

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

**FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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**INDEPENDENT AUDITOR'S REPORT**

To the President and Board of Directors  
Terrytown Fifth District Volunteer Fire Department, Inc.  
341 Heritage Avenue  
Terrytown, LA 70056

I have audited the accompanying financial statements of the Terrytown Fifth District Volunteer Fire Department, Inc. (a non-profit organization), which comprise the statements of financial position as of June 30, 2020, the related statements of activities, cash flows, and functional expenses for the year 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**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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, I 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## **Opinion**

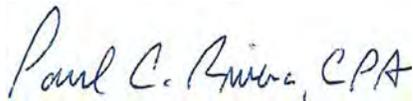
In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Terrytown Fifth District Volunteer Fire Department, Inc. as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

My audit was made for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Revenues and Expenses – Public Fund, which is included in the Supplementary Information Section on page 19, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate 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 or 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 my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, I have also issued a report dated October 7, 2020, on my consideration of the Terrytown Fifth District Volunteer Fire Department Inc.'s internal control over financial reporting and on my 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 my 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 Terrytown Fifth District Volunteer Fire Department, Inc.'s internal control over financial reporting and compliance.



Marrero, Louisiana  
October 7, 2020

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

**STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2020**

	<u>2020</u>
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash in Banks and On-hand	\$ 2,319,403
Cash in Savings Accounts and Short-term Investments	401,388
Accounts Receivable	463,110
Total Current Assets	<u>3,183,901</u>
<b>PROPERTY AND EQUIPMENT</b>	
Land	33,928
Automobiles	-
Buildings and Improvements	3,531,137
Machinery and Equipment	1,318,429
Furniture and Fixtures	308,229
	<u>5,191,723</u>
Less: Accumulated Depreciation	<u>(3,312,322)</u>
Net Property and Equipment	<u>1,879,401</u>
<b>OTHER ASSETS</b>	
Meter Deposits	75
Prepays and Other Deposits	33,592
Total Other Assets	<u>33,667</u>
<b>TOTAL ASSETS</b>	<u>\$ 5,096,969</u>
<b>LIABILITIES</b>	
Accounts Payable	\$ 34,541
Accrued Salary Related Costs	5,453
Compensated Absences	142,388
TOTAL LIABILITIES	<u>182,382</u>
<b>NET ASSETS</b>	
Without Donor Restrictions	664,561
With Donor Restrictions	4,250,026
	<u>4,914,587</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 5,096,969</u>

The accompanying notes are an integral part of these statements.

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

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Intergovernmental Contributions			
Jefferson Parish Millage Allocation - Operating	\$ -	\$ 3,090,000	\$ 3,090,000
Jefferson Parish Millage Allocation - Capital	-	1,293,882	1,293,882
State Fire Insurance Rebate	-	101,038	101,038
Other Contributions			
Voluntary Contributions from Businesses and Individuals	33,507	-	33,507
Ladie's Auxillary	500	-	500
Grants			
FEMA Grant	104,401	127,638	232,039
CARES Act Funding	-	463,110	463,110
Miscellaneous Income	997	250,678	251,675
Net Assets Released From Restrictions:			
Net Assets Released from Restrictions for Fire District Operations	4,824,995	(4,824,995)	-
<b>Total Revenues</b>	<u>4,964,400</u>	<u>501,351</u>	<u>5,465,751</u>
<b>EXPENSES</b>			
Administrative Costs	51,592	-	51,592
Firefighting Costs	4,786,540	-	4,786,540
Fundraising Expenses	4,768	-	4,768
<b>Total Expenses</b>	<u>4,842,900</u>	<u>-</u>	<u>4,842,900</u>
<b>INCREASE (DECREASE) IN NET ASSETS FROM OPERARATIONS</b>	121,500	501,351	622,851
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment Return	994	11,873	12,867
<b>INCREASE (DECREASE) IN NET ASSETS</b>	122,494	513,224	635,718
<b>NET ASSETS - BEGINNING OF YEAR</b>	542,067	3,736,802	4,278,869
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 664,561</u>	<u>\$ 4,250,026</u>	<u>\$ 4,914,587</u>

The accompanying notes are an integral part of these statements.

