

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

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**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, 2019, 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.

Emphasis of a Matter

As discussed in Note 1 to the financial statements, as of June 30, 2019, the Fire Department adopted Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The 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 returns.

The Fire Department has adopted ASU 2016—14 for the current year and has adjusted the presentation of the financial statements accordingly. The ASU has been applied retrospectively to beginning net assets with and without donor restrictions. My opinion is not modified with respect to this matter.

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, 2019, 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 September 12, 2019, 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
September 12, 2019

TERRYTOWN FIFTH DISTRICT VOLUNTEER FIRE DEPARTMENT, INC.

**STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019**

	<u>2019</u>
ASSETS	
CURRENT ASSETS	
Cash in Banks and On-hand	\$ 2,213,173
Cash in Savings Accounts and Short-term Investments	225,616
Accounts Receivable	1,610
Total Current Assets	<u>2,440,399</u>
PROPERTY AND EQUIPMENT	
Land	33,928
Automobiles	-
Buildings and Improvements	3,521,635
Machinery and Equipment	1,213,356
Furniture and Fixtures	300,534
	<u>5,069,453</u>
Less: Accumulated Depreciation	(3,111,194)
Net Property and Equipment	<u>1,958,259</u>
OTHER ASSETS	
Meter Deposits	75
Prepays and Other Deposits	28,284
Total Other Assets	<u>28,359</u>
TOTAL ASSETS	<u>\$ 4,427,017</u>
LIABILITIES	
Accounts Payable	\$ 25,879
Accrued Salary Related Costs	5,321
Compensated Absences	116,948
TOTAL LIABILITIES	<u>148,148</u>
NET ASSETS	
Without Donor Restrictions	542,067
With Donor Restrictions	3,736,802
	<u>4,278,869</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,427,017</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, 2019

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
REVENUES, GAINS, AND OTHER SUPPORT			
Intergovernmental Contributions			
Jefferson Parish Millage Allocation - Operating	\$ -	\$ 2,940,000	\$ 2,940,000
State Fire Insurance Rebate	-	100,860	100,860
Other Contributions			
Voluntary Contributions from Businesses and Individuals	32,700	-	32,700
Ladie's Auxillary	7,337	-	7,337
Grants			
FEMA Grant	-	-	-
Miscellaneous Income	226	68,905	69,131
Net Assets Released From Restrictions:			
Net Assets Released from Restrictions for Fire District Operations	3,456,659	(3,456,659)	-
Total Revenues	<u>3,496,922</u>	<u>(346,894)</u>	<u>3,150,028</u>
EXPENSES			
Administrative Costs	57,499	-	57,499
Firefighting Costs	3,436,452	-	3,436,452
Fundraising Expenses	9,072	-	9,072
Total Expenses	<u>3,503,023</u>	<u>-</u>	<u>3,503,023</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS			
	(6,101)	(346,894)	(352,995)
NONOPERATING REVENUES (EXPENSES)			
Investment Return	<u>1,136</u>	<u>5,617</u>	<u>6,753</u>
INCREASE (DECREASE) IN NET ASSETS			
	(4,965)	(341,277)	(346,242)
NET ASSETS - BEGINNING OF YEAR	547,032	4,078,079	4,625,111
NET ASSETS - END OF YEAR	<u>\$ 542,067</u>	<u>\$ 3,736,802</u>	<u>\$ 4,278,869</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, 2019**

	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in Net Assets	\$ (352,995)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	253,098
Loss on disposal of equipment	-
Changes in operating assets and liabilities:	
Accounts receivable	(1,610)
Prepays and other	527
Contributions receivable	-
Accounts payable	(14,486)
Accrued salaries and related costs	(1,590)
Compensated absences payable	5,646
Net Cash Provided By (Used In) Operating Activities	<u>(111,410)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of fixed assets	(173,146)
Disposal of fixed assets	-
Transfer/Donation of fixed assets to Jefferson Parish	123,661
Purchases of long-term investments	-
Maturities of long-term investments	-
Interest earned on investments	6,753
Net Cash Provided By (Used In) Investing Activities	<u>(42,732)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(154,142)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,592,931
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,438,789</u>
NON-CASH ACTIVITIES:	
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, 2019

