

**PRAIRIEVILLE VOLUNTEER FIRE DEPARTMENT, INC.**  
Prairieville, Louisiana

**FINANCIAL REPORT**

December 31, 2018 and 2017

**PRAIRIEVILLE VOLUNTEER FIRE DEPARTMENT, INC.**  
Prairieville, Louisiana

**TABLE OF CONTENTS**

December 31, 2018 and 2017

	<u>Exhibit</u>	<u>Page</u>
<b>INDEPENDENT AUDITORS' REPORT</b>		1
<b>FINANCIAL STATEMENTS</b>		
Statements of Financial Position	A	3
Statements of Activities	B	4
Statements of Cash Flows	C	5
Notes to Financial Statements	D	6
<b>SUPPLEMENTARY INFORMATION</b>	<u>Schedule</u>	
Schedule of Compensation, Benefits and Other Payments to Agency Head	1	12
<b>INDEPENDENT AUDITORS' REPORT REQUIRED BY GOVERNMENTAL AUDITING STANDARDS</b>		
Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		13
Schedule of Findings and Responses		15
Summary of Prior Year Findings and Responses		18



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Prairieville Volunteer Fire Department, Inc.  
Prairieville, Louisiana

### *Report on the Financial Statements*

We have audited the accompanying financial statements of **PRAIRIEVILLE VOLUNTEER FIRE DEPARTMENT, INC.** (a non-profit organization) (Department), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and cash flows 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 the financial statements in accordance with accounting principles generally accepted in the United States of America; this responsibility 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.

### *Auditors' 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 opinions.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Department as of December 31, 2018 and 2017, respectively, and the changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

***Other Matters***

***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Compensation, Benefits and Other Payments to Agency Head on page 12 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2019 on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

*Faulk & Winkley, LLC*  
Certified Public Accountants

Baton Rouge, Louisiana  
May 3, 2019

**PRAIRIEVILLE VOLUNTEER FIRE DEPARTMENT, INC.**

Prairieville, Louisiana

**STATEMENTS OF FINANCIAL POSITION**

December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents	\$ 520,347	\$ 532,096
Investments - certificates of deposit	70,438	70,438
Due from Ascension Parish Government	40,596	40,997
Prepaid expenses	<u>5,280</u>	<u>-</u>
Total current assets	636,661	643,531
<b>PROPERTY AND EQUIPMENT, net</b>	<u>160,286</u>	<u>128,382</u>
Total assets	<u>\$ 796,947</u>	<u>\$ 771,913</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 9,711	\$ 5,357
<b>NET ASSETS</b>		
Without donor restrictions	787,236	739,886
With donor restrictions	<u>-</u>	<u>26,670</u>
Total net assets	<u>787,236</u>	<u>766,556</u>
Total liabilities and net assets	<u>\$ 796,947</u>	<u>\$ 771,913</u>

The accompanying notes to the financial statements  
are an integral part of this statement.

**PRAIRIEVILLE VOLUNTEER FIRE DEPARTMENT, INC.**  
Prairieville, Louisiana

**STATEMENTS OF ACTIVITIES**

For the years ended December 31, 2018 and 2017

	2018			2017		
	Without Restrictions	With Restrictions	Total	Without Restrictions	With Restrictions	Total
<b>REVENUES AND SUPPORT</b>						
Support from Ascension Parish Government	\$ 475,427	\$ -	\$ 475,427	\$ 468,859	\$ -	\$ 468,859
State fire insurance rebate	135,706	-	135,706	148,148	-	148,148
Private grant	-	-	-	-	26,670	26,670
Donations	5,351	-	5,351	6,665	-	6,665
Interest income	183	-	183	188	-	188
Total revenues and support	616,667	-	616,667	623,860	26,670	650,530
Net assets released from restrictions:						
Satisfaction of purpose restrictions	26,670	(26,670)	-	-	-	-
Total support and net assets released from restrictions	643,337	(26,670)	616,667	623,860	26,670	650,530
<b>EXPENSES</b>						
<b>Program services</b>						
Personnel costs	476,149	-	476,149	470,771	-	470,771
Firemen supplies	26,920	-	26,920	9,620	-	9,620
Training	14,237	-	14,237	7,897	-	7,897
<b>General and administration</b>						
Depreciation	44,675	-	44,675	35,777	-	35,777
Professional	18,528	-	18,528	14,020	-	14,020
Maintenance	3,736	-	3,736	4,541	-	4,541
Office supplies	4,924	-	4,924	2,698	-	2,698
Other	6,818	-	6,818	4,737	-	4,737
Total expenses	595,987	-	595,987	550,061	-	550,061
Change in net assets	47,350	(26,670)	20,680	73,799	26,670	100,469
<b>NET ASSETS</b>						
Beginning of year	739,886	26,670	766,556	666,087	-	666,087
End of year	\$ 787,236	\$ -	\$ 787,236	\$ 739,886	\$ 26,670	\$ 766,556

The accompanying notes to the financial statements  
are an integral part of this statement.

