

FINANCIAL REPORT  
HARVEY VOLUNTEER FIRE COMPANY NO. 2  
DECEMBER 31, 2023 AND 2022

HARVEY VOLUNTEER FIRE COMPANY NO. 2

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## INDEPENDENT AUDITOR'S REPORT

June 19, 2024

Board of Directors  
Harvey Volunteer Fire Company No. 2  
P. O. Box 1053  
Harvey, Louisiana 70059

### Opinion

We have audited the accompanying financial statements of Harvey Volunteer Fire Company No. 2 (a Louisiana non-profit organization) which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Harvey Volunteer Fire Company No. 2 as of December 31, 2023 and 2022, and the changes in its net assets and 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 Harvey Volunteer Fire Company No. 2 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 Harvey Volunteer Fire Company No. 2'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 Harvey Volunteer Fire Company No. 2'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 Harvey Volunteer Fire Company No. 2's ability to continue as a going concern for a reasonable period of time.

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

### **Report on Supplementary Information**

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2024, on our consideration of Harvey Volunteer Fire Company No. 2's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Harvey Volunteer Fire Company No. 2's internal control over financial reporting and compliance.

  
New Orleans, Louisiana

HARVEY VOLUNTEER FIRE COMPANY NO. 2  
 STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2023 AND 2022

	<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
<b>CURRENT ASSETS:</b>			
Cash		\$ 608,567	\$ 1,894,774
Investments		96,580	96,177
Total current assets		<u>705,147</u>	<u>1,990,951</u>
<b>USE OF ASSETS - NET</b>		2,050,604	1,355,463
<b>OTHER ASSETS:</b>			
Investments		<u>32,021</u>	<u>32,021</u>
<b>TOTAL ASSETS</b>		<u><u>\$ 2,787,772</u></u>	<u><u>\$ 3,378,435</u></u>
<u>LIABILITIES AND NET ASSETS</u>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable		\$ -	\$ 275
Accrued expenses		111,611	55,501
Insurance claims payable		231,406	124,419
Total current liabilities		<u>343,017</u>	<u>180,195</u>
<b>NET ASSETS:</b>			
Without donor restrictions		<u>2,444,755</u>	<u>3,198,240</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<u><u>\$ 2,787,772</u></u>	<u><u>\$ 3,378,435</u></u>

See accompanying notes.

HARVEY VOLUNTEER FIRE COMPANY NO. 2  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
REVENUES:		
Contract revenue:		
Firefighting contract	\$ 3,600,000	\$ 3,600,000
Insurance rebate	162,293	192,671
Donated firefighting services	8,871	13,567
Interest	793	1,243
Capital Improvement - Jefferson Parish	783,290	-
Other income	446,260	171,459
Insurance proceeds	-	101,116
Total support and revenues	5,001,507	4,080,056
EXPENSES:		
Program services:		
Firefighting services	5,541,743	4,272,139
Supporting services:		
General and administrative	196,572	161,355
Fundraising	16,677	-
Total expenses	5,754,992	4,433,494
CHANGE IN NET ASSETS	(753,485)	(353,438)
NET ASSETS, BEGINNING OF YEAR	3,198,240	3,551,678
NET ASSETS, END OF YEAR	\$ 2,444,755	\$ 3,198,240

See accompanying notes.