	ADMINISTRATIVE	FIREFIGHTING	FUNDRAISING	TOTAL
PAYROLL AND RELATED COSTS				
Labor - Salaries/Wages	\$ 22,238	\$ 1,668,833	\$ -	\$ 1,691,071
Payroll Taxes	1,850	138,847	-	140,697
Pension Plan	777	58,288	-	59,065
Insurance - Employees (Health, Life, Dental)	3,427	257,149	-	260,576
Insurance - Workmen's Comp Insurance	3,224	241,917	-	245,141
Medical - Physicals and Drug Tests	260	19,516	-	19,776
	<u>31,776</u>	<u>2,384,550</u>	<u>-</u>	<u>2,416,326</u>
FIREFIGHTING AND STATION EXPENSES				
Cable and Internet	276	20,721	-	20,997
Bunker Gear	-	41,859	-	41,859
Emergency Operations	-	31	-	31
Fire Prevention	-	13,761	-	13,761
Lawn Equipment Repairs	59	4,458	-	4,517
Medical Supplies	-	4,162	-	4,162
Pest Control	59	4,397	-	4,456
Photo Lab	-	166	-	166
Repairs and Maintenance - Firehouses	-	81,028	-	81,028
Repairs and Maintenance - Residences	-	10,103	-	10,103
Supplies - Cleaning	-	1,010	-	1,010
Training	-	10,997	-	10,997
Uniforms and Badges	-	21,708	-	21,708
Utilities and Telephones - Firehouses - Heritage	310	23,295	-	23,605
Utilities and Telephones - Firehouses - Other	-	25,386	-	25,386
Utilities and Telephones - Residences	-	1,241	-	1,241
Waste Control	-	-	-	-
	<u>704</u>	<u>264,323</u>	<u>-</u>	<u>265,027</u>
VEHICLE AND EQUIPMENT EXPENSES				
Fuel	-	26,997	-	26,997
Insurance - Vehicles	20	1,475	-	1,495
Repairs and Maintenance - Vehicles and Equipment	-	188,750	-	188,750
	<u>20</u>	<u>217,222</u>	<u>-</u>	<u>217,242</u>
OPERATING AND ADMINISTRATIVE EXPENSES				
Accounting and Auditing	185	13,860	-	14,045
Advertising and Promotion	3,970	-	-	3,970
Bank Charges	1,231	-	-	1,231
Conferences and Travel	76	5,729	-	5,805
Depreciation Expense	3,328	249,770	-	253,098
Donations	-	-	-	-
Dues and Subscriptions	4,337	-	-	4,337
Incentive Program	6	414	-	420
Information and Technology	297	22,283	-	22,580
Insurance - General	1,149	86,215	-	87,364
Ladies Auxillary Costs	-	-	3,874	3,874
Legal	144	10,814	-	10,958
Licenses and Taxes	270	-	-	270
Loss on Disposal of Assets	-	-	-	-
Meetings	25	1,906	-	1,931
Membership	230	17,257	-	17,487
Miscellaneous	29	2,167	-	2,196
Office and Supplies	8,024	-	-	8,024
Postage	1,215	-	-	1,215
Social Fund Costs	-	-	-	-
Supplies - Other	351	26,356	-	26,707
Voluntary Contribution Costs	-	-	5,198	5,198
Wellness and Fitness Program Costs	132	9,925	-	10,057
	<u>24,999</u>	<u>446,696</u>	<u>9,072</u>	<u>480,767</u>
INTERGOVERNMENTAL DONATION				
Donation of Vehicles to Parish	-	123,661	-	123,661
	<u>-</u>	<u>123,661</u>	<u>-</u>	<u>123,661</u>
	<u>\$ 57,499</u>	<u>\$ 3,436,452</u>	<u>\$ 9,072</u>	<u>\$ 3,503,023</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, 2019**

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, 2019**

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, 2019**

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. 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, 2019**

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 2019 may have been classified differently from how they were presented in 2018 to conform to management's current presentation format.