**PRAIRIEVILLE VOLUNTEER FIRE DEPARTMENT, INC.**

Prairieville, Louisiana

**STATEMENTS OF CASH FLOWS**

For the years ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 20,680	\$ 100,469
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	44,675	35,777
Changes in operating assets and liabilities:		
Decrease (increases) in receivables	401	(20,320)
Increase in prepaid expenses	(5,280)	-
Increase (decrease) in accounts payable and payroll liabilities	<u>4,354</u>	<u>(2,561)</u>
Net cash provided by operating activities	64,830	113,365
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	<u>(76,579)</u>	<u>(43,270)</u>
Net (decrease) increase in cash	(11,749)	70,095
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>532,096</u>	<u>462,001</u>
End of year	<u>\$ 520,347</u>	<u>\$ 532,096</u>

The accompanying notes to the financial statements  
are an integral part of this statement.

**PRAIRIEVILLE VOLUNTEER FIRE DEPARTMENT, INC.**

Prairieville, Louisiana

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Operations**

Prairieville Volunteer Fire Department, Inc. (Department) is a non-profit corporation providing fire protection, emergency medical service, and hazardous materials handling to the citizens of Fire Protection District No. 3 in Ascension Parish.

**Basis of accounting**

The Department's accounts are maintained on the accrual basis. The significant accounting policies are described below to enhance the usefulness of the financial statements.

The Department reports information regarding their financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. During the year ended December 31, 2017, the Department had net assets with donor restrictions of \$26,670 to be used toward the purchase of fire protection equipment. In 2018, the Department satisfied these restrictions with the acquisition of fire protection equipment. The Department has no restrictions placed on net assets at December 31, 2018.

**New accounting pronouncement**

During the year ended December 31, 2018, the Department adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14 - *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU No. 2016-14). This Update addresses the complexity and understandability of net asset classification, 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. A key change required by ASU No. 2016-14 is the net asset classes used in these financial statements. 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. A footnote on liquidity has also been added (Note 6).

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts and related disclosures of the financial statements. Actual results could differ from those estimates. Estimates are used primarily when accounting for depreciation.

**Income taxes**

The Department is a not-for-profit organization that is exempt from income taxes under Section 501(c)(4) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

The Department follows the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740-10, *Accounting for Uncertainty in Income Taxes*. The Department's open audit periods are 2015 through 2018.

**Revenue recognition**

The Department is primarily funded by support from Ascension Parish Government, through a corporate endeavor agreement. Supplementary funding is provided by state fire insurance rebates, grants, and donations solicited from the general public, local businesses, and civic organizations, which are recognized as received.

**Cash and cash equivalents**

For purposes of the statement of cash flows, the Department considers cash in bank accounts as cash. Cash equivalents include investments with original maturities of three months or less. The Department has no cash equivalents at December 31, 2018 and 2017.

(continued)

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Investments, investment valuation and income recognition**

FASB ASC 820, *Fair Value Measurements*, establishes a framework for measuring fair value which provides a fair value hierarchy that prioritizes the sources of pricing information (inputs) to valuation techniques used to measure fair value. The highest priority is given to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets that the Department has the ability to access. The Department does not have any level 1 inputs at December 31, 2018 and 2017.

Level 2 – Inputs including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs that are unobservable and significant to the fair value measurement. The Department does not have any Level 3 inputs at December 31, 2018 and 2017.

Certificates of deposit are recorded at cost, which approximates fair market value using level 2 inputs.

### **Due from Ascension Parish Government (APG)**

Amounts due from APG are stated at the amount management expects to collect and consists of amounts for reimbursement of payroll and related benefit expenses through a cooperative endeavor agreement.

### **Fair value of financial instruments**

The carrying value of cash, due from APG and liabilities approximates fair value due to the short-term maturity of these instruments. Financial instruments are not held for trading purposes.

### **Property, equipment and depreciation**

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated service lives of the assets.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cost allocation**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program services and general and administrative expenses based on time allocation.

**Subsequent events**

In preparing the financial statements, the Department has evaluated events and transactions for potential recognition or disclosure through May 3, 2019, which is the date the financial statements were available to be issued.

