

FINANCIAL REPORT  
MARRERO-HARVEY VOLUNTEER  
FIRE COMPANY NO. 1  
DECEMBER 31, 2019 AND 2018

MARRERO-HARVEY VOLUNTEER  
FIRE COMPANY NO. 1

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DECEMBER 31, 2019 AND 2018

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# Duplantier Hrapmann Hogan & Maher, LLP

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

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

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

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

## INDEPENDENT AUDITOR'S REPORT

June 26, 2020

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

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

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

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

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

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

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

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

Board of Directors  
Marrero-Harvey Volunteer Fire Company No. 1  
808 MacArthur Avenue  
Harvey, Louisiana 70058

### Report on the Financial Statements

We have audited the accompanying financial statements of the Marrero-Harvey Volunteer Fire Company No. 1 (a Louisiana nonprofit organization) which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility 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; this includes 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Marrero-Harvey Volunteer Fire Company No. 1 as of December 31, 2019 and 2018, 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.

## **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 26, 2020, on our consideration of the Marrero-Harvey Volunteer Fire Company No. 1'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 the Marrero-Harvey Volunteer Fire Company No. 1's internal control over financial reporting and compliance.

***Duplantier, Hrapmann, Hogan & Maher, LLP***

New Orleans, Louisiana

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2019 AND 2018

ASSETS

	<u>2019</u>	<u>2018</u>
CURRENT ASSETS:		
Cash	\$ 3,694,491	\$ 3,857,367
Prepaid insurance	<u>18,541</u>	<u>15,814</u>
Total current assets	<u>3,713,032</u>	<u>3,873,181</u>
PROPERTY AND EQUIPMENT:		
(Net of accumulated depreciation of \$2,370,182 and \$2,226,939)	<u>1,756,358</u>	<u>3,573,547</u>
 TOTAL ASSETS	 <u>\$ 5,469,390</u>	 <u>\$ 7,446,728</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accrued payroll and withholdings	\$ 60,688	\$ 75,451
Accrued leave	<u>62,888</u>	<u>65,856</u>
Total current liabilities	<u>123,576</u>	<u>141,307</u>
NET ASSETS:		
Without donor restrictions	<u>5,345,814</u>	<u>7,305,421</u>
Total net assets	<u>5,345,814</u>	<u>7,305,421</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 5,469,390</u>	 <u>\$ 7,446,728</u>

See accompanying notes.

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
REVENUES AND OTHER SUPPORT:		
Eighth Fire Protection District Contract Fees:		
Ad valorem taxes	\$ 2,400,000	\$ 2,400,000
Operating subsidy/capital improvements	29,645	383,402
Fire insurance rebate	50,554	50,816
Donated firefighting services	57,110	65,366
Interest	89	2,939
Contributions and donations	4,029	7,283
Other income	132,063	56,203
Total revenues and other support	<u>2,673,490</u>	<u>2,966,009</u>
EXPENSES:		
Program services - firefighting	4,393,243	2,241,413
Supporting services - management and general	239,854	244,552
Total expenses	<u>4,633,097</u>	<u>2,485,965</u>
CHANGE IN NET ASSETS	(1,959,607)	480,044
NET ASSETS - BEGINNING OF YEAR	<u>7,305,421</u>	<u>6,825,377</u>
NET ASSETS - END OF YEAR	<u>\$ 5,345,814</u>	<u>\$ 7,305,421</u>

See accompanying notes.

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>PROGRAM SERVICES</u>	<u>SUPPORTING SERVICES</u>	
	<u>Firefighting</u>	<u>Management and General</u>	<u>Total</u>
EXPENSES:			
Accounting and legal	\$ -	\$ 17,734	\$ 17,734
Depreciation	145,923	16,214	162,137
Donated firefighting services	57,110	-	57,110
Dues and subscriptions	212	24	236
Firefighting supplies	39,882	-	39,882
Fuel	18,938	-	18,938
Insurance	460,859	51,207	512,066
Investigations	779	-	779
Loss on disposal of assets	541	-	541
Maintenance	112,461	-	112,461
Meals and consumables	7,068	-	7,068
Medical	10,265	1,141	11,406
Miscellaneous	32,917	3,657	36,574
New Station 80	2,116,511	-	2,116,511
Office supplies	-	5,001	5,001
Operating supplies	29,520	-	29,520
Payroll taxes	95,337	10,593	105,930
Radio	7,753	-	7,753
Retirement	27,161	3,018	30,179
Salaries and wages	1,148,242	127,582	1,275,824
Telephone	6,592	733	7,325
Utilities	26,560	2,951	29,511
Vehicles	48,611	-	48,611
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL	\$ <u>4,393,243</u>	\$ <u>239,854</u>	\$ <u>4,633,097</u>

See accompanying notes.