Subsequent Events

The Fire Department's management has evaluated subsequent events through September 12, 2019, 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, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-14, *Not-for-Profit Entities* (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The 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 returns. The Fire Department has adopted ASU 2016—14 for the current year and has adjusted the presentation of the financial statements accordingly. The ASU has been applied retrospectively to beginning net assets with and without donor restrictions.

2. CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents

Cash and cash equivalents totaled \$2,438,789 at June 30, 2019 (including \$2,212,623 in cash and checking accounts, \$225,616 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, 2019:

<u>Bank/Description</u>	<u>Maturity Date</u>	<u>Checking and Savings</u>	<u>Certificates of Deposit</u>	<u>Total</u>
Capital One Bank				
Special (Public) Account - Checking	n/a	\$ 1,743,543	\$ -	\$ 1,743,543
Special (Public) Account - Payroll	n/a	17,377	-	17,377
Regular (Private) Checking	n/a	443,722	-	443,722
		2,204,642	-	2,204,642
Gulf Coast Bank and Trust				
Ladies Auxillary Account	n/a	7,981	-	7,981
		\$ 2,212,623	\$ -	\$ 2,212,623
Plus Petty Cash				550
Total Cash in Banks and On-hand				\$ 2,213,173

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

2. CASH AND CASH EQUIVALENTS (CONTINUED)

<u>Bank/Description</u>	<u>Maturity Date</u>	<u>Checking and Savings</u>	<u>Certificates of Deposit</u>	<u>Total</u>
Fifth District Homestead				
Certificate of Deposit	9/25/2019	\$ -	\$ 64,388	\$ 64,388
Certificate of Deposit	5/20/2020	-	25,976	25,976
Eureka Homestead				
Certificate of Deposit	12/18/2019	-	58,252	58,252
Gulf Coast Bank				
Certificate of Deposit	6/27/2020	-	77,000	77,000
Total Savings Accounts and Short-term Investments		-	225,616	225,616
Total Cash and Cash Equivalents in Financial Institutions		<u>\$ 2,212,623</u>	<u>\$ 225,616</u>	2,438,239
Plus Petty Cash				550
Total Cash and Cash Equivalents				<u>\$ 2,438,789</u>

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, 2019, the book balances of cash and cash equivalents totaled \$2,438,239 and the bank balances of \$2,445,561 were entirely secured by FDIC insurance and/or pledged securities.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

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:

Financial Assets at Year End:	2019
Cash and cash equivalents	\$ 2,438,789
Accounts receivable	1,610
	\$ 2,440,399

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 1/12th of the annual estimated revenue from the ad valorem taxes for that year. These allocations are taken into account when monitoring cash-flows.

4. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2019 consisted of the following:

Asset Category	2018	Additions	Deletions	Donations	2019
Land	\$ 33,928	\$ -	\$ -	\$ -	\$ 33,928
Automobiles	42,649	89,542	-	(132,191)	-
Buildings and improvements	3,484,488	37,147	-	-	3,521,635
Machinery and equipment	1,183,535	33,077	(3,257)	-	1,213,355
Furniture and fixtures	287,156	13,379	-	-	300,535
	5,031,756	173,145	(3,257)	(132,191)	5,069,453
Less accumulated depreciation	(2,869,883)	(253,098)	3,257	8,530	(3,111,194)
Net Property and Equipment	\$ 2,161,873	\$ (79,953)	\$ -	\$ (123,661)	\$ 1,958,259

Depreciation expense for the year ended June 30, 2019 was \$253,098. Donations of \$123,661 represent the transfer of department purchased vehicles 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, 2019 totaled \$116,948.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

6. RESTRICTIONS ON NET ASSETS

Beginning net assets have been reclassified to conform to the presentation requirements of ASU 2016-14 (See Note 1 – New Accounting Pronouncement). As such, previously reported unrestricted net assets of \$4,625,111 have been reclassified to show \$547,032 as beginning net assets without donor restrictions and \$4,078,079 as beginning net assets with donor restrictions.

At June 30, 2019, net assets without donor restrictions totaled \$542,067 and the amount of net assets with donor restrictions totaled \$3,736,802. 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.