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

**STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2020**

	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Change in Net Assets	\$ 622,851
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	221,466
Loss on disposal of equipment	25,068
Changes in operating assets and liabilities:	
Accounts receivable	(461,500)
Prepays and other	(5,308)
Contributions receivable	-
Accounts payable	8,663
Accrued salaries and related costs	132
Compensated absences payable	25,440
Net Cash Provided By (Used In) Operating Activities	<u>436,812</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Purchase of fixed assets	(1,464,249)
Transfer/Donation of fixed assets to Jefferson Parish	1,296,572
Interest earned on investments	12,867
Net Cash Provided By (Used In) Investing Activities	<u>(154,810)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>282,002</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>2,438,789</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 2,720,791</u></b>
<b>NON-CASH ACTIVITIES:</b>	
Acquisition of property through donations	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

TERRYTOWN FIFTH DISTRICT VOLUNTEER FIRE DEPARTMENT, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2020

	ADMINISTRATIVE	FIREFIGHTING	FUNDRAISING	TOTAL
<b>PAYROLL AND RELATED COSTS</b>				
Labor - Salaries/Wages	\$ 23,937	\$ 1,796,378	\$ -	\$ 1,820,315
Payroll Taxes	1,960	147,126	-	149,086
Pension Plan	830	62,320	-	63,150
Insurance - Employees (Health, Life, Dental)	4,145	311,089	-	315,234
Insurance - Workmen's Comp Insurance	4,613	346,153	-	350,766
Medical - Physicals and Drug Tests	261	19,615	-	19,876
	<u>35,746</u>	<u>2,682,681</u>	<u>-</u>	<u>2,718,427</u>
<b>FIREFIGHTING AND STATION EXPENSES</b>				
Cable and Internet	324	24,339	-	24,663
Bunker Gear	-	44,992	-	44,992
Emergency Operations	-	5,783	-	5,783
Fire Prevention	-	14,986	-	14,986
Lawn Equipment Repairs	35	2,604	-	2,639
Medical Supplies	-	3,167	-	3,167
Pest Control	35	2,589	-	2,624
Photo Lab	-	555	-	555
Repairs and Maintenance - Firehouses	-	36,727	-	36,727
Repairs and Maintenance - Residences	-	4,585	-	4,585
Supplies - Cleaning	-	1,387	-	1,387
Training	-	8,161	-	8,161
Uniforms and Badges	-	14,411	-	14,411
Utilities and Telephones - Firehouses - Heritage	332	24,929	-	25,261
Utilities and Telephones - Firehouses - Other	-	26,338	-	26,338
Utilities and Telephones - Residences	-	1,233	-	1,233
	<u>726</u>	<u>216,786</u>	<u>-</u>	<u>217,512</u>
<b>VEHICLE AND EQUIPMENT EXPENSES</b>				
Fuel	-	23,230	-	23,230
Insurance - Vehicles	19	1,459	-	1,478
Repairs and Maintenance - Vehicles and Equipment	-	143,382	-	143,382
	<u>19</u>	<u>168,071</u>	<u>-</u>	<u>168,090</u>
<b>OPERATING AND ADMINISTRATIVE EXPENSES</b>				
Accounting and Auditing	175	13,146	-	13,321
Advertising and Promotion	1,006	-	-	1,006
Bank Charges	-	-	-	-
Conferences and Travel	79	5,913	-	5,992
Depreciation Expense	2,912	218,554	-	221,466
Donations	-	-	-	-
Dues and Subscriptions	4,232	-	-	4,232
Incentive Program	11	862	-	873
Information and Technology	198	14,844	-	15,042
Insurance - General	1,198	89,880	-	91,078
Ladies Auxillary Costs	-	-	1,964	1,964
Legal	183	13,761	-	13,944
Licenses and Taxes	10	-	-	10
Loss on Disposal of Assets	-	25,068	-	25,068
Meetings	15	1,159	-	1,174
Membership	64	4,805	-	4,869
Miscellaneous	1	66	-	67
Office and Supplies	3,983	-	-	3,983
Postage	576	-	-	576
Supplies - Other	452	33,889	-	34,341
Voluntary Contribution Costs	-	-	2,804	2,804
Wellness and Fitness Program Costs	6	483	-	489
	<u>15,101</u>	<u>422,430</u>	<u>4,768</u>	<u>442,299</u>
<b>INTERGOVERNMENTAL DONATION</b>				
Donation of Vehicles to Parish	-	1,296,572	-	1,296,572
	<u>-</u>	<u>1,296,572</u>	<u>-</u>	<u>1,296,572</u>
	<u>\$ 51,592</u>	<u>\$ 4,786,540</u>	<u>\$ 4,768</u>	<u>\$ 4,842,900</u>