HARVEY VOLUNTEER FIRE COMPANY NO. 2  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Program Services</u>	<u>Supporting Services</u>		
	<u>Firefighting Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
EXPENSES:				
Accounting and legal	\$ -	\$ 20,861	\$ -	\$ 20,861
Conventions, seminars, and classes	13,096	-	-	13,096
Copy machine	-	312	-	312
Depreciation	202,299	6,257	-	208,556
Donated firefighting services	8,871	-	-	8,871
Dues and subscriptions	8,339	-	-	8,339
Meals and entertainment	-	1,400	-	1,400
Fire equipment	10,333	-	-	10,333
Fuel	51,060	-	-	51,060
Public fire education	-	-	16,677	16,677
Insurance	1,361,303	42,102	-	1,403,405
Loss on disposal of assets	34	1	-	35
Medical supplies	2,394	-	-	2,394
Miscellaneous	120,539	6,591	-	127,130
Office supplies	-	11,131	-	11,131
Payroll processing	14,306	442	-	14,748
Payroll taxes	215,708	6,671	-	222,379
Postage	1,273	39	-	1,312
Promotional	-	5,839	-	5,839
Repairs and maintenance	197,350	-	-	197,350
Radio	6,476	-	-	6,476
Retirement	222,810	6,891	-	229,701
Salaries	2,717,427	84,044	-	2,801,471
Telephone and utilities	129,045	3,991	-	133,036
Uniforms	11,813	-	-	11,813
Vehicle repairs	247,267	-	-	247,267
	<u>\$ 5,541,743</u>	<u>\$ 196,572</u>	<u>\$16,677</u>	<u>\$ 5,754,992</u>

See accompanying notes.



HARVEY VOLUNTEER FIRE COMPANY NO. 2  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Firefighting Services</u>	<u>General and Administrative</u>	<u>Total</u>
EXPENSES:			
Accounting and legal	\$ -	\$ 19,655	\$ 19,655
Conventions, seminars, and classes	6,108	-	6,108
Depreciation	153,337	4,742	158,079
Donated firefighting services	13,567	-	13,567
Dues and subscriptions	10,603	-	10,603
Meals and entertainment	-	94	94
Fire equipment	24,701	-	24,701
Fuel	56,772	-	56,772
Public fire education	12,251	-	12,251
Insurance	1,087,346	33,629	1,120,975
Medical supplies	2,095	-	2,095
Miscellaneous	40,064	1,554	41,618
Office supplies	-	8,611	8,611
Payroll processing	5,004	155	5,159
Payroll taxes	179,829	5,562	185,391
Postage	1,348	42	1,390
Promotional	-	12,418	12,418
Repairs and maintenance	150,044	-	150,044
Radio	10,270	-	10,270
Retirement	104,380	3,228	107,608
Salaries	2,190,512	67,748	2,258,260
Telephone and utilities	126,658	3,917	130,575
Uniforms	7,934	-	7,934
Vehicle repairs	89,316	-	89,316
	<u>89,316</u>	<u>-</u>	<u>89,316</u>
 TOTAL EXPENSES	 <u><u>\$ 4,272,139</u></u>	 <u><u>\$ 161,355</u></u>	 <u><u>\$ 4,433,494</u></u>

See accompanying notes.

HARVEY VOLUNTEER FIRE COMPANY NO. 2  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (753,485)	\$ (353,438)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	208,556	158,079
Loss on disposal of assets	35	-
Increase (increase) in accrued expenses	56,110	(27,744)
Decrease in accounts payable	(275)	275
Increase (increase) in insurance claims payable	106,987	103,051
Net cash used by operating activities	<u>(382,072)</u>	<u>(119,777)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest earned on and reinvested in certificates of deposit	(403)	(481)
Purchase of property and equipment	<u>(903,732)</u>	<u>(9,181)</u>
Net cash used by investing activities	<u>(904,135)</u>	<u>(9,662)</u>
<b>NET DECREASE IN CASH</b>	(1,286,207)	(129,439)
<b>CASH, BEGINNING OF YEAR</b>	<u>1,894,774</u>	<u>2,024,213</u>
<b>CASH, END OF YEAR</b>	<u>\$ 608,567</u>	<u>\$ 1,894,774</u>
<b>NON CASH INVESTING ACTIVITIES:</b>		
Interest earned on and reinvested in certificates of deposit	<u>\$ 403</u>	<u>\$ 481</u>

**SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:**

	<u>2023</u>	<u>2022</u>
Cash paid during the year for:		
Interest	\$ -	\$ -
Taxes	-	-

See accompanying notes.