**NOTE 2 - PROPERTY AND EQUIPMENT**

A summary of property and equipment, related service lives, and accumulated depreciation at December 31, 2018 and 2017, is as follows:

Description	Service Lives	2018	2017
Fire equipment	5 years	\$ 257,827	\$ 197,675
Furniture and fixtures	5 years	48,048	45,036
Leasehold improvements	15 years	75,712	65,072
Other equipment	5 - 7 years	22,949	20,174
Total		404,536	327,957
Less accumulated depreciation		(244,250)	(199,575)
Property and equipment, net		<u>\$ 160,286</u>	<u>\$ 128,382</u>

Depreciation expense was \$44,675 and \$35,777 for 2018 and 2017, respectively.

**NOTE 3 - CONCENTRATION OF CREDIT RISK**

The Department typically maintains cash and cash equivalents in local banks that may, at times, exceed the FDIC limits. Management believes that this risk is limited.

**NOTE 4 - RELATED PARTY TRANSACTIONS/ ECONOMIC DEPENDENCY**

Since the Department provides a service that would otherwise be provided by APG, APG provided financial support for payroll and related benefit expenses to the Department of \$475,427 and \$468,859 for 2018 and 2017, respectively.

Revenue derived from APG accounted for approximately 77% and 72% of total revenue in years 2018 and 2017, respectively; the loss of this significant support would have a material adverse effect on the Department.

The Department utilizes five firehouse facilities and fire apparatuses provided by APG. Governmental Accounting Standards Board (GASB) No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, requires only payments for payroll and related benefit expenses to be recorded when one entity provides non-cash support to another entity. The valuation relating to the utilization of these facilities are not reflected in the Statement of Activities as in-kind revenue and expenses.

**NOTE 5 - DEFERRED COMPENSATION PLAN**

The Department offers its employees a defined contribution plan (the Plan) created in accordance with Internal Revenue Code Section 457. The plan is administered by Nationwide Retirement Solutions, Inc. (Nationwide), who is the trustee of the Plan. The Plan, mandatory leave for all employees, requires them to defer a portion of their salary to future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. In accordance with the amended provisions of the Internal Revenue Code, all amounts deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, are solely the property and rights of the participants and their beneficiaries.

Under this program, employees must defer 4% of their wages and the Department contributes a matching contribution of 4%. For the years ended December 31, 2018 and 2017, employer contributions totaled \$18,016 and \$17,791, respectively.

**NOTE 6 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Department's financial assets available within one year of the balance sheet date for general expenditure are as follows.

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 520,347	\$ 532,096
Investments - certificates of deposit	70,438	70,438
Due from Ascension Parish Government	<u>40,596</u>	<u>40,997</u>
Total	<u>\$ 631,381</u>	<u>\$ 643,531</u>

The Department does not have any amounts with contractual or donor-imposed restrictions within one year of the balance sheet date at December 31, 2018 and 2017.

As part of the Department's liquidity management, the Department maintains sufficient cash funds throughout the year by the Ascension Parish Government providing financial support for payroll and related benefit expenses. In addition, the Department receives an annual 2% fire insurance rebate from APG that the Department uses to fund operations.

**NOTE 7 - RESTATEMENT OF CLASSIFICATION OF NET ASSETS**

As discussed in Note 1, the Department implemented ASU No. 2016-14 during 2018 and, as a result, was required to restate net assets for December 31, 2017 to address the complexity and understandability of net asset classifications. Net assets classifications have changed from temporarily restricted and unrestricted to with donor restrictions and without donor restrictions, respectfully. The adoption of this standard had no effect on the Department's net assets balance at December 31, 2017.

**PRAIRIEVILLE VOLUNTEER FIRE DEPARTMENT, INC.**  
Prairieville, Louisiana

**SCHEDULE OF COMPENSATION, BENEFITS AND  
OTHER PAYMENTS TO AGENCY HEAD**

December 31, 2018

**Agency Head:** Mark Stewart, Executive Director

*No compensation paid from public funds.*

**INDEPENDENT AUDITORS' REPORT REQUIRED BY  
*GOVERNMENTAL AUDITING STADARDS***

**INDEPENDENT AUDITORS' 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***

Board of Directors  
Prairieville Volunteer Fire Department, Inc.  
Prairieville, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of **PRAIRIEVILLE VOLUNTEER FIRE DEPARTMENT, INC. (DEPARTMENT)**, which comprise the statement of financial position as of December 31, 2018, and the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 3, 2019.

**Internal Control Over Financial Reporting**

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

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. We consider the deficiency described in the accompanying schedule of findings and responses as items 2018-001 and 2018-002 to be significant deficiencies.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 Department's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 *Governmental Auditing Standards*.