The accompanying notes are an integral part of these statements.

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Nature of Activities**

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

**Basis of Presentation**

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measure of Operations**

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

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

**Contributions**

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

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

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents**

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

**Investments**

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

**Property and Equipment**

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

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

**Prepays and Other Deposits**

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

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Donated Services, Goods and Facilities**

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

**Compensated Absences**

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

**Income Taxes**

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

**Use of Estimates**

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

**Reclassifications**

Certain amounts in 2020 may have been classified differently from how they were presented in 2019 to conform to management's current presentation format.

**Subsequent Events**

The Fire Department's management has evaluated subsequent events through October 7, 2020, which is the date the financial statements were available to be issued.

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**2. CASH AND CASH EQUIVALENTS**

**Cash and Cash Equivalents**

Cash and cash equivalents totaled \$2,720,791 at June 30, 2020 (including \$2,318,853 in cash and checking accounts, \$401,388 in certificates of deposit, and \$550 in petty cash). The following is a schedule of cash (book) balances reported in financial institutions at June 30, 2020:

<u>Bank/Description</u>	<u>Maturity Date</u>	<u>Checking and Savings</u>	<u>Certificates of Deposit</u>	<u>Total</u>
<b>Cash In Banks:</b>				
Capital One Bank				
Special (Public) Account - Checking	n/a	\$ 1,803,118	\$ -	\$ 1,803,118
Special (Public) Account - Payroll	n/a	41,539	-	41,539
Regular (Private) Checking	n/a	469,130	-	469,130
		<u>2,313,787</u>	<u>-</u>	<u>2,313,787</u>
Gulf Coast Bank and Trust				
Ladies Auxillary Account	n/a	5,066	-	5,066
		<u>\$ 2,318,853</u>	<u>\$ -</u>	<u>\$ 2,318,853</u>
Plus Petty Cash				550
Total Cash in Banks and On-hand				<u>\$ 2,319,403</u>
<b>Savings and Certificates of Deposit:</b>				
Ed Jones/Stanley Morgan Bank				
Certificate of Deposit	8/28/2020	\$ -	\$ 100,000	\$ 100,000
Eureka Homestead				
Certificate of Deposit	12/18/2020	-	58,252	58,252
Fifth District Homestead				
Certificate of Deposit	9/25/2020	-	64,388	64,388
Certificate of Deposit	5/20/2021	-	25,976	25,976
Gulf Coast Bank				
Certificate of Deposit	12/27/2020	-	77,772	77,772
Certificate of Deposit	2/21/2021	-	75,000	75,000
Total Savings Accounts and Certificates of Deposit		<u>-</u>	<u>401,388</u>	<u>401,388</u>
Total Cash and Cash Equivalents in Financial Institutions		<u>\$ 2,318,853</u>	<u>\$ 401,388</u>	2,720,241
Plus Petty Cash				550
Total Cash and Cash Equivalents				<u>\$ 2,720,791</u>