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>PROGRAM SERVICES</u>	<u>SUPPORTING SERVICES</u>	
	<u>Firefighting</u>	<u>Management and General</u>	<u>Total</u>
EXPENSES:			
Accounting and legal	\$ -	\$ 15,668	\$ 15,668
Bank charges	-	814	814
Depreciation	191,952	21,328	213,280
Donated firefighting services	65,366	-	65,366
Dues and subscriptions	667	74	741
Firefighting supplies	56,931	-	56,931
Fuel	19,711	-	19,711
Insurance	472,129	52,459	524,588
Investigations	471	-	471
Loss on disposal of assets	1,989	-	1,989
Maintenance	73,303	-	73,303
Meals and consumables	4,867	-	4,867
Medical	16,150	1,794	17,944
Miscellaneous	21,479	2,387	23,866
Office supplies	-	5,596	5,596
Operating supplies	14,682	-	14,682
Payroll taxes	104,048	11,561	115,609
Radio	1,827	-	1,827
Retirement	30,074	3,342	33,416
Salaries and wages	1,135,975	126,219	1,262,194
Telephone	6,103	678	6,781
Utilities	23,689	2,632	26,321
	<u>23,689</u>	<u>2,632</u>	<u>26,321</u>
 TOTAL	 <u>\$ 2,241,413</u>	 <u>\$ 244,552</u>	 <u>\$ 2,485,965</u>

See accompanying notes.

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (1,959,607)	\$ 480,044
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	162,137	213,280
Construction in progress completed and expensed	1,654,511	-
Loss on sale of property and equipment	541	1,989
(Increase) decrease in operating assets:		
Prepaid expenses	(2,727)	9,794
Increase (decrease) in operating liabilities:		
Accounts payable	-	(141,545)
Accrued leave	(2,968)	(12,458)
Accrued payroll and withholdings	(14,763)	35,097
Net cash (used) provided by operating activities	<u>(162,876)</u>	<u>586,201</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	<u>-</u>	<u>(1,415,102)</u>
Net cash used in investing activities	<u>-</u>	<u>(1,415,102)</u>
NET DECREASE IN CASH	(162,876)	(828,901)
CASH - BEGINNING OF YEAR	<u>3,857,367</u>	<u>4,686,268</u>
CASH - END OF YEAR	<u>\$ 3,694,491</u>	<u>\$ 3,857,367</u>

SUPPLEMENTAL CASH FLOW INFORMATION:

Cash paid for the following:

Interest	\$ <u>-</u>	\$ <u>-</u>
Income tax	\$ <u>-</u>	\$ <u>-</u>

See accompanying notes.

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

ORGANIZATION:

Marrero-Harvey Volunteer Fire Company No. 1 (the fire company) was established to provide firefighting and rescue services to a designated area of the Eighth Fire Protection District (a separate entity) of Jefferson Parish, Louisiana. In addition, the fire company provides fire code inspections for businesses within its district, as well as firefighting and rescue training for its members. The fire company maintains three fire stations and has approximately 25 paid employees and 8 volunteers. The fire company's main source of revenue comes from the contract with the Eighth Fire Protection District of Jefferson Parish. The current contract was adopted by Jefferson Parish Council on November 15, 2017, by resolution number 130389. The contract is for 10 years expiring on December 1, 2027.

The Eighth Fire Protection District contracts with the Marrero-Harvey Volunteer Fire Company No. 1 and other fire departments to carry out its mission of providing fire protection for the public within the geographical boundary of the area delineated as Fire Protection District No. 8 of Jefferson Parish.