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

	Amounts Received	Net Assets Released
Intergovernmental Contributions		
Jefferson Parish Millage Allocation - Operating	\$ 2,940,000	\$ 3,286,894
State Fire Insurance Rebate	100,860	100,860
Miscellaneous Income	68,905	68,905
	\$ 3,109,765	\$ 3,456,659

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 2018 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 and are passed through to the Fire Department under this cooperative endeavor agreement in monthly installments, which represent the 1/12th of the estimated net proceeds of the millage levied annually. The revenues from this operating contract amounted to \$2,940,000 for 2019 and made up a substantial portion (86.9 percent) of the Fire Department's total revenues.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

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.

9. ADVERTISING COSTS

Advertising costs are expensed as incurred. For the years ended June 30, 2019, advertising expense totaled \$2,030.

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, 2019 were:

	<u>2019</u>
Employer contributions	\$ 59,065
Employee contributions	66,422
	<u>\$ 125,487</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 \$123,200 for the fiscal year ended June 30, 2019. The supplemental pay is included in the taxable income of the firefighters so that federal and state taxes may be applied.

OTHER SUPPLEMENTARY INFORMATION

TERRYTOWN FIFTH DISTRICT VOLUNTEER FIRE DEPARTMENT, INC.

SCHEDULE OF REVENUES AND EXPENDITURES - PUBLIC FUND
FOR THE YEAR ENDED JUNE 30, 2019

	<u>2019</u>
REVENUES	
Jefferson Parish Millage Allocation - Operating	\$ 2,940,000
Jefferson Parish Millage Allocation - Capital	-
State Fire Insurance Rebate	100,860
Federal Grant - FEMA	-
Investment Return	5,617
Miscellaneous Income	68,905
	<u>3,115,382</u>
EXPENDITURES	
PAYROLL AND RELATED COSTS	
Labor - Salaries/Wages	1,691,071
Payroll Taxes	140,697
Pension Plan	59,065
Insurance - Employees (Health, Life, Dental)	260,576
Insurance - Workmen's Comp Insurance	245,141
Medical - Physicals and Drug Tests	19,776
	<u>2,416,326</u>
FIREFIGHTING AND STATION EXPENSES	
Cable and Internet	20,997
Bunker Gear	41,859
Emergency Operations	31
Fire Prevention	13,761
Lawn Equipment Repairs	4,517
Medical Supplies	4,162
Pest Control	4,456
Photo Lab	166
Repairs and Maintenance - Firehouses	81,028
Repairs and Maintenance - Residences	545
Supplies - Cleaning	1,010
Training	10,997
Uniforms and Badges	21,708
Utilities and Telephones - Firehouses - Heritage	23,605
Utilities and Telephones - Firehouses - Other	25,386
Utilities and Telephones - Residences	1,241
	<u>255,469</u>
VEHICLE AND EQUIPMENT EXPENSES	
Fuel	26,997
Insurance - Vehicles	-
Repairs and Maintenance - Vehicles and Equipment	179,829
	<u>206,826</u>
OPERATING AND ADMINISTRATIVE EXPENSES	
Accounting and Auditing	14,045
Advertising and Promotion	2,030
Bank Charges	1,231
Conferences and Travel	5,635
Depreciation Expense	253,098
Donations	-
Dues and Subscriptions	4,337
Incentive Program	420
Information and Technology	22,580
Insurance - General	87,364
Legal	10,958
Licenses and Taxes	270
Loss on Disposal of Assets	-
Meetings	1,192
Membership	3,334
Miscellaneous	2,195
Night Out Against Crime Costs	-
Office and Supplies	8,024
Postage	900
Supplies - Other	26,707
Vice-President's Account Expenses	-
Voluntary Contribution Costs	-
Wellness and Fitness Program Costs	10,057
	<u>454,377</u>
INTERGOVERNMENTAL DONATIONS	
Donation of Fire Trucks to Parish	123,661
	<u>123,661</u>
TOTAL EXPENDITURES	<u>3,456,659</u>
NET REVENUES (EXPENDITURES)	<u>\$ (341,277)</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, 2019**

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)	396
Reimbursements		-
Travel (mileage, fuel, etc)		361
Telephone (cellphone)		-
Registration Fees	(4)	2,715
Conference Travel	(5)	825
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) Confererence travel includes hotel costs and parking fees for attending various conferences (such as LSFA Convention) on behlaf of the Fire Department.