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**2. CASH AND CASH EQUIVALENTS (CONTINUED)**

**Pledged Securities**

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

As noted above, the Fire Department maintains cash balances and certificates of deposit at several financial institutions in the New Orleans area. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Interest bearing accounts with balances in excess of FDIC insurance at a financial institution are also secured by pledged securities held in joint custody at the Federal Reserve Bank, New Orleans in the Fire Department's name. At June 30, 2020, the book balances of cash and cash equivalents totaled \$2,720,791 and the bank balances of \$2,767,566 were entirely secured by FDIC insurance and/or pledged securities.

**3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

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

<b>Financial Assets at Year End:</b>	<u><b>2020</b></u>
Cash and cash equivalents	\$ 2,720,791
Accounts receivable	-
	<u><u>\$ 2,720,791</u></u>

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

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**4. PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2020 consisted of the following:

<u>Asset Category</u>	<u>2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Donations</u>	<u>2020</u>
Land	\$ 33,928	\$ -	\$ -	\$ -	\$ 33,928
Vehicles and Fire Trucks	-	1,296,572	-	(1,296,572)	-
Buildings and improvements	3,521,635	45,600	(36,098)	-	3,531,137
Machinery and equipment	1,213,355	114,382	(9,308)	-	1,318,429
Furniture and fixtures	300,535	7,694	-	-	308,229
	<u>5,069,453</u>	<u>1,464,248</u>	<u>(45,406)</u>	<u>(1,296,572)</u>	<u>5,191,723</u>
Less accumulated depreciation	(3,111,194)	(221,466)	20,338	-	(3,312,322)
Net Property and Equipment	<u>\$ 1,958,259</u>	<u>\$ 1,242,782</u>	<u>\$ (25,068)</u>	<u>\$ (1,296,572)</u>	<u>\$ 1,879,401</u>

Depreciation expense for the year ended June 30, 2020 was \$221,466. Donations of \$1,296,572 represent the transfer of department purchased vehicles (pumper trucks) to the Parish of Jefferson, in accordance with the contract (all fire-related vehicles must be titled in the Parish's name under the contract).

**5. COMPENSATED ABSENCES**

Compensated absences payable at June 30, 2020 totaled \$142,388.

**6. RESTRICTIONS ON NET ASSETS**

At June 30, 2020, net assets without donor restrictions totaled \$664,561 and the amount of net assets with donor restrictions totaled \$3,786,916. The net assets without donor restrictions are essentially made up of the private cash accounts (the regular account and the ladies auxiliary account, along with any related investments in CDs). The amounts held as net assets with donor restrictions are made up of the funds received from the Parish and deposited into the Special Account or the Payroll account, any related CDs, and any property and equipment purchased with those funds and dedicated to providing fire protection services under the contract, net of any related payables and accrued liabilities.

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**6. RESTRICTIONS ON NET ASSETS (CONTINUED)**

Net assets received and released from donor restrictions for the year are as follows:

	<b>Amounts Received</b>	<b>Net Assets Released</b>
Intergovernmental Contributions		
Jefferson Parish Millage Allocation - Operating	\$ 3,090,000	\$ 2,588,827
Jefferson Parish Millage Allocation - Capital	1,293,882	1,293,882
Grants		
FEMA Grants	127,638	127,638
CARES Act Funding	463,110	463,110
State Fire Insurance Rebate	101,038	100,860
Miscellaneous Income	250,678	250,678
	<u>\$ 5,326,346</u>	<u>\$ 4,824,995</u>

**7. INTERGOVERNMENTAL CONTRACTED SERVICES**

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

To fund the contract, the Parish levied an ad valorem tax of 19.09 mills for 2019 on the assessed valuation of properties within the Fifth Fire District to fund these operations (the millage rate was renewed by the voters on May 4, 2013 for 10 years). The taxes are received by the Parish in 2020 and are passed through to the Fire Department under this cooperative endeavor agreement in monthly installments, which represent the 1/12<sup>th</sup> of the estimated net proceeds of the millage levied annually. The revenues from this operating contract amounted to \$3,090,000 for 2020 and made up a substantial portion (61.8 percent) of the Fire Department's total revenues. The Fire Department also received a capital allocation from the same millage totaling \$1,293,882, which represented 25.9 percent of current year revenues.

