack of segregation of duties.

Management's Response - We are aware of the condition, however, at this point we are not in the financial position of addressing the problem. The Board is aware of the condition and will continue to monitor the financial activity of the Fire Department in a timely manner.

Finding 2023-2 - Preparation of Financial Statements by Auditor

Criteria and Condition: The Fire Department does not have controls in place for proper oversight of its financial reporting and for the preparation of financial statements in accordance with generally accepted accounting principles. As is common in small organizations, the Fire Department has chosen to engage the auditor to prepare its annual financial statements. This condition is intentional by management, due to the cost constraints of acquiring the ability to prepare the financial statements in accordance with the generally accepted accounting principles.

Cause: Statement of Auditing Standards (SAS) 115 requires that we report the above condition as a control deficiency. SAS 115 does not provide exceptions to reporting deficiencies that are mitigated with non-audit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

Effect: The Fire Department engages the auditor to prepare its annual financial statements.

Recommendation: Whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 115's reporting requirements. Prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies noted under SAS 115. We do not believe that curing the significant deficiency described in this finding would be cost effective or practical and accordingly, we do not believe any corrective action is necessary.

TERRYTOWN FIFTH DISTRICT VOLUNTEER FIRE DEPARTMENT, INC.
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2023

Section II – Financial Statement Findings (continued)

B. Significant Deficiencies –

Finding 2023-2 - Preparation of Financial Statements by Auditor (continued)

Management's Response: The Fire Department's staff is familiar with the day-to-day accounting requirements and the monthly cash basis reporting requirements; however, due to limited staffing and funding, we do not consider it practical to provide sufficient training to our staff in order to eliminate this condition and can only continue to rely on the auditor to prepare the financial statements at this time.

C. Compliance – None

D. Management Letter – None

Section III – Federal Award Findings and Questioned Costs

Not Applicable

TERRYTOWN FIFTH DISTRICT VOLUNTEER FIRE DEPARTMENT, INC.
STATUS OF PRIOR YEAR FINDINGS
For the Year Ended June 30, 2023

Section I – Internal Control and Compliance Material to the Financial Statements

A. Material Weakness - None

B. Significant Deficiency

Finding 2022-1 Inadequate Segregation of Duties

Unresolved - see current year finding 2023-1

Finding 2022-1 Preparation of Financial Statements by Auditor

Unresolved - see current year finding 2023-2

C. Compliance – None

D. Management Letter – None

Section II – Internal Control and Compliance Material to Federal Awards

Not applicable

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Terrytown Fifth District Volunteer Fire Department, Inc.:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022 through June 30, 2023. The Fire Department's management is responsible for those C/C areas identified in the SAUPs.

The 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 fiscal period July 1, 2022 through June 30, 2023. 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:

1) Written Policies and Procedures

- A. Obtain the entity's written policies and procedures and observe whether they address each of the following categories and subcategories (or report that the entity does not have any written policies and procedures), if applicable to public funds and the entity's operations:
- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - ii. ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - iii. ***Disbursements***, including processing, reviewing, and approving
 - iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

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- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- vii. **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- viii. **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- x. **Debt Service**, including (1) debt issuance approval, (2) continued disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: We did not observe written policies that address disbursements, collections, payroll, contracting, credit cards, ethics, and information technology disaster recovery.

Management's Response:

The fire company is a small organization and yet follows best practices for financial record keeping and reporting. We will work to develop a set of written procedures identified above.

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, 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.*
 - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

No exceptions were noted as a result of this procedure.

3) Bank Reconciliations

- A. 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 select 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:
- i. 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);
 - ii. 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
 - iii. 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.

No exceptions were noted as a result of this procedure.

4) Collections (excluding electronic funds transfers)

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

No exceptions were noted as a result of this procedure.

- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (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
- i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. 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;
 - iii. 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; and
 - iv. 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 exceptions were noted as a result of this procedure.

- C. 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 fiscal period.

No exceptions were noted as a result of this procedure.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" 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:
- i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - iv. Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

- v. Trace the actual deposit per the bank statement to the general ledger.

Results: Exceptions were noted for item (D) of Collections. The Fire Department does not have a receipt log in place to determine the receipt date of collections to determine if deposits were not made within one business day.

Management's Response:

The fire company will develop a log for incoming collections.

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

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

No exceptions were noted as a result of this procedure.

- B. 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:

- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase;
- ii. At least two employees are involved in processing and approving payments to vendors;
- iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electric means.

[Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

No exceptions were noted as a result of this procedure.

- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B, as applicable.

No exceptions were noted as a result of this procedure.

- D. 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 exceptions were noted as a result of this procedure.

6) Credit Cards/Debit Cards/Fuel Cards/P-Cards

- A. 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 exceptions were noted as a result of this procedure.

- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. 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:

- i. Observe whether 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) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. (those instance requiring such approval that may constrain the legal authority of certain public officials, such as a mayor of a Lawrason Act municipality, should not be reported; and

- ii. Observe that finance charges and late fees were not assessed on the selected statements.

No exceptions were noted as a result of this procedure.

- C. Using the monthly statements or combined statements selected under #7B 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 (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). 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.

No exceptions were noted as a result of this procedure.

7) Travel and Expense Reimbursement

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period 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:
- i. 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 (www.gsa.gov);
 - ii. If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - iii. Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1A(vii)); and
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions were noted as a result of this procedure.

8) Contracts

- A. 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 fiscal period. *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:
- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
 - iii. If the contract was amended (e.g., change order), 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, the documented approval); and
 - iv. 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 exceptions were noted as a result of this procedure.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 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 exceptions were noted as a result of this procedure.

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #9A above, obtain attendance records and leave documentation for the pay period, and:
- i. 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.);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

No exceptions were noted as a result of this procedure.

- C. 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 exceptions were noted as a result of this procedure.

- D. 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 exceptions were noted as a result of this procedure.

10) *Ethics (excluding nonprofits)*

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
- i. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S.42:1170.

No exceptions were noted as a result of this procedure.

11) *Debt Service (excluding nonprofits)*

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of Louisiana Constitution.

This section is not applicable for nonprofits.

- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

This section is not applicable for nonprofits.

12) *Fraud*

- A. 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 as required by R.S. 24:523.

No exceptions were noted as a result of this procedure.

- B. 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.

No exceptions were noted as a result of this procedure.

13) *Information Technology Disaster Recovery/Business Continuity*

- A. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**
- i. 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 (a) occurred within the past week, (b) was not stored on the government’s local server or network, and (c) was encrypted.
 - ii. 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 observe evidence that the test/verification was successfully performed within the past 3 months.
 - iii. 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 select 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.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

We performed the procedure and discussed the results with management

14) *Prevention of Sexual Harassment*

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

This section is not applicable for nonprofits.

- B. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).

This section is not applicable for nonprofits.

- C. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
- i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;

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- iii. Number of complaints which resulted in a finding that sexual harassment occurred;
- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- v. Amount of time it took to resolve each complaint.

This section is not applicable for nonprofits.

We were engaged by the 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 the 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 result 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 LLA as a public document.

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Gretna, Louisiana
December 13, 2023