**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, 2019, 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 September 12, 2019.

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# 19-01 and SD # 19-02).

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.


September 12, 2019

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

**SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2019**

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, 2019, and have issued my report thereon dated September 12, 2019. 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, 2019 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, 2019.
- 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, 2019.

SECTION II - FINANCIAL STATEMENT FINDINGS

SIGNIFICANT DEFICIENCIES

SD Comment # 19-01 - 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, 2019**

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 # 19-02 - 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 - Recently issued 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, 2019**

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

Prior Year Comment No.	Description	Status
SD # 18-01	Inadequate segregation of duties.	Not Yet Resolved. See CY SD Comment # 19-01
SD # 18-02	Preparation of financial statements is done by external auditor.	Not Yet Resolved. See CY SD Comment # 19-02

{END OF REPORT}

**AGREED-UPON PROCEDURES REPORT
FIRE DEPARTMENT OF TERRYTOWN FIFTH DISTRICT, LOUISIANA**

**Independent Accountant's Report
On Applying Agreed-Upon Procedures**

For the Period from July 1, 2018 to June 30, 2019

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

I have performed the procedures enumerated below, which were agreed to by the Terrytown Fifth District Volunteer Fire Department, Inc. (the "Fire Department"), a non-profit entity, 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 July 1, 2018 through June 30, 2019. The Fire 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, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and observe whether those written policies and procedures 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

- 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, and (5) monitoring card usage
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **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. Note: Ethics requirements are not applicable to nonprofits.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

RESULTS: Exceptions Noted - The Fire Department has no formal written policies and procedures when it comes to these various categories, except for budgeting and travel. Ethics and Debt Service are not applicable to the entity.

Board (or Finance Committee, if applicable)

- 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.

RESULTS: The Board meets with a quorum on a monthly basis.

- 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.
 - Alternatively, 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.

RESULTS: The Treasurer presents budget-to-actual data to the Board at the board meeting on a quarterly basis. The financial activity includes data related to the public funds (Dept. 1). The minutes of the meetings reflect this.

- 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.

RESULTS: Not Applicable.

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.

RESULTS: I obtained a list of bank accounts from the Fire Department and management's representation that the list was complete. Per the listing, the Fire Department maintained 4 bank accounts during the fiscal year, two of which received public funds.

Select the 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 statements and reconciliation for each selected account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, 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.

RESULTS: Based on the number of accounts maintained by the Fire Department, I selected both of the public accounts for testing (Special Account and Payroll). For those accounts, bank reconciliations were obtained for the month of June 20198, without exception. The bank reconciliations were prepared by the Accounting Clerk and reviewed by the Treasurer within 5 days of the closing date. Initials of each are evident on the bank reconciliations. The Department Treasurer does review the bank reconciliations for old outstanding items. He includes notes on the bank reconciliation on what the disposition of the researched item should be (e.g., needs to be voided and reissued, etc.). For those accounts selected, I did not note any item outstanding more than 12 months.

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).

RESULTS: I obtained a list of deposit sites from the Fire Department and management's representation that the list was complete. Per the listing, Fire Department's main station at 341 Heritage is the only deposit site.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete.

RESULTS: I obtained a list of collection locations from the Fire Department and management's representation that the list was complete. Per the listing, Fire Department's main station at 341 Heritage is the only collection location.

Randomly select one collection location for each deposit site, 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 the job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share 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 collections 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.

RESULTS: There were no written policies or procedures for cash collections; therefore, I inquired of the employees involved in processing collections and making deposits at the main fire station. I observed the following: a) cash drawers are not used; b) cash collections are made by an employee who makes the deposit; however, another employee is involved in the reconciling process; c) the employee who collects cash does post entries to the general ledger; however, another employee is also responsible for reviewing and approving the posting; and d) the employee responsible for reconciling cash collections to the general ledger is responsible for collecting cash; however, another employee reviews the reconciliations.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

RESULTS: The Fire Department does carry an insurance policy/surety bond on all employees.