**8. FUNCTIONAL ALLOCATION OF EXPENSES**

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

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**9. ADVERTISING COSTS**

Advertising costs are expensed as incurred. For the years ended June 30, 2020, advertising expense totaled \$1,006.

**10. PENSION PLAN**

The Fire Department has a non-standardized 401k Profit Sharing Plan. The plan allows individuals employed over six months who have completed 1,000 hours of service and have reached the age of 21 to defer up to 10 percent of their compensation, subject to limitations. The Fire Department makes non-forfeitable contributions of 5 percent of the compensation for those eligible employees that elect to participate in the plan by making salary reduction contributions. Pension plan contributions for the years ended June 30, 2020 were:

	<b>2020</b>			
Employee Contributions	\$ 80,301			
Employer Matching Contributions	60,534			
Employer Paid Admin Fees	2,353			
Plan Fidelity Bond	263			
Total Remittances	<u>\$ 143,451</u>			

**11. EXPENSES PAID BY OTHERS**

The full-time firefighters of the Fire Department who meet certain requirements receive supplemental pay from the State of Louisiana under the provisions of LRS 33:2002. The State pays this supplemental pay directly to the firefighters; therefore, the expense does not pass through these financial statements. State supplemental payments made to Fire Department employees totaled \$115,250 for the fiscal year ended June 30, 2020. The supplemental pay is included in the taxable income of the firefighters so that federal and state taxes may be applied.

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**12. COVID-19 PANDEMIC**

In early March 2020, the COVID-19 virus was declared a global pandemic, and unfortunately, it continues to spread rapidly throughout the United States. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, has been severely impacted for months, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. The virus was highly prevalent in the Jefferson Parish area from March through the end of May 2020. By mid to late March, the Governor and Parish President issued stay-at-home orders and other restrictions to the businesses and citizens of the Parish. As of the date of this report, some of these orders are still in place.

Management of the Fire Department is carefully monitoring the situation and evaluating its options during this time. Since most of its assets are short-term in nature, there is no effect on their fair value as of the date of this report. The various grants and contracts are also still in place, therefore, future funding for these activities do not appear to be in jeopardy at this time. Also, since the Fire Department's main revenue source is property taxes, it is not expected to be negatively impacted at this time. The 2019 tax roll has already been levied and the majority of funds have been collected by the Parish prior to this outbreak. The impact on the local economy, the assessed values of the tax rolls for 2020, and any future property tax levies will not be known until later in 2020 once the long-term impact of the pandemic is clearer. No adjustments have been made to these financial statements as a result of this uncertainty.

**13. CARES ACT FUNDING**

In response to the COVID-19 pandemic, the Federal Government passed the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). As part of the CARES Act, states and localities were to receive direct payments totaling \$3 billion. Louisiana's share totaled \$1.8 billion. The State allocated a portion of these funds to parishes and municipalities who have or will incur expenditures due to the public health emergency between the dates of March 27, 2020 and December 31, 2020. Through June 30, 2020, the Fire Department submitted costs of \$463,110 in COVID-19 related salaries and benefits. As of June 30, 2020, \$0- has been received and \$463,110 has been accrued as accounts receivable on the Statement of Financial Position. Reimbursement requests have been submitted and the funds have been received within 60 days subsequent to year end. As additional costs are incurred, they will be submitted for reimbursement. The Fire Department does not expect any additional ineligible costs at this time.