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 follows:

Basis of Accounting and Financial Statement Presentation:

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

The fire 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. 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, 2019 and 2018, the fire company had only net assets without donor restrictions.

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

New Accounting Pronouncements:

During the year ended December 31, 2018, the fire company adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities (ASU 2016-14)*. This update addresses the complexity and understandability of net asset

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

New Accounting Pronouncements: (Continued)

classifications, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions.

As of January 1, 2019, the fire company adopted FASB Accounting Standards Update (ASU) 2014-09; *Revenue from Contracts with customers* ("ASC 606") which creates a single framework for recognizing revenue from contracts with customers that fall within its scope (see Note 5).

The fire company also adopted FASB ASU 2018-08, Not-For-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU establishes standards for characterizing grants and similar contracts with resource providers as either exchange transactions or conditional contributions (see Note 5).

The fire company has analyzed the provisions of FASB ASC Topic 606 and FASB ASU 2018-08 and has concluded that no changes are necessary to conform with the new standards. The adoption of ASC 606 and ASU 2018-08 did not result in a change in the prior year presentation; therefore, no cumulative effect adjustment was recorded.

Contributions and Donated Services:

In accordance with ASC 958-605, contributions received are recorded as with donor restriction and without donor restrictions support depending on the existence and nature of any donor restrictions.

ASC 958-605 provides that the value of donated services should be recognized in financial statements, if the services require specialized skills are provided by persons possessing those skills, and the services would be purchased if they were not donated.

The fire company's volunteer firefighters undergo extensive specialized training, and the firefighting services would have to be purchased if the services were not provided by volunteers. Accordingly, donated firefighting services are recognized in the financial statements at estimated fair value.

Revenues:

Revenue consists primarily of appropriations of ad valorem taxes and fire insurance rebate funds received from the Eighth Fire Protection District. Marrero-Harvey Volunteer Fire Company No. 1 receives a percentage of total funds available to the Eighth Fire Protection District based on

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Revenues (continued):

the formula contained in a contract agreed to by all participating fire departments in the district. These revenues are reported on the accrual basis of accounting. Other sources of revenues would include fund raising, contributions, and interest. These other sources of revenue are recorded when received.

Income Taxes:

The fire company is exempt from income taxes under Internal Revenue Code Section 501(c)(4) as a nonprofit organization. Accordingly, the financial statements do not reflect a provision for income taxes. The fire company's Federal Return of Organization Exempt from Income Tax (Form 990) for 2019, 2018 and 2017 are subject to examination by the IRS, generally for three years after they were filed.

Statement of Cash Flows:

For purposes of the statement of cash flows, the fire company has defined cash as cash in banks, money market accounts, and certificates of deposit with original maturities of three months or less.

Property and Equipment:

It is the fire company's policy to expense all assets purchased with appropriations from the Eighth Fire Protection District of Jefferson Parish, because they are owned by Eighth Fire Protection District of Jefferson Parish as stated in the contract between Eighth Fire Protection District of Jefferson Parish and the fire company. Assets purchased with other revenues are recorded as fixed assets when purchased.

Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as without donor restriction unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, Marrero-Harvey Volunteer Fire Company No.1 reports expirations of donor restrictions when the donated or acquired assets are placed in service as instruction by the donor.

Property and equipment are carried at cost. The fire company maintains a threshold level of \$1,000 or more for capitalizing fixed assets. Renewals and betterments that materially extend the life of the asset are capitalized. Upon retirement or disposal of an asset, the cost of the asset and the related accumulated depreciation are removed from the books. Any resulting gain or loss is included in the statement of activities. Straight-line depreciation is used. The assets are depreciated using the following useful lives:

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Property and Equipment (continued):

Vehicles	7 - 15 years
Furniture and fixtures	5 - 10 years
Firefighting equipment	7 - 25 years
Buildings and improvements	10 - 30 years

Accrued Leave:

Annual Leave

Employees earn and accumulate annual leave at various rates, depending on their years of service. The maximum amount of annual leave that may be accumulated in one year is 360 hours. A maximum of 216 hours of annual leave can be carried over to the next calendar year. Upon termination, employees are compensated for up to 576 hours of unused annual leave at the employee's hourly rate of pay at the time of termination.