7. Randomly select two deposit dates for each of the bank accounts selected in procedure 3 under Bank Reconciliations above. Obtain supporting documentation for each of the deposits selected 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 \$10).
 - e) Trace the actual deposit per the bank statement to the general ledger.

RESULTS: I vouched the selected deposits to their supporting documentation, including the deposit slip. I also traced the deposit to the bank statement and observed that the deposits were made within 1 business day of collection. I was also able to trace the deposits to the posting in the general ledger.

Non-Payroll Disbursements (excluding credit 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).

RESULTS: I obtained a listing of locations that process payments for the Fire Department and I obtained management's representation that the listing was complete. Per management, all payments are processed at the main fire station at 341 Heritage.

9. For each location selected in Step 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 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.

RESULTS: Exceptions Noted – There were no written policies or procedures for processing payments; therefore, I inquired of the employees involved in processing payments at the main fire station. I observed the following: a) at least two people are involved in initiating purchases, b) at least two employees are involved in the process of approving payments to vendors, c) the employee who is responsible for processing

payments does have access to vendor files, which includes the ability to add or delete as needed and no other employee reviews these changes, and d) the employee who processes the payments is responsible for mailing the signed checks to vendors.

10. For each location selected in Step 8 above, obtain the entity's non-payroll disbursement transaction population (excluding credit cards and travel reimbursements) and obtain management's representation that the population is complete.

RESULTS: I obtained a listing of non-payroll disbursement transactions and I obtained management's representation that the listing was complete. For testing purposes, I used the detailed general ledger.

Randomly select 5 disbursements for each location, obtain documentation for each transaction, and:

- a) Observe that the disbursement matched the related original invoice/billing.
- b) Observe that the disbursement documentation include evidence (e.g., initial/date, electronic logging) of segregation of duties tested under Step 9, as applicable.

RESULTS: Exceptions Noted – I randomly selected 5 transactions for testing and observed that all of the transactions were supported by a matching invoice or statement. Exceptions were noted in that on 2 of the 5 transactions tested I did not observe initials or other evidence of who initiated the purchase or call for service. The invoice included approval for payment, but there was no evidence of who initiated the purchase (no requisition or initials noted).

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.

RESULTS: I obtained a listing of all active credit cards, including the card numbers and the names of the persons assigned the cards. I also obtained management's representation that the listing is complete. During the year, the Fire Department issued five (5) corporate credit cards.

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 whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts or 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.]

RESULTS: I selected 5 cards and obtained a monthly statement for each card. I observed evidence that it was reviewed and approved by the Accounting Clerk (i.e., someone other than the account holder).

- b) Observe that finance charges and/or late fees were not assessed on the selected statements.

RESULTS: There were no finance charges or late fees on the statements selected for testing.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transaction if less than 10) from each statements, and obtain supporting documentation for the transaction (i.e., each card should have 10 transaction subject to testing). For each transaction, observe that it is supported by:
- An original itemized receipt that identifies precisely what was purchased;
 - Written documentation of the business/public purpose; and
 - Documentation of the individuals participating in meals (for meal charges only)

RESULTS: Of the five cards tested, I examined supporting documents for 33 transactions on 4 of the cards (1 card had no activity during the year). Of these transactions, all 33 of the transactions had an original itemized receipt, had the business purpose noted, and any other documentation that might be required.

Travel and Expense Reimbursement

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.

RESULTS: I obtained a listing of all travel and related expenditures charged to the various general ledger accounts. I obtained management's representation that the general ledger was 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).
- b) If reimbursed using actual costs, observe that the reimbursement was 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 (see Step 1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

RESULTS: I selected 5 reimbursement requests and observed: a) the per diem rates used were within the guidelines set forth by GSA, b) the business/public purpose of the costs were noted, and c) the reimbursement requests were reviewed and approved by the Treasurer (i.e., 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. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete.

