

FINANCIAL REPORT
HERBERT WALLACE MEMORIAL
VOLUNTEER FIRE COMPANY
DECEMBER 31, 2021 AND 2020

HERBERT WALLACE MEMORIAL
VOLUNTEER FIRE COMPANY

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DECEMBER 31, 2021 AND 2020

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INDEPENDENT AUDITOR'S REPORT

May 19, 2022

Board of Directors
Herbert Wallace Memorial
Volunteer Fire Company

Opinion

We have audited the accompanying financial statements of the Herbert Wallace Memorial Volunteer Fire Company (a Louisiana nonprofit corporation) which comprise the statements of financial position as of December 31, 2021 and 2020, the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Herbert Wallace Memorial Volunteer Fire Company as of December 31, 2021 and 2020 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Herbert Wallace Memorial Volunteer Fire Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about Herbert Wallace Memorial Volunteer Fire Company'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 Herbert Wallace Memorial Volunteer Fire Company'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 Herbert Wallace Memorial Volunteer Fire Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2022 on our consideration of the Herbert Wallace Memorial Volunteer Fire Company'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 that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Herbert Wallace Memorial Volunteer Fire Company's internal control over financial reporting and compliance.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana

HERBERT WALLACE MEMORIAL VOLUNTEER FIRE COMPANY
 STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

ASSETS

	<u>2021</u>	<u>2020</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 571,851	\$ 517,215
Accounts receivable	17,674	18,099
Total current assets	589,525	535,314
USE OF ASSETS - NET	227,312	251,020
 TOTAL ASSETS	 \$ 816,837	 \$ 786,334

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accrued expenses	\$ 10,687	\$ 11,487
Total current liabilities	10,687	11,487
NET ASSETS:		
Without donor restrictions	806,150	774,847
 TOTAL LIABILITIES AND NET ASSETS	 \$ 816,837	 \$ 786,334

See accompanying notes.

HERBERT WALLACE MEMORIAL VOLUNTEER FIRE COMPANY
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
REVENUES:		
Jefferson Parish contract fees	\$ 809,300	\$ 762,000
Jefferson Parish insurance rebate	16,203	16,154
Insurance rebates	29,581	24,956
CARES Act	-	247,435
Interest income	15	36
Other revenue	398	228
Insurance proceeds	142,352	-
Total revenues	997,849	1,050,809
EXPENSES:		
Program Services:		
Firefighting	813,758	868,920
Support services:		
Administrative and general	152,789	150,282
Total expenses	966,547	1,019,202
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	31,303	31,607
NET ASSETS WITHOUT DONOR RESTRICTIONS - BEGINNING OF PERIOD	774,847	743,240
NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF PERIOD	\$ 806,150	\$ 774,847

See accompanying notes.

HERBERT WALLACE MEMORIAL VOLUNTEER FIRE COMPANY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Firefighting</u>	<u>Administrative and General</u>	<u>Total</u>
EXPENSES:			
Auto	\$ 46,902	\$ -	\$ 46,902
Depreciation	34,185	-	34,185
Drinks and snacks	-	249	249
Dues and fees	-	317	317
Insurance	138,076	15,341	153,417
Meeting	-	1,627	1,627
Miscellaneous	-	566	566
Office expense	-	9,839	9,839
Payroll service	-	4,930	4,930
Payroll taxes	43,242	4,805	48,047
Professional services	-	18,900	18,900
Repairs - equipment, radios, trucks	9,152	-	9,152
Salaries	536,841	59,649	596,490
Station supplies	-	7,894	7,894
Training and supplies	1,548	-	1,548
Uniforms	3,812	-	3,812
Utilities	-	28,672	28,672
	<u> </u>	<u> </u>	<u> </u>
TOTAL EXPENSES	<u>\$ 813,758</u>	<u>\$ 152,789</u>	<u>\$ 966,547</u>

See accompanying notes.

HERBERT WALLACE MEMORIAL VOLUNTEER FIRE COMPANY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Firefighting</u>	<u>Administrative and General</u>	<u>Total</u>
EXPENSES:			
Auto	\$ 7,122	\$ -	\$ 7,122
Advertising	-	675	675
Depreciation	44,202	-	44,202
Drinks and snacks	-	635	635
Dues and fees	-	379	379
Insurance	167,569	18,619	186,188
Meeting expenses	-	257	257
Miscellaneous	-	299	299
Office expense	-	991	991
Payroll service	-	6,013	6,013
Payroll taxes	45,620	5,069	50,689
Professional services	-	20,492	20,492
Repairs - equipment, radios, trucks	20,602	-	20,602
Salaries	582,640	64,738	647,378
Station supplies	-	8,433	8,433
Telephone	-	2,278	2,278
Training and supplies	254	-	254
Uniforms	911	-	911
Utilities	-	21,404	21,404
	<u> </u>	<u> </u>	<u> </u>
TOTAL EXPENSES	<u>\$ 868,920</u>	<u>\$ 150,282</u>	<u>\$1,019,202</u>

See accompanying notes.