HARVEY VOLUNTEER FIRE COMPANY NO. 2  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

NATURE OF OPERATIONS:

Harvey Volunteer Fire Company No. 2 (the Company) was organized on July 8, 1948, to provide the citizens in the Sixth Fire Protection District of Jefferson Parish with fire protection and related services. The Company has a contract with Jefferson Parish, which approved a Fire Protection Agreement between Fire Protection District No. 6 of the Parish of Jefferson, State of Louisiana, and Harvey Volunteer Fire Company No. 2. The Fire Protection Agreement was signed by the Company on May 11, 2018. The term of the Fire Protection is for ten years commencing on December 1, 2017 and ending on December 1, 2027. The majority of the Company's revenue is derived from this contract.

In addition to fire protection, the Company also responds to emergencies including floods and hurricanes. The Company maintains four fire stations and has thirty-five paid employees and twenty volunteers.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

Basis of Accounting:

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation:

The Company is required to report information regarding its financial position according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

- Net assets without donor restrictions – net assets available for use in general operations and not subject to donor (or certain grantor) restrictions
- Net assets with donor-imposed restrictions – net assets subject to donor-imposed (or certain grantor) 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 stipulates 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.

HARVEY VOLUNTEER FIRE COMPANY NO. 2  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Financial Statement Presentation: (Continued)

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor restrictions on net assets are reported as reclassifications between the applicable classes of net assets. As of December 31, 2023 and 2022, the Company had only net assets without donor restrictions.

The statement of activities presents expenses functionally between program services for firefighting, general and administrative, and fundraising. Those expenses which cannot be functionally categorized are allocated between functions based upon management's estimate of usage applicable to conducting those functions.

Revenues:

Substantially all of the fire department's revenue is derived from a contract with the Fire Protection District No. 6 of Jefferson Parish to provide firefighting and rescue services to the designated area of the Fire Protection District No. 6 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 Fire Protection District No. 6. The revenue is recognized when the installments are received. Periodically, the Parish will allocate additional funds for the purchase of equipment and vehicles. During the years ended December 31, 2023 and 2022, the fire department did not receive capital allocation funds from the Parish.

In addition, the fire department routinely receives revenue 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 \$162,293 and \$192,671 for 2023 and 2022, respectively.

Donated Services:

FASB ASC 958-605-10 provides that the value of donated services is to be recognized in financial statement if the services require specialized skills, are provided by persons possessing those skills, and the services would be purchased if they were not donated. Many volunteers have donated significant amounts of their time to the fire company's firefighting program services. The value of these donated services included as income in the financial statements and the corresponding expenses for the years ended December 31, 2023 and 2022 was \$8,871 and \$13,567, respectively. The value of these donated services was estimated using the number of hours donated and an average of hourly rate paid to firefighters during the year. All members of the Board of Directors serve without compensation.

HARVEY VOLUNTEER FIRE COMPANY NO. 2  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Cash:

For purposes of the statement of cash flows, the company considers all demand deposits, cash on hand, and other short-term assets at financial institutions with original maturity of three months or less to be cash.

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 certain reported amounts of assets and liabilities and the 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.

Investments:

Investments in certificates of deposits are recorded at cost plus accrued interest which approximates fair value. All certificates of deposit are expected to be held to maturity.

Use of Assets:

Per the contract with Jefferson Parish, any acquisition of immovable property, equipment, vehicles, or buildings by the fire department with funds from the contract, are the property of Jefferson Parish, and, if legally required to be titled, should be titled in Jefferson Parish's name and not in the name of the fire department. The contract also states that in the event the fire department should cease operations voluntarily, for whatever reason, during the term of the agreement or be removed for just cause by Jefferson Parish, all buildings, equipment or apparatus purchased with appropriations from Jefferson Parish general and special revenue funds or contract consideration shall become (or remain if already titled in Jefferson Parish's name) the property of Jefferson Parish.