## **OTHER SUPPLEMENTARY INFORMATION**

TERRYTOWN FIFTH DISTRICT VOLUNTEER FIRE DEPARTMENT, INC.

SCHEDULE OF REVENUES AND EXPENDITURES - PUBLIC FUND  
FOR THE YEAR ENDED JUNE 30, 2020

	<u>2020</u>
<b>REVENUES</b>	
Jefferson Parish Millage Allocation - Operating	\$ 3,090,000
Jefferson Parish Millage Allocation - Capital	1,293,882
State Fire Insurance Rebate	101,038
Federal Grant - FEMA	127,638
Federal Grant - CARES Act	463,110
Investment Return	11,873
Miscellaneous Income	250,678
	<u>5,338,219</u>
<b>EXPENDITURES</b>	
<b>PAYROLL AND RELATED COSTS</b>	
Labor - Salaries/Wages	1,820,315
Payroll Taxes	149,086
Pension Plan	63,150
Insurance - Employees (Health, Life, Dental)	315,234
Insurance - Workmen's Comp Insurance	350,766
Medical - Physicals and Drug Tests	19,876
	<u>2,718,427</u>
<b>FIREFIGHTING AND STATION EXPENSES</b>	
Cable and Internet	24,663
Bunker Gear	44,992
Emergency Operations	5,783
Fire Prevention	14,986
Lawn Equipment Repairs	2,639
Medical Supplies	3,167
Pest Control	2,624
Photo Lab	555
Repairs and Maintenance - Firehouses	36,727
Repairs and Maintenance - Residences	1,485
Supplies - Cleaning	1,387
Training	8,161
Uniforms and Badges	14,411
Utilities and Telephones - Firehouses - Heritage	25,261
Utilities and Telephones - Firehouses - Other	26,338
Utilities and Telephones - Residences	1,233
	<u>214,412</u>
<b>VEHICLE AND EQUIPMENT EXPENSES</b>	
Fuel	23,230
Repairs and Maintenance - Vehicles and Equipment	141,916
	<u>165,146</u>
<b>OPERATING AND ADMINISTRATIVE EXPENSES</b>	
Accounting and Auditing	13,321
Advertising and Promotion	1,006
Bank Charges	-
Conferences and Travel	3,330
Depreciation Expense	221,466
Donations	-
Dues and Subscriptions	4,232
Incentive Program	873
Information and Technology	15,042
Insurance - General	91,078
Legal	13,944
Licenses and Taxes	10
Loss on Disposal of Assets	25,068
Meetings	1,174
Membership	742
Miscellaneous	66
Office and Supplies	3,845
Postage	411
Supplies - Other	34,341
Wellness and Fitness Program Costs	489
	<u>430,438</u>
<b>INTERGOVERNMENTAL DONATIONS</b>	
Donation of Fire Trucks to Parish	1,296,572
	<u>1,296,572</u>
<b>TOTAL EXPENDITURES</b>	<u>4,824,995</u>
<b>NET REVENUES (EXPENDITURES)</b>	<u>\$ 513,224</u>

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

**SCHEDULE OF COMPENSATION AND OTHER PAYMENTS  
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER  
FOR THE YEAR ENDED JUNE 30, 2020**

Agency Head Name/Title:	<u>J. Austin Fellows, President</u>	
<u>Purpose</u>	<u>Amount</u>	
Salary	(1) \$	-
Benefits - Insurance (Group Health)		-
Benefits - Retirement		-
Benefits - Other		-
Payroll Taxes		-
Car Allowance		-
Vehicle Provided by Agency		No
Dues	(2)	175
Per Diem	(3)	1,226
Reimbursements		-
Travel (mileage, fuel, etc)		361
Telephone (cellphone)		-
Registration Fees	(4)	183
Conference Travel	(5)	1,219
Continuing Professional Education Fees		-
Housing		-
Unvouchered Expenses		-
Special Meals		-

**Notes to Schedule:**

- (1) The President serves in a voluntary capacity and receives no salary.
- (2) The Fire Department pays the President's dues to be a member of certain firefighting organizations.
- (3) Per diem includes payments for meal per diems related to attending conferences.
- (4) Registration fees for various firefighting association conferences and workshops.
- (5) Conferrence travel includes hotel costs and parking fees for attending various conferences (such as LSFA Convention) on behlaf of the Fire Department.