HERBERT WALLACE MEMORIAL VOLUNTEER FIRE COMPANY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 31,303	\$ 31,607
Adjustments to reconcile increase in net assets to cash provided by operating activities:		
Depreciation	34,185	44,202
Decrease in accounts receivable	425	300
Increase (decrease) in accrued expenses	(800)	4,238
Net cash provided from operating activities	<u>65,113</u>	<u>80,347</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of equipment	<u>(10,477)</u>	<u>-</u>
Net cash used in investing activities	<u>(10,477)</u>	<u>-</u>
 INCREASE IN CASH AND CASH EQUIVALENTS		
	54,636	80,347
Cash and cash equivalents at beginning of period	<u>517,215</u>	<u>436,868</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>\$ 571,851</u></u>	<u><u>\$ 517,215</u></u>

See accompanying notes.

HERBERT WALLACE MEMORIAL VOLUNTEER FIRE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

ORGANIZATION:

The Herbert Wallace Memorial Volunteer Fire Company (the fire company) began operating as a nonprofit corporation on March 17, 2003 to provide the citizens in the Seventh Fire Protection District with fire protection and related services. The fire company also responds to emergencies such as floods and hurricanes. The fire company operates one fire station and has ten paid employees and no volunteers. The fire company's main source of revenue is a fire protection contract with Jefferson Parish effective for the period September 2, 2014 through September 2, 2023. The contract was adopted by the Jefferson Parish Council on February 5, 2014 by resolution number 122371.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

Basis of Accounting and Presentation:

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

Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Company and changes therein are classified and reported as follows:

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

HERBERT WALLACE MEMORIAL VOLUNTEER FIRE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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 Seventh Fire Protection District of Jefferson Parish.

General and administrative consists of general administrative expenses incurred.

Sources of Revenue:

Substantially all of the fire department's revenue is derived from funds provided by the Fire Protection District No. 7 of Jefferson Parish to provide firefighting and rescue services to the designated area of the Seventh 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 Seventh Fire Protection District. The revenue is recognized as the services are performed monthly. Other sources of revenues would include fund raising, contributions, and interest. The other sources of revenue are recorded when received.

In addition, the fire department routinely receives revenues from insurance rebates. The amount is received annually from the State of Louisiana through Jefferson Parish. The amount received is based on the number of homes within the fire district and totaled \$16,203 and \$16,154 respectively in 2021 and 2020.

During 2020, the fire department received \$247,435 from Jefferson Parish as part of the CARES Act related to Coronavirus relief.

Income Taxes:

The fire company is exempt from income taxes under Internal Revenue Code Section 501(c)(3) as a nonprofit organization and, accordingly, the financial statements do not reflect a provision for income taxes. The fire company's federal Return of Organization Exempt from

HERBERT WALLACE MEMORIAL VOLUNTEER FIRE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Income Tax (Form 990) for 2021, 2020, 2019, and 2018 are subject to examination by the IRS, generally for three years after they are filed.

Cash and Cash Equivalents:

For the purposes of reporting of cash flows, the fire company considers cash in operating bank accounts, demand deposits, cash on hand, and highly-liquid debt instruments purchased with a maturity of three months or less as cash and cash equivalents. Supplemental disclosures of cash flow information are as follows:

Cash paid during the year for:	<u>2021</u>	<u>2020</u>
Interest	\$ -	\$ -
Income Taxes	\$ -	\$ -

Use of Assets:

It is understood that any acquisition of immovable property, equipment, vehicles, or buildings by the fire department with funds from the Jefferson Parish 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. It is also understood that in the event the fire department should cease operations voluntarily, for whatever reason, 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.

Donated Services:

Amounts have not been reflected in the financial statements for donated services because the value of these services was not readily determinable. During the years ended December 31, 2021 and 2020, there were no volunteer fire fighters. All members of the Board of Directors serve without compensation.

HERBERT WALLACE MEMORIAL VOLUNTEER FIRE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

2. CASH:

The fire company maintains cash balances at Capital One Bank and Regions Bank. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. At December 31, 2021 and 2020, cash balances at Capital One Bank exceeded the FDIC limitation by \$176,090 and \$204,304, respectively. Cash balances at Regions Bank were covered by FDIC insurance at December 31, 2021 and 2020.