The liability for accrued annual leave was \$62,888 and \$65,856 as of December 31, 2019 and 2018, respectively.

Sick Leave

Operators scheduled to work 50 or more hours per week earn sick leave. However, upon termination of employment for any reason, the employee will not be paid for any sick leave. Therefore, there is no accrual of sick leave recorded in the financial statements.

2. CASH:

At December 31, 2019 and 2018, the fire company maintained cash balances and savings accounts in several local banks. The bank balances and book balances as of December 31, 2019 and 2018 were as follows:

	2019		2018	
	<u>Book</u> <u>Balances</u>	<u>Bank</u> <u>Balances</u>	<u>Book</u> <u>Balances</u>	<u>Bank</u> <u>Balances</u>
Checking accounts	\$3,511,956	\$3,544,428	\$3,674,896	\$3,721,134
Savings accounts	182,535	182,549	182,471	182,458
Total cash	<u>\$3,694,491</u>	<u>\$3,726,977</u>	<u>\$3,857,367</u>	<u>\$3,903,592</u>

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1  
NOTES TO FINANCIAL STATEMENTS  
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2. CASH: (Continued)

The fire company's bank balances were entirely covered by FDIC insurance or pledged securities held by Capital One Bank in the name of the Marrero-Harvey Volunteer Fire Company No. 1 at December 31, 2019 and 2018, respectively.

3. PROPERTY AND EQUIPMENT:

Below is a summary of activity in the fire company's property and equipment accounts during the years ended December 31, 2019 and 2018:

	2019				
	Balance <u>1/1/2019</u>	<u>Additions</u>	<u>Deletions</u>	Completed <u>Construction</u>	Balance <u>12/31/2019</u>
Land	\$ 89,218	\$ -	\$ -	\$ -	\$ 89,218
Buildings	725,986	-	-	-	725,986
Vehicles	2,739,858	-	-	-	2,739,858
Firefighting equipment	548,818	-	(12,957)	-	535,861
Furniture and fixtures	42,095	-	(6,478)	-	35,617
Construction in progress	1,654,511	-	-	(1,654,511)	-
	<u>5,800,486</u>	<u>-</u>	<u>(19,435)</u>	<u>(1,654,511)</u>	<u>4,126,540</u>
Accumulated depreciation	(2,226,939)	(162,137)	18,894	-	(2,370,182)
Net property and equipment	<u>\$ 3,573,547</u>	<u>\$ (162,137)</u>	<u>\$ (541)</u>	<u>\$ (1,654,511)</u>	<u>\$ 1,756,358</u>

  

	Balance <u>1/1/2018</u>	<u>Additions</u>	<u>Deletions</u>	Completed <u>Construction</u>	Balance <u>12/31/2018</u>
Land	\$ 89,218	\$ -	\$ -	\$ -	\$ 89,218
Buildings	725,986	-	-	-	725,986
Vehicles	1,634,663	105,195	-	1,000,000	2,739,858
Firefighting equipment	593,801	4,815	(49,798)	-	548,818
Furniture and fixtures	36,825	5,270	-	-	42,095
Vehicle work in progress	1,000,000	-	-	(1,000,000)	-
Construction in progress	354,688	1,299,823	-	-	1,654,511
	<u>4,435,181</u>	<u>1,415,103</u>	<u>(49,798)</u>	<u>-</u>	<u>5,800,486</u>
Accumulated depreciation	(2,061,467)	(213,280)	47,808	-	(2,226,939)
Net property and equipment	<u>\$ 2,373,714</u>	<u>\$1,201,823</u>	<u>\$ (1,990)</u>	<u>\$ -</u>	<u>\$ 3,573,547</u>

Depreciation expense totaled \$162,137 and \$213,280 during the years ended December 31, 2019 and 2018, respectively.

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

3. PROPERTY AND EQUIPMENT: (Continued)

Jefferson Parish owns the Station 81 buildings, which the fire company has been allowed to use at no cost under a verbal agreement with no established termination date. Jefferson Parish also owns the 2011 Pierce Pumper E-818 and the Pierce Pumper S-819. The fire company uses the trucks as part of the contract with Jefferson Parish.