## **The Department's Response to Findings**

The Department's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Department's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## **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 entity'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.

This report is intended solely for the information and use of the Board of Directors and management, the Louisiana Legislative Auditor, and federal and state agencies, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

Baton Rouge, Louisiana  
May 3, 2019

*Faulk & Winkler, LLC*  
Certified Public Accountants

**PRAIRIEVILLE VOLUNTEER FIRE DEPARTMENT, INC.**

**SCHEDULE OF FINDINGS AND RESPONSES**

For the year ended December 31, 2018

**1) Summary of Auditor's Results:**

A) The type of report issued on the financial statements: **Unmodified opinion.**

B) A significant deficiency in internal controls was disclosed by the audit of financial statements: **2018-001, 2018-002.**

Material weakness: **None.**

C) Noncompliance which is material to the financial statements: **None.**

**2)** Findings relating to the financial statements reported in accordance with *Government Auditing Standards*: **2018-001, 2018-002.**

# PRAIRIEVILLE VOLUNTEER FIRE DEPARTMENT, INC.

## SUMMARY OF FINDINGS AND RESPONSES

For the year ended December 31, 2018

### 3) FINDINGS – FINANCIAL STATEMENT AUDIT

#### 2018-001 Preparation of Financial Statements

**Criteria:** Under U.S. generally accepted auditing standards, the auditors cannot be considered part of the Department's internal control structure.

**Condition:** The Department relies on its auditors to assist in the preparation of external financial statements and related disclosures.

**Cause:** The design of the Department's internal control structure does not include procedures to prepare external financial statements and related disclosures in conformity with U.S. generally accepted accounting principles.

**Effect:** The Department's internal financial statements and related supporting transactions may reflect a departure from generally accepted accounting principles.

**Recommendation:** Since the Department is satisfied with using its auditing firm to prepare the external financial statements and understands that this matter will continue to be reported. In regard to the Department's monthly financial reporting, we recommend that management review a basic financial statement that incorporates revenues with expenses.

**Views of responsible officials:** Management understands that this deficiency results from professional standards that have been adopted by the accounting profession; however, the Department will continue to use the auditing firm to prepare external financial statements.

#### 2018-002 Lack of Segregation of Duties

**Criteria:** Personnel responsible for preparing and approving transactions should be properly segregated from the duties of personnel responsible for recording and reconciling transactions in the accounting records.

**Condition:** Personnel responsible for preparing and approving transactions is also responsible for recording and reconciling transactions in the accounting records.

**Cause:** Due to size constraints, the Department has a limited number of employees involved in the accounting process.

**Effect:** The segregation of duties is not sufficient to have effective internal control over financial reporting.

## 2018-002 Lack of Segregation of Duties (continued)

**Recommendation:** We recommend that management delegate responsibilities to other administrative staff as their level of competency increases to enhance internal control through segregation of duties. Specifically, we recommend the Department implement or continue the following procedures:

- Review of bank statements, including cancelled checks, by a board member and/or a member of management who is independent of the preparation of disbursements and bank reconciliation processes,
- Review of bank reconciliations by a board member who is independent of the reconciliation process,
- Review of monthly budget to actual reports by the Board,
- Purchase of a fidelity bond,
- Review of all journal entries recorded in the accounting system.

**Views of responsible officials:** Due to the size of staff of the Department, the achievement of adequate segregation of duties is considered to be impractical. However, a member of the Board of Directors approves and endorses all disbursements, and reviews bank reconciliations and check disbursements. Additionally, all non-payroll disbursements of the Department are required to have dual signatures.

**PRAIRIEVILLE VOLUNTEER FIRE DEPARTMENT, INC.**

**SUMMARY OF PRIOR YEAR FINDINGS AND RESPONSES**

For the year ended December 31, 2018

**2017-001 Preparation of Financial Statements and Financial Oversight**

This finding has been reclassified as 2018-001.

**2017-002 Lack of Segregation of Duties**

This finding has been reclassified as 2018-002.

**PRAIRIEVILLE VOLUNTEER FIRE DEPARTMENT**

**STATE AGREED-UPON PROCEDURES REPORT**

December 31, 2018

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

To the Board of Directors  
of the Prairieville Volunteer Fire Department  
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Prairieville Volunteer Fire Department (the Department) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. The Department's management is responsible for those C/C 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.

Our procedures and findings are included in the supplement schedule of agreed-upon procedures to this report.

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.