3. USE OF ASSETS:

Depreciation expense for 2021 and 2020 was \$34,185 and \$44,202, respectively. The cost and accumulated depreciation of the use of assets were as follows:

December 31, 2021

	<u>12/31/20</u>	<u>Additions</u>	<u>Disposals</u>	<u>12/31/21</u>
Buildings, land and improvements	\$ 191,116	\$ -	\$ -	\$ 191,116
Firefighting equipment	270,734	-	-	270,734
Furniture and fixtures	115,954	-	-	115,954
Vehicles	59,612	10,477	-	70,089
Total use of assets	<u>637,416</u>	<u>10,477</u>	<u>-</u>	<u>647,893</u>
Less accumulated depreciation	<u>(386,396)</u>	<u>(34,185)</u>	<u>-</u>	<u>(420,581)</u>
Total use of assets, net of depreciation	<u>\$ 251,020</u>	<u>\$ (23,708)</u>	<u>\$ -</u>	<u>\$ 227,312</u>

December 31, 2020

	<u>12/31/19</u>	<u>Additions</u>	<u>Disposals</u>	<u>12/31/20</u>
Buildings, land and improvements	\$ 191,116	\$ -	\$ -	\$ 191,116
Firefighting equipment	270,734	-	-	270,734
Furniture and fixtures	115,954	-	-	115,954
Vehicles	59,612	-	-	59,612
Total use of assets	<u>637,416</u>	<u>-</u>	<u>-</u>	<u>637,416</u>
Less accumulated depreciation	<u>(342,194)</u>	<u>(44,202)</u>	<u>-</u>	<u>(386,396)</u>
Total use of assets, net of depreciation	<u>\$ 295,222</u>	<u>\$ (44,202)</u>	<u>\$ -</u>	<u>\$ 251,020</u>

HERBERT WALLACE MEMORIAL VOLUNTEER FIRE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

4. ADVERTISING:

The fire company uses advertising to promote its programs among the citizens it serves. Advertising costs are expensed as incurred. During 2021 and 2020, advertising expense was \$-0- and \$675, respectively.

5. 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.

6. COMPENSATED ABSENCES:

The fire company's policy is that unused compensated absences cannot be carried over to the subsequent year. If vacation time is not utilized by December 31 of each year, the time is forfeited. Due to this policy, there is no liability for compensated absences as of December 31, 2021 and 2020.

7. EXPENSES PAID BY OTHERS:

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

8. ECONOMIC DEPENDENCY:

Substantially all of the fire company's public support is derived from funds provided by Jefferson Parish. The fire company has a 10-year contract with Jefferson Parish, effective September 2, 2014, under which the fire company receives a percentage of certain ad valorem taxes assessed within the Seventh Fire Protection District of Jefferson Parish, as well as additional funding from sales taxes and fire insurance rebates. Management is not aware of any plans on the part of Jefferson Parish to terminate the contract.

HERBERT WALLACE MEMORIAL VOLUNTEER FIRE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

9. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The following reflects the fire company's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts available include donor restricted amounts that are available for general expenditure in the following year.

	<u>2021</u>	<u>2020</u>
Financial assets, at year end:		
Cash and cash equivalents	\$ 571,851	\$ 517,215
Accounts receivable	17,674	18,099
Total financial assets at year end	589,525	535,314
Less contracted or donor-imposed restrictions:		
Total contractual or donor-imposed restrictions	-	-
Financial assets available to meet cash needs for general expenditures within one year	\$ 589,525	\$ 535,314

11. LITIGATION:

During 2014, the fire company was successful in a law suit against a former employee accused of theft. The former employee was ordered to pay \$22,761 in restitution to the fire company. Accounts receivable for the remaining restitution was \$17,424 and \$18,099 at December 31, 2021 and 2020, respectively.

12. SUBSEQUENT EVENTS:

Management has evaluated subsequent events through May 19, 2022, which is the date on which the financial statements were available to be issued, and determined no events occurred that would have significantly affected these financial statements, other than those previously disclosed.

HERBERT WALLACE MEMORIAL VOLUNTEER FIRE COMPANY
SUPPLEMENTARY INFORMATION
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
DECEMBER 31, 2021

Agency Head Name: Christian Collins, Fire Chief – January 1, 2021 – September 30, 2021

Salary	\$ 100,762
Benefits – Insurance	\$11,971
Cell-Phone	\$360

Agency Head Name: Thomas Berggren Fire Chief – September 30, 2021 – December 31, 2021

Salary	\$ 64,293
Benefits – Insurance	\$ -
Cell-Phone	\$ -



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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*

May 19, 2022

To the Board of Directors
Herbert Wallace Memorial
Volunteer Fire Company

We have audited, 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, the financial statements of the Herbert Wallace Memorial Volunteer Fire Company (a Louisiana nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 19, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Herbert Wallace Memorial Volunteer Fire Company's (the fire company) internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the fire company's internal control. Accordingly, we do not express an opinion on the effectiveness of the fire company'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 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 the 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 Herbert Wallace Memorial Volunteer Fire Company'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*.