The assets owned and titled by Jefferson Parish and used by the fire department are reported on the department's Statements of Financial Position as a use of asset. The fire department records the use of asset for purchases over \$1,000 and expenses those purchases under \$1,000. Expenditures for maintenance, repairs, and minor renewals are charged against earnings as incurred. Depreciation is computed using the straight-line method over the useful lives of the assets. The lives range from 5 to 40 years.

HARVEY VOLUNTEER FIRE COMPANY NO. 2  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Vacation and Sick Leave:

Each full-time operator earns vacation leave as follows:

<u>Years Completed</u>	<u>Days</u>
1 - 9 years	18 days
Over 9 years	19 - 30 days

Employees earn one day of additional vacation leave for each year over nine years of service up to a maximum of 30 days after 20 years.

Each administrative employee earns vacation leave as follows:

<u>Years Completed</u>	<u>Weeks</u>
1 year	1 week
2 - 6 years	2 weeks
7 - 12 years	3 weeks
13 - 15 years	4 weeks
Over 15 years	5 weeks

Vacation leave cannot be carried forward to the next year. All must be used within the current calendar year.

All full-time, non-operations personnel are granted 15 sick days per calendar year. Sick leave for operators is governed by LRS 33:1995, which states operators shall be entitled to full pay during sickness or incapacity not brought about by his own negligence or culpable indiscretion for a period of not less than 52 weeks. There is no accrual of sick leave and no buyback program.

2. CASH:

At December 31, 2023 and 2022, the Fire Company maintained cash balances and savings accounts in several local banks. Bank balances are insured by the FDIC insurance or pledged securities held by Fidelity in the name of Harvey Volunteer Fire Company No. 2

HARVEY VOLUNTEER FIRE COMPANY NO. 2  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

2. CASH: (Continued)

The bank and book balances as of December 31, 2023 and 2022 were as follows:

	2023		2022	
	<u>Book Balances</u>	<u>Bank Balances</u>	<u>Book Balances</u>	<u>Bank Balances</u>
Petty cash	\$ 500	N/A	\$ 137	N/A
Checking accounts - Fidelity Homestead				
General operating fund	29,978	\$ 30,843	101,224	\$ 107,638
Payroll fund	335,016	337,841	217,236	217,398
Private fund	3,601	3,601	8,928	8,928
Insurance disbursement fund	34,191	107,816	27,061	37,450
Savings accounts - Fidelity Homestead				
Hospitalization fund	34,282	34,278	64,254	64,254
Savings fund	170,999	170,999	1,475,934	1,475,934
Total cash	<u>\$ 608,567</u>	<u>\$ 685,378</u>	<u>\$ 1,894,774</u>	<u>\$ 1,911,602</u>

3. INVESTMENTS:

The Company had the following certificates of deposit as of December 31, 2023 and 2022:

	<u>Maturity</u>	Interest Rate			Interest Rate	
		<u>2023</u>	<u>2023</u>		<u>2022</u>	<u>2022</u>
Certificate of deposit	07/18/24	3.682%	\$ 17,510	01/18/23	0.200%	\$ 17,475
Certificate of deposit	08/15/24	0.349%	9,760	08/15/23	0.349%	9,726
Certificate of deposit	07/13/24	3.682%	34,405	01/13/23	0.200%	34,336
Certificate of deposit	05/21/24	4.641%	24,389	05/21/23	0.200%	24,222
Certificate of deposit	08/07/24	1.980%	10,516	08/07/23	0.250%	10,418
Total current			<u>96,580</u>			<u>96,177</u>
Total non-current	03/05/27	0.747%	32,021	03/05/27	0.747%	32,021
Total			<u>\$ 128,601</u>			<u>\$ 128,198</u>

HARVEY VOLUNTEER FIRE COMPANY NO. 2  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

4. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The Company manages its liquidity by operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. As of December 31, 2023, financial assets available for expenses within one year of the statement of financial position date consisted of cash and in the amount of \$608,567 and investments in the amount of \$96,580. As of December 31, 2022, financial assets available for expenses within one year of the statement of financial position date consisted of cash and in the amount of \$1,894,774 and investments in the amount of \$96,177.