On September 30, 2016, the fire company entered into a Cooperative Endeavor Agreement with the Eighth Fire Protection District of Jefferson Parish, Louisiana, for the purchase of a Pierce-Arrow XT 105-foot ladder truck to be used for firefighting services to and to provide fire prevention and protection services to benefit the citizens of Jefferson Parish. The Eighth Fire Protection District of Jefferson Parish provided \$1,000,000 for the purchase of the ladder truck. A balance of \$94,902 was due when the ladder truck was delivered to the fire company. The ladder truck was delivered to the fire company in 2018.

The fire protection agreement with Jefferson Parish effective November 15, 2017, states that any acquisitions of immovable property or building, vehicles, equipment or apparatus purchased by the fire company with public funds shall be the property of Jefferson Parish.

During the years 2018 and 2019, the fire company paid a total of \$2,116,511, for the construction of the station 80. The amount is reported in the program expenses for the year ended December 31, 2019. Jefferson Parish owns the Station 80 building, which the fire company has been allowed to use at no cost under a verbal agreement with no established termination date.

During the year 2019, the fire station purchased a vehicle with a value of \$48,611. This amount is reported in the program expenses for the year ended December 31, 2019.

4. DONATED SERVICES:

Volunteer firefighters of the fire company responded to 1,267 and 1,307 calls for service during 2019 and 2018, respectively. The value of these volunteer services is computed using the minimum hourly pay for the fire company's paid personnel during the year, multiplied by an average response duration of 1.25 and 1.25 hours during 2019 and 2018, respectively, with the result multiplied by the number of volunteers per call. The minimum hourly pay was \$11 and \$12.50 per hour for 2019 and 2018, respectively. The hours provided by officers approximated 2,444 and 2,444 at an hourly rate of \$11 and \$12.50 for 2019 and 2018, respectively. The hours provided by captains and assistant chiefs approximated 1,560 and 1,560 at an hourly rate of \$11 and \$12.50 for 2019 and 2018, respectively. The total resulting values for volunteer firefighting services of \$57,110 and \$65,366 for the years ended December 31, 2019 and 2018, respectively, is reported as revenue and firefighting expense.

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

4. DONATED SERVICES (Continued):

This value should be recognized as the minimum value of volunteer services, as it includes only the time volunteers were actually responding to calls for assistance. No value has been placed on overtime or downtime maintenance. The actual cost of replacing the fire company's volunteers with paid firefighters would be significantly higher.

All members of the Board of Directors serve without compensation.

5. REVENUES:

Substantially all of the fire company's public support is derived from funds provided by Jefferson Parish to provided firefighting and rescue services to the designated area of the Eighth Fire Protection District and is considered to be an exchange transaction within the scope of ASC Topic 606, *Revenue from Contracts with Customers*. The fire company receives a portion of the ad valorem taxes assessed within the Eighth Fire Protection District of Jefferson Parish, as well as additional funding from the fire insurance rebates. Revenue is recognized in the month which the funds are received. The fire station recognized revenues received from ad valorem taxes and used for operations under this contract totaled \$2,400,000 and \$2,400,000 for the years ended December 31, 2019 and 2018, respectively. The fire company also received annually insurance rebate from the State of Louisiana through Jefferson Parish. The amount received is based on the number of homes within the fire district. The revenue received from insurance rebates totaled \$50,554 and \$50,816 for 2019 and 2018, respectively.

6. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The fire 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, 2019, financial assets available for expenses within one year of the statement of financial position date consist of cash and cash equivalents in the amount of \$3,694,491. As of December 31, 2018, financial assets available for expenses within one year of the statement of financial position date consist of cash and cash equivalents in the amount of \$3,857,367.

7. RETIREMENT PLAN:

The fire company has a contributory retirement plan covering all paid employees with at least one year of service. Eligible employees must contribute 3% of their gross salary to be eligible for employer matching contributions. The fire company contributes 3% of participating employees' annual salaries. The retirement expense for the plan for the years ended December 31, 2019 and 2018, was \$30,179 and \$33,416, respectively.

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

8. 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 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 fire company, the funds are not included in these financial statements.