RESULTS: I obtained the general ledger from the Fire Department and scanned it for contract payments on professional services, materials and supplies, leases or construction activities. I obtained management's representation that the general ledger was 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 bides, advertised), if required by law.

RESULTS: One contract that would have required bids under the Louisiana Public Bid Law was satisfied by utilizing a State Contract purchase.

- 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).

RESULTS: All of the contracts were approved by the Board.

- c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment.

RESULTS: Only 1 of the 5 contracts was amended and the amendment was allowed under the contract terms.

- 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 condition of the contract.

RESULTS: I vouched one payment on each of the 5 contracts during the fiscal period and examined the invoice. The amounts noted on the invoice were in accordance with the contract terms.

Payroll and Personnel

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

RESULTS: I obtained a listing of all employees who received payments during the fiscal year and I obtained management's representation that the listing was 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.

RESULTS: I traced the hourly wages paid for each of the five employees selected from the payroll journals to the approved pay schedule maintained by the Treasurer and approved by the Board, without exception.

17. Randomly select on pay period during the fiscal period. For the 5 employees/officials selected under Step 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.)

RESULTS: For the 5 selected, I picked the March 8, 2019 pay period for testing. For that payroll, I vouched their attendance and leave to their time cards and/or time schedule, without exception.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

RESULTS: Without exception, for each of the selected 5 employees, the time card and/or time schedule was initialed by a supervisor and/or the Fire Department Treasurer approving the attendance and leave noted. If sick or annual leave was taken, there was an approved leave slip attached.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

RESULTS: The Fire Department Treasurer maintains a listing of vacation leave earned, used and balances available for each employee. If any leave was charged, it is posted to the leave records. For the 5 employees selected, two had taken leave on the pay date selected for testing and all paperwork was noted.

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.

RESULTS: I obtained a listing of all employees who were terminated during the fiscal period and management's representation that the list is complete.

Randomly select 2 employees/officials, obtain related documents of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/official's cumulative leave records, and agree the pay rates to the employee/official's authorized pay rates in the employee/officials personal file.

RESULTS: I selected two employees who terminated during the fiscal period. I vouched the two employee's last checks to the attendance and leave records. I noted that upon termination, the employees are not paid sick leave, which is in accordance with Fire Department policy. The employees were paid for the number of hours that were being carried on their leave cards plus the remainder of their shifts (if worked), in accordance with Fire Department policy. The pay rates used were in accordance with the authorized pay scale.

19. Obtain management's representation that the 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.

RESULTS: I obtained the management's representation that the employer and employee portions of federal and state taxes, retirement contributions to the 401k plan, health insurance premiums, and workers compensation premiums have been paid. Management has also represented that all required forms have been filed with the respective agencies by the required deadlines.

Ethics (excluding nonprofits)

20. Using the five randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics compliance documentation from management, and:
- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

RESULTS: Although this requirement is generally not applicable to non-profits, the Fire Department is a "quasi-public" agency and the operating contract with the Parish of Jefferson requires full-time employees and board members comply with this ethics training requirement. As such, this test will be considered applicable. I tested 5 employees and examined their certificates of completion without exception.

- 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.

RESULTS: Not Applicable to non-profit entities.

Debt Service (excluding nonprofits)

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 the State Bond Commission approval was obtained for each bond/note issued.

RESULTS: Not Applicable to non-profit entities.

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.

RESULTS: Not Applicable to non-profit entities.

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.

RESULTS: I inquired of management about whether any misappropriations of public funds or assets had occurred during the fiscal year. Per management, no misappropriations occurred or were known about, thus, no list was produced.

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.

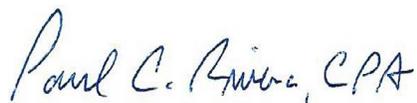
RESULTS: Not Applicable – No misappropriations identified by management.

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.

RESULTS: The Fire Department has posted the LLA Fraud Hotline Poster in its main station in the Treasurer's Office and on the Break Room bulletin board. It does not have an official website; therefore, the requirement to post to the website is not applicable.

I was 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, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my 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.



Paul C. Rivera, CPA
Marrero, Louisiana
September 12, 2019

Terrytown – Fifth District

Volunteer Fire Department, Inc.