5. USE OF ASSETS:

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

<u>December 31, 2023</u>	Balance			Balance <u>12/31/23</u>
	<u>01/01/22</u>	<u>Additions</u>	<u>Disposals</u>	
Land and land improvements	\$ 73,787	\$ -	\$ -	\$ 73,787
Furniture and fixtures	84,329	-	-	84,329
Automobiles and trucks	1,277,535	161,971	(101,669)	1,337,837
Equipment	1,766,494	393,998	(281,944)	1,878,548
Building improvements	1,407,544	347,763	-	1,755,307
	<u>4,609,689</u>	<u>903,732</u>	<u>(383,613)</u>	<u>5,129,808</u>
Accumulated depreciation	<u>(3,254,226)</u>	<u>(208,556)</u>	<u>383,578</u>	<u>(3,079,204)</u>
Use of assets, net	<u>\$1,355,463</u>	<u>\$ 695,176</u>	<u>\$ (35)</u>	<u>\$2,050,604</u>

<u>December 31, 2022</u>	Balance			Balance <u>12/31/22</u>
	<u>12/31/21</u>	<u>Additions</u>	<u>Disposals</u>	
Land and land improvements	\$ 73,787	\$ -	\$ -	\$ 73,787
Furniture and fixtures	84,329	-	-	84,329
Automobiles and trucks	1,268,354	9,181	-	1,277,535
Equipment	1,766,494	-	-	1,766,494
Building improvements	1,407,544	-	-	1,407,544
	<u>4,600,508</u>	<u>9,181</u>	<u>-</u>	<u>4,609,689</u>
Accumulated depreciation	<u>(3,096,147)</u>	<u>(158,079)</u>	<u>-</u>	<u>(3,254,226)</u>
Use of assets, net	<u>\$1,504,361</u>	<u>\$ (148,898)</u>	<u>\$ -</u>	<u>\$1,355,463</u>



HARVEY VOLUNTEER FIRE COMPANY NO. 2  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

6. SELF-INSURANCE:

The Company has a self-insurance hospitalization plan. The self-insurance program involves co-insurance with an independent insurance company. The Company is responsible for 100% of the first \$30,000 of claims per individual up to an aggregate amount. Any claim in excess of \$30,000 or the aggregate is covered by the insurance company. Amounts charged to the Company for this plan were \$544,857 and \$417,279 in years 2023 and 2022, respectively. The estimated payable for incurred, but not paid claims, at December 31, 2023 and 2022, was \$231,406 and \$124,419, respectively. These amounts are reflected as current liabilities on the statements of financial position.

During 2023 and 2022, the Company did not pay claims in excess of its self-insurance policy.

7. INCOME TAXES:

The Company is exempt from federal and state income taxes under the Internal Revenue Code 501(c)(3). Therefore, no provision for income taxes has been included in the financial statements.

Accounting standards provide detailed guidance for the financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an enterprise's financial statements. Under FASB ASC 740-10, an entity is required to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. Management has evaluated the significant tax positions against the criteria established by these accounting standards and believes there are no such tax positions requiring accounting recognition. The Company is no longer subject to income tax examinations by taxing authorities for years prior to 2020.

8. DEFINED CONTRIBUTION PLAN:

The Company has a defined contribution plan in accordance with Internal Revenue Code Section 401(k). The plan allows full-time employees to defer a portion of their compensation. Voluntary pre-tax contributions for 2023 and 2022 were \$132,800 and \$118,372, respectively. Voluntary Roth 401(k) contributions for 2023 and 2022 were \$141,614 and \$103,844, respectively.

The Company will match voluntary employee contributions to the plan up to 10% of annual salaries. The amount of the employer matching contributions to the plan was \$229,701 in 2023 and \$107,608 in 2022.