9. 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.

10. SUBSEQUENT EVENTS:

The fire company has evaluated subsequent events through June 26, 2020, the date which the financial statements were available to be issued. A novel strain of coronavirus was reported in Louisiana in March 2020, and continues to spread throughout the United States. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which could possibly impact the fire company. The related financial impact and duration cannot be reasonably estimated at this time.

## SUPPLEMENTARY INFORMATION

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS  
TO AGENCY HEAD  
FOR THE YEAR ENDED DECEMBER 31, 2019

**Agency Head Name:**

**Don Robertson, Fire Chief**

<b><u>Purpose</u></b>	<b><u>Amount</u></b>
Salary	\$ 103,548
Benefits - insurance	24,992
Benefits - retirement	3,106
Per diem	-
	\$ <u><u>131,646</u></u>



# Duplantier Hrapmann Hogan & Maher, LLP

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

Felix J. Hrapmann, Jr., CPA  
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(1920-1996)

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

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

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

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

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

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

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

June 26, 2020

To the Board of Directors  
Marrero-Harvey Volunteer Fire Company No. 1

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Marrero-Harvey Volunteer Fire Company No. 1 (a Louisiana nonprofit organization), which comprise the statement of financial position as of December 31, 2019, 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 26, 2020.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Marrero-Harvey Volunteer Fire Company No. 1's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Marrero-Harvey Volunteer Fire Company No. 1's internal control. Accordingly, we do not express an opinion on the effectiveness of the Marrero-Harvey Volunteer Fire Company No. 1's internal control.

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Marrero-Harvey Volunteer Fire Company No. 1's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Marrero-Harvey Volunteer Fire Company No. 1'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 Marrero-Harvey Volunteer Fire Company No. 1'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

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2019

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of the Marrero-Harvey Volunteer Fire Company No. 1 for the year ended December 31, 2019 was unmodified.
2. Internal Control  
Material weaknesses: none noted  
Significant deficiencies: none noted
3. Compliance  
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

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1  
STATUS OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2019

SUMMARY OF PRIOR YEAR FINDINGS:

None noted

MARRERO-HARVEY VOLUNTEER  
FIRE COMPANY NO. 1

INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

DECEMBER 31, 2019

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1

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# Duplantier Hrapmann Hogan & Maher, LLP

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

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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

June 26, 2020

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

Board of Directors  
Marrero-Harvey Volunteer Fire Company No. 1 and  
the Louisiana Legislative Auditor

Robynn P. Beck, CPA  
John P. Butler, CPA  
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**New Orleans**  
1615 Poydras Street,  
Suite 2100  
New Orleans, LA 70112  
Phone: (504) 586-8866  
Fax: (504) 525-5888

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

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

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

We have performed the procedures enumerated below, which were agreed to by the Marrero-Harvey Volunteer Fire Company No. 1 (the Company) and the Louisiana Legislative Auditor, on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures (SAUPs) for the year ended December 31, 2019. The Company's management is responsible for the control and compliance areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

### Written Policies and Procedures

- 1) We obtained the entity's written policies and procedures and determined whether those written policies and procedures addressed each of the following financial/business functions, as applicable:
  - a) Budgeting, including preparing, adopting, monitoring, and amending the budget.

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- 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, including receiving, recording, and preparing deposits, and management's actions to determine the completeness of all collections for each type of revenue.
- e) Payroll/personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage
- h) Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) AUP d1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) Debt Service, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) 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.

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

1. The Company's policy did not include when periodic testing/verification of backups are being performed.

Management's response:

The Board of Directors of Marrero Harvey Vol. Fire Co.#1 will make operational changes to better fulfill the requirements set forth by the Louisiana Legislative Auditor.

**Ethics**

- 2) Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete.

Results: No findings were noted as a result of applying the procedures.

- 3) Using the 5 randomly selected employees/officials above, obtain ethics documentation from management, and:
  - a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she read the entity's ethics policy during the fiscal period

Results: No findings were noted as result of applying the procedures.

We were not engaged to and did not conduct an examination or review, 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.

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

***Duplantier, Hrapmann, Hogan & Maher, LLP***

New Orleans, Louisiana