**REPORTS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

**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**

To the President and Board of Directors  
Terrytown Fifth District Volunteer Fire Department, Inc.  
Terrytown, Louisiana

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Terrytown Fifth District Volunteer Fire Department, Inc. (the Fire Department), a non-profit entity, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Fire Department's basic financial statements, and have issued my report thereon dated October 7, 2020.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing my audit of the financial statements, I considered the Fire Department's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fire Department's internal control. Accordingly, I do not express an opinion on the effectiveness of the Fire Department's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Fire Department's financial statements will not be prevented, or detected and corrected in 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.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be a material weakness. However, material weaknesses may exist that have not been identified. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses, that I consider to be significant deficiencies in internal control (See Findings SD# 20-01 and SD # 20-02).

### **COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether the Fire Department's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion.

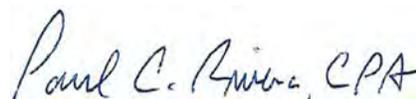
The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

### **FIRE DEPARTMENT'S RESPONSES TO FINDINGS**

The Fire Department's responses to the findings identified in my audit are described in the accompanying Schedule of Findings and Responses. The Fire Department's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

### **PURPOSE OF THIS REPORT**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fire Department's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
October 7, 2020

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

**SCHEDULE OF FINDINGS AND RESPONSES  
For the Year Ended June 30, 2020**

I have audited the financial statements of the Terrytown Fifth District Volunteer Fire Department, Inc. (the Fire Department) as of and for the year ended June 30, 2020, and have issued my report thereon dated October 7, 2020. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2020 resulted in an unqualified opinion.

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

- The auditor's report expresses an unqualified opinion on the financial statements of the Fire Department for the fiscal year ended June 30, 2020.
- Two significant deficiencies disclosed during the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. These items are discussed in detail below. No material weaknesses were reported.
- No instances of noncompliance material to the financial statements of the Fire Department were disclosed during the audit.
- The Fire Department was not subject to a Single Audit under OMB's Uniform Guidance Circulars.
- No separate written management letter was issued for the year ended June 30, 2020.

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**SIGNIFICANT DEFICIENCIES**

**SD Comment # 20-01 - Inadequate Segregation of Duties**

Condition - I noted that the size of the Fire Department's operations is too small to provide for an adequate segregation of duties. The Fire Department's Treasurer is charged with most of the responsibilities relating to the cash receipts, cash disbursements, payroll and financial reporting cycles. The Fire Department does, however, have various controls in place which tend to mitigate this problem, including (1) having another person review and initial all bank reconciliations, (2) requiring dual signatures on all checks, (3) requiring the presentation of actual versus budget reports on a monthly basis, and (4) the use of an outside bookkeeping firm to post and generate the general ledgers.

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

**SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
For the Year Ended June 30, 2020**

**SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)**

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

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

**SD Comment # 20-02 - Preparation of Financial Statements by Auditor**

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

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

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

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

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

**SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
For the Year Ended June 30, 2020**

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

Not Applicable

**SECTION IV - STATUS OF PRIOR YEAR FINDINGS**

The status of findings and questioned costs noted in prior years is noted below:

**FINANCIAL STATEMENT FINDINGS**

<b>Prior Year Comment No.</b>	<b>Description</b>	<b>Status</b>
SD # 19-01	Inadequate segregation of duties.	Not Yet Resolved. See CY SD Comment # 20-01
SD # 19-02	Preparation of financial statements is done by external auditor.	Not Yet Resolved. See CY SD Comment # 20-02

{END OF REPORT}