HARVEY VOLUNTEER FIRE COMPANY NO. 2  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

9. EXPENSES PAID BY OTHERS:

The full-time firefighters of the Company receive supplemental pay from the State of Louisiana under the provisions of L.R.S. 33:2002. The amount of pay received does not vary based upon years of service, and is based upon state law. As these supplemental state funds are paid directly to the firefighters, and do not pass through the Company, they are not included in these financial statements. For the years ended December 31, 2023 and 2022, \$194,940 and \$168,600 was received by the firefighters in supplemental pay from the state.

10. SUBSEQUENT EVENTS:

Management has evaluated subsequent events through June 19, 2024, which is the date on which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

HARVEY VOLUNTEER FIRE CO., NO. 2  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS  
 TO AGENCY HEAD  
FOR THE YEAR ENDED DECEMBER 31, 2023

**Agency head name:** Scott Berthelot, Fire Chief (Volunteer)

<b><u>Purpose</u></b>	<b><u>Amount</u></b>
Salary	\$ -
Benefits - insurance	-
Benefits - retirement	-
	-
	\$ -



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

June 19, 2024

To the Board of Directors  
Harvey Volunteer Fire Company No. 2

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 Harvey Volunteer Fire Company No. 2 (a Louisiana non-profit organization), which comprise the statement of financial position as of December 31, 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, and have issued our report thereon dated June 19, 2024.

### Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Harvey Volunteer Fire Company No. 2's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Harvey Volunteer Fire Company No. 2's internal control. Accordingly, we do not express an opinion on the effectiveness of Harvey Volunteer Fire Company No. 2's internal control.

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

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

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Harvey Volunteer Fire Company No. 2's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization'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.



New Orleans, Louisiana

HARVEY VOLUNTEER FIRE COMPANY NO. 2  
SUMMARY SCHEDULE OF CURRENT YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2023

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of Harvey Volunteer Fire Company No. 2 for the year ended December 31, 2023 was unmodified.
  
2. Internal Control  
    Significant deficiencies: none noted  
    Material weaknesses: none noted
  
3. Compliance and Other Matters  
    Noncompliance material to financial statements: none noted

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

None noted

HARVEY VOLUNTEER FIRE COMPANY NO. 2  
STATUS OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2023

SUMMARY OF PRIOR YEAR FINDINGS:

None noted



HARVEY VOLUNTEER FIRE COMPANY NO. 2

INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

FOR THE FISCAL YEAR JANUARY 1, 2023  
THROUGH DECEMBER 31, 2023

HARVEY VOLUNTEER FIRE COMPANY NO. 2

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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES FOR THE FISCAL YEAR JANUARY 1, 2023 THROUGH DECEMBER 31, 2023

June 18, 2024

Board of Directors  
Harvey Volunteer Fire Company No. 2 and  
Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 01, 2023 through December 31, 2023. The Harvey Volunteer Fire Company No. 2's management is responsible for those C/C areas identified in the SAUPs.

The Harvey Volunteer Fire Company No. 2 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 period January 01, 2023 through December 31, 2023. 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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## 1) *Written Policies and Procedures*

---

- A. **Procedure:** 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:
- 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).
  - 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 rates 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. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
  - viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
  - ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
  - x. **Debt Service**, including (1) debt issuance approval, (2) continuing 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:** As a result of applying the above agreed-upon procedures, it is noted that there is no policy or procedure in place regarding contracting, or information technology disaster recovery/business continuity.

**Response:** Management has noted the lack of these policies and procedures and will continue to work with the Board of Directors on creating and adopting the policies above.

## 2) ***Board or Finance Committee***

---

- A. **Procedure:** 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 comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit 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.

**Results:** As a result of applying the above agreed-upon procedures, it is noted that Harvey fire did not hold board meetings quarterly as required by the fire company's policy

**Response:** Harvey fire will strive to have more regular quarterly board meetings.

### 3) *Bank Reconciliations*

---

- A. **Procedure**: 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 written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or 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.

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

### 4) *Collections (excluding electronic funds transfers)*

---

- A. **Procedure**: 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).