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September 12, 2019

Paul C. Rivera, CPA and the
Louisiana Legislative Auditor

We appreciate this opportunity to provide explanations for any exceptions noted during the application of the Louisiana Legislative Auditor's Agreed-Upon Procedures (AUPs) for the period July 1, 2018 to June 30, 2019. As a quasi-public non-profit entity, we do the best we can with the small staff that we have. We are committed to providing the best services to the citizens of our Fire District and spending the public money provided to us in the most efficient manner possible.

In regards to the exceptions noted during the AUPs, we offer the following:

AUP 1 - No written policies and procedures for various financial and business functions.

RESPONSE: Due to the small size of the financial staff of the Fire District (basically 2 employees), we have never been able to achieve a proper segregation of duties in the various financial functions, such as purchasing, disbursements, receipts, payroll/personnel, contracting, credit cards, etc. Typically, formal policies and procedures are set in writing to document the flow of transactions and the internal controls and segregation of duties that are established. Since we are unable to do so, we have never felt that the cost/benefit of incurring the time and cost in documenting all of our policies and procedures warranted such an endeavor. Our administrative staff is well-established and has years of experience on the job. They are well versed in what needs to be done and what our policies and procedures are, even if they are not in writing. We do try to have some mitigating controls in place when we can, for example, we have the Board President sign all checks and do require dual signatures on all checks.

AUP 9c – The employee who is responsible for processing payments does have access to vendor files, which includes the ability to add or delete as needed and no other employee reviews these changes.

RESPONSE: We utilize QuickBooks as our in-house general ledger package, along with the services of an outside CPA firm to post to a general ledger. QuickBooks does not really contain any controls over adding or deleting vendor files. Since we only have two employees involved in the financial office, they both have access to the vendor files and both can add or delete at will. We have tried to put mitigating controls in place by having the Treasurer present financial data to the Board on a monthly and quarterly basis. We also require dual signatures on all checks and do not allow the Accounting Clerk to be one of

the signers. Since the President and Treasurer are involved in the review and approval process, we feel that their involvement provides some relief to the fact that the Accounting Clerk can add or delete vendors without review or approval. We are cognizant of the lack of segregation of duties within the financial office and will continue to monitor financial activity accordingly.

AUP 9d – The employee who processes the payments is responsible for mailing the signed checks to vendors.

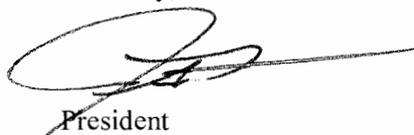
RESPONSE: Again, as a small entity, there are almost no transactions that take place that the Board President and Treasurer is unaware of. Because we only have two employees in the finance office, we have no choice but to have the Accounting Clerk mail signed checks to vendors. We have tried to put mitigating controls in place by having the Treasurer present financial data to the Board on a monthly and quarterly basis. We also require dual signatures on all checks and do not allow the Accounting Clerk to be one of the signers. Since the President and Treasurer are involved in the review and approval process, we feel that their involvement provides some relief to the fact that the Accounting Clerk can add or delete vendors without review or approval. We are cognizant of the lack of segregation of duties within the financial office and will continue to monitor financial activity accordingly.

AUP 10b - Of the 5 non-payroll disbursements tested, 2 of the 5 transactions had no evidence of who initiated the purchase or call for service. The invoice included approval for payment, but there was no evidence of who initiated the purchase or received the goods or services (no requisition or initials noted).

RESPONSE: The two invoices in question had to do with professional services (one for monthly accounting fees and one for computer technical services). We feel the monthly accounting services are recurring in nature and once the contract is signed, would not require evidence of initiation of the purchase for each invoice. The computer services should have had some form of initials, as this was a call-out for the installation of a switch. We will do everything possible to ensure that all invoices for professional services have proper evidence (initials) to show that they were authorized and received in the future.

We hope that our answers address any concerns raised from the exceptions noted. We will work towards improving our processes and procedures to minimize or reduce any such exceptions in the future.

Sincerely,



President

Terrytown Fifth District Volunteer Fire Department