*Faulk & Winkler, LLC*  
Certified Public Accountants

Baton Rouge, Louisiana  
May 3, 2019

**PRAIREVILLE VOLUNTEER FIRE DEPARTMENT  
SUPPLEMENTAL SCHEDULE OF AGREED-UPON PROCEDURES AND FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

*Written Policies and Procedures*

---

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
  - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
  - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) **Disbursements**, including processing, reviewing, and approving.
  - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
  - e) **Payroll/Personnel**, including (1) payroll processing, 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 (e.g., determining the reasonableness of fuel card purchases)
  - h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
  - i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) 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.

*Board or Finance Committee*

---

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

### ***Bank Reconciliations***

---

- 3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
  - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
  - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

### ***Collections***

---

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
  - a) Observe that receipts are sequentially pre-numbered.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.
  - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
  - e) Trace the actual deposit per the bank statement to the general ledger.

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

---

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
  - a) Observe that the disbursement matched the related original invoice/billing statement.
  - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

### Credit Cards/Debit Cards/Fuel Cards/P-Cards

---

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
  - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]
  - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

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

---

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
  - a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
  - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

## ***Contracts***

---

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
  - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
  - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

*No exceptions were noted in the prior year report dated May 21, 2018. Therefore, the above Contract procedures, step 15, were not performed for the year ended December 31, 2018.*

## ***Payroll and Personnel***

---

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
  - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

*No exceptions were noted in the prior year report dated May 21, 2018. Therefore, the above procedures, steps 16, 17, 18, and 19, were not performed for the year ended December 31, 2018.*

### *Ethics*

---

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" 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 has read the entity's ethics policy during the fiscal period.

*No exceptions were noted in the prior year report dated May 21, 2018. Therefore, the above Payroll and Personnel procedures, step 20, were not performed for the year ended December 31, 2018.*

### *Debt Service*

---

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

*No exceptions were noted in the prior year report dated May 21, 2018. Therefore, the above Debt Service procedures, steps 21 and 22, were not performed for the year ended December 31, 2018.*

### *Other*

---

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

*No exceptions were noted in the prior year report dated May 21, 2018. Therefore, the above Other procedures, steps 23 and 24, were not performed for the year ended December 31, 2018.*

**PRAIRIEVILLE VOLUNTEER FIRE DEPARTMENT, INC.**  
Prairieville, Louisiana

**SCHEDULE OF EXEPTIONS**

For the year ended December 31, 2018

***Exceptions:***

---

No exceptions were found as a result of applying the procedures listed above, except as follows:

***Written Policies and Procedures:***

---

**1a Budgeting** – The Department has no written policy on preparing, adopting, monitoring, and amending the budget.

**1b (1)(2)(3) Purchasing** – The Department has no written policy on how purchases are initiated, how vendors are added to the vendor list, and the preparation of purchase requisitions and purchase orders.

**1c Disbursements** – The Department has no written policy on processing, reviewing, and approving disbursements.

**1d Receipts/Collections** – The Department has no written policy on processing, recording, and preparing disbursements.

**1e (1)(2) Payroll/Personnel** – The Department has no written policy on payroll processing, reviewing, and approving time and attendance records.

**1f (1)(2)(3)(4)(5) Contracting** – The Department has no written policy on contracting.

**1h Travel and expense reimbursement** – The Department has no written policy on travel and expense reimbursements.

**1i Ethics** – The Department has no written policy on ethics.

***Board or Finance Committee:***

---

**2b** The Department's Board minutes do not reference monthly budget-to-actual comparisons.

***Bank Reconciliations:***

---

**3b** The Department's bank reconciliations did not include evidence that a member of management with no involvement reviewed each bank reconciliation.

**3c** Management did not include documentation displaying research of items that have been outstanding for more than 12 months from the statement closing date.

***Collections:***

---

**5b** Employees of the Department responsible for collecting cash are also responsible for preparing/making bank deposits.

**5c** Employees of the Department responsible for collecting cash are also responsible for posting collection entries to the general ledger.

**5d** Employees of the Department responsible for reconciling cash collections to the general ledger are also responsible for collecting cash.

**6** Employees allowed access to cash are not covered by a bond or insurance policy for theft.

**7e** The Department had two instances where a time lag greater than one business day occurred from the date of collection to the date of deposit.

***Non-Payroll Disbursements:***

---

**9** The Department has no written policy related to job duties of employees involved with non-payroll purchasing and payment functions.

**9a** The Department does not utilize a purchase order system.

**10** The Department had one instance in which a non-payroll disbursement did not contain dual signatures.

***Management's Response***

---

The Board of Directors of the Prairieville Volunteer Fire Department concurs with the exceptions and are working to address the exceptions identified.