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

- B. **Procedure**: 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 (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then 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 also 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 also 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 custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

**Results:** Upon applying the agreed-upon procedures above, it is noted that there is no segregation of duties. Due to the size of the company, there is only one employee receiving cash, preparing deposits, making deposits, reconciling, and adding to the general ledger.

**Response:** Because of the size of the Company, it is not cost effective to staff the personnel required to segregate these duties. The receipts mostly consist of checks which are deposited when received. The bank reconciliations are reviewed by a member of management and the Board of Directors each month.

- C. **Procedure:** Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

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

- D. **Procedure:** Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (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). *Alternatively, 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 that 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:** Upon applying the agreed-upon procedures above, four out of the ten deposits were not made within one business day of the receipt. There is also a lack of segregation of duties due to the size of the entity.

**Response:** Deposits are typically made within one business day of receipt. This was an oversight this year and not typical.

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

---

- A. **Procedure:** 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).

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

- B. **Procedure:** For each location selected under procedure #5A 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, then 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 or 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 electronic means.

**Results:** Upon applying the agreed-upon procedures above, we noted that there is a lack of segregation of duties. There is only one employee responsible for purchases, adding/modifying vendor files, approving electronic disbursements of funds, and mailing payments.

**Response:** Due to the size of the Company it is not cost effective to staff the personnel needed for the segregation of duties. Checks written require two signatures and all purchases are reviewed by at least one other person than the one that makes the purchase request.

- C. **Procedure:** 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 above, as applicable.

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

- D. **Procedure:** 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.*

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

#### 6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

---

- A. **Procedure:** Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase 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.

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

- B. **Procedure:** 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 instances requiring such approval that may constrain the legal authority of certain public officials, such as the 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.

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

- C. **Procedure:** Using the monthly statements or combined statements selected under procedure #6B 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 (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that 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 observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

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

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

---

- A. **Procedure:** 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 and 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 that 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](http://www.gsa.gov));
  - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
  - iii. Observe that 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 Policies and Procedures procedure #1A(vii); and
  - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

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

## ***8) Contracts***

---

- A. **Procedure:** 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. *Alternatively, 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 that 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 that the invoice and related payment agreed to the terms and conditions of the contract.

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

## 9) *Payroll and Personnel*

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- A. **Procedure:** 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.

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

- B. **Procedure:** Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and:
  - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
  - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
  - iii. Observe that 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 agrees to the authorized salary/pay rate found within the personnel file.

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

- C. **Procedure:** 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 and 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’s or official’s cumulative leave records, agree the pay rates to the employee’s or official’s authorized pay rates in the employee’s or official’s personnel files, and agree the termination payment to entity policy.

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

- D. **Procedure**: 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.

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

## 10) *Ethics*

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- A. **Procedure**: 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 that 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 that each employee and official were notified of any changes to the entity’s ethics policy during the fiscal period, as applicable

**Results**: One employee was found to not have completed one hour of ethics training for 2023.

**Management’s Response**: It appears that he took the training twice in 2022. We will make sure all employees complete the training each year.

- B. **Procedure**: Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

**Results**: No findings noted as a result of applying the above agreed-upon procedures

## 11) *Fraud Notice*

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- A. **Procedure**: 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.

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

- B. **Procedure**: Observe that 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.

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

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

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A. **Procedure**: Perform the following procedures:

- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence 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 there is no written documentation, then 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.

**Results**: We performed the above agreed-upon procedure and discussed the results with management of Harvey Volunteer Fire Company No. 2.

B. **Procedure**: Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

**Results**: We performed the above agreed-upon procedure and discussed the results with management of Harvey Volunteer Fire Company No. 2.

C. **Procedure**: Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

- Hired before June 9, 2020 – completed the training; and
- Hired on or after June 9, 2020 – completed the training within 30 days of initial service or employment.

**Results**: We performed the above agreed-upon procedure and discussed the results with management of Harvey Volunteer Fire Company No. 2.

We were engaged by the Harvey Volunteer Fire Company No. 2 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 Harvey Volunteer Fire Company No. 2 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, Huganues, Hogan & Rotter LLP*

New Orleans, Louisiana