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 fire company'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 fire company's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana

HERBERT WALLACE MEMORIAL VOLUNTEER FIRE COMPANY
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2021

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion on the financial statements of the Herbert Wallace Memorial Volunteer Fire Company for the year ended December 31, 2021, was unmodified.

2. Internal Control
Material weaknesses: none noted
Significant deficiencies: none noted

3. Compliance and Other Matters
Noncompliance material to financial statements: none noted

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

None noted.

HERBERT WALLACE MEMORIAL VOLUNTEER FIRE COMPANY
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2021

SUMMARY OF PRIOR YEAR FINDINGS:

None.

HERBERT WALLACE MEMORIAL VOLUNTEER FIRE COMPANY

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

FOR THE FISCAL YEAR JANUARY 01, 2021
THROUGH DECEMBER 31, 2021

HERBERT WALLACE MEMORIAL VOLUNTEER FIRE COMPANY

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES FOR THE FISCAL YEAR JANUARY 01, 2021 THROUGH DECEMBER 31, 2021

May 18, 2022

Board of Directors
Herbert Wallace Memorial Volunteer Fire Company

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 year January 01, 2021 through December 31, 2021. Herbert Wallace Memorial Volunteer Fire Company's (the "fire company") management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

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Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - 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) ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
 - h) ***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.
 - i) ***Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

As a result of applying the above agreed-upon procedures, we noted the following:

- The fire company did not have written policies for Budgeting, Purchasing, Disbursements, Receipts/Collections, Payroll/Personnel, Contracting, Travel and Expense Reimbursement, and Information Technology Disaster Recovery/Business Continuity.

Management's Response: Management will work with the Board of Directors to create and adopt the policies above.

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 fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

As a result of applying the above agreed-upon procedures, we noted the following:

- There were only three board meetings held during the year and only one of the three contained financial information.

Management's Response: Due to the ongoing pandemic, Hurricane Ida and age of board members, the board was not able to meet monthly. The Board of Directors are considering the use of virtual meetings so that meetings can be held safely for the members more susceptible to the Covid virus.

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 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:
 - 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.

As a result of applying the above agreed-upon procedures, we noted the following:

- Bank reconciliations did not contain evidence that they were reviewed by management or a member of the board who does not handle cash, post ledgers or issues checks.

Management's Response: Bank reconciliations are prepared electronically by an outside CPA firm and reviewed by management and the board each month. We will start to document the board's review on the reconciliations.

Collections (excluding electronic funds transfers)

4. 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 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 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:
- 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.

As a result of applying the above agreed-upon procedures, we noted the following:

- The employee responsible for collecting cash is responsible for making bank deposits.
- The person responsible for collecting cash is responsible for posting entries and reconciling cash collections to the general ledger.

Management's Response: The fire company's receipts mostly consists of electronic bank deposits from Jefferson Parish and occasional checks from the Louisiana Workers' Compensation Corporation with very little, if any, cash being received.

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 fiscal period.

As a result of applying the above agreed-upon procedure, we noted the following:

- The fire company's employees are not covered by a bond or insurance policy for theft.

Management's Response: Management will consider its options for obtaining a policy with coverage for employee theft or loss.

7. 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:
 - 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.

As a result of applying the above agreed-upon procedures, we noted the following:

- The fire company does not use numbered receipts for its collections transactions.

Management's Response: Due to the nature of the receipts the company receives, the use of pre-numbered receipts are not considered necessary.

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

8. 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 findings noted as a result of applying the above agreed-upon procedure.

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.

As a result of applying the above agreed-upon procedures, we noted the following:

- The fire company does not have a purchase requisition process in place for requesting and approving purchases.
- Payments to vendors can be initiated without approval.
- The person responsible for processing payments and can add or modify vendor files.
- The person responsible for signing checks can also mail the payment.

Management's Response: Due to the size of the company, the segregation of duties is not achievable. The checks written to vendors are signed by someone other than the administrator and disbursements are reviewed and bank reconciliations are prepared by an outside CPA firm each month.

10. For each location selected under #8 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:
- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates 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.

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

11. 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:

- 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 (www.gsa.gov).
- b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe 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 reimbursement.

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

Payroll and Personnel

12. 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 findings noted as a result of applying the above agreed-upon procedures.

13. 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 whether 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.

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

14. 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.

15. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, , 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

16. 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 procedure.

17. 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 findings noted as a result of applying the above agreed-upon procedure.

Information Technology Disaster Recovery/Business Continuity

18. Perform the following procedures:

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe 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 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.

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

We were engaged by Herbert Wallace Memorial Volunteer Fire Company 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 Herbert Wallace Memorial Volunteer Fire Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the results of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana