



ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
ST. CHARLES PARISH, LOUISIANA

FINANCIAL REPORT

For the Year Ended December 31, 2019

T.S. KEARNS & CO.
CPA

(A Professional Corporation)
164 West Main Street, Thibodaux, LA 70301
South end of Canal Boulevard
(985) 447-8507 Fax (985) 447-4833
www.kearnscpa.com

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
ST. CHARLES PARISH, LOUISIANA

FINANCIAL REPORT

For the year ended December 31, 2019

TABLE OF CONTENTS

	Statement	Page
Financial Section		
Independent Auditor's Report		3
<u>Basic Financial Statements:</u>		
<u>Government-wide Financial Statements</u>		
Statement of Net Position	A	5
Statement of Activities	B	6
<u>Fund Financial Statements</u>		
Balance Sheet – Governmental Funds	C	7
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	D	8
Reconciliation of the Governmental Fund Balance Sheet to the Government-wide Statement of Net Position		9
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities		10
Notes to the Financial Statements		11

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
ST. CHARLES PARISH, LOUISIANA

FINANCIAL REPORT

For the year ended December 31, 2019

	Schedule	Page
Supplemental Information		
Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer	1	22
Reports by Management		
Summary Schedule of Prior Audit Findings	2	23
Corrective Action Plan for Current Year Audit Findings	3	24
Other Report Required By Government Auditing Standards		Page
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 <i>Government Auditing Standards</i>		27



INDEPENDENT AUDITOR'S REPORT

**Board of Directors
St. Rose Volunteer Fire Department, Inc.
St. Charles Parish, Louisiana**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Rose Volunteer Fire Department, Inc. (the Department) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide*, 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 audit 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Rose Volunteer Fire Department, Inc., as of December 31, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis and budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the department's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head is presented for purposes of additional analysis as required by Act 706 of the 2014 Louisiana Legislative Session and is not a required part of the basic financial statements.

The Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officers is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officers is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2020, 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 solely 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 effectiveness of the department's 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.



Thibodaux, Louisiana
June 25, 2020

Basic Financial Statements

Government-Wide Financial Statements (GWFS)

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
ST. CHARLES PARISH, LOUISIANA

Statement of Net Position
December 31, 2019

		<u>Governmental Activites</u>
Assets		
Current assets:		
Cash and cash equivalents	\$	248,841
Due from Parish		27,763
Prepaid insurance		44,102
Receivables:		
Ad valorem taxes		275,036
Sales taxes		34,282
Total current assets		<u>630,024</u>
Noncurrent assets:		
Capital assets, not being depreciated		123,857
Capital assets, net of accumulated depreciation		729,961
Total noncurrent assets		<u>853,818</u>
Total Assets		<u><u>1,483,842</u></u>
Liabilities		
Current liabilities		
Accounts payable		13,140
Accrued payroll		2,921
Accrued interest payable		3,836
Long term liabilities due < 1 year		97,031
Total current liabilities		<u>116,928</u>
Noncurrent liabilities		
Long term liabilities due > 1 year		346,155
Total noncurrent liabilities		<u>346,155</u>
Total Liabilities		<u><u>463,083</u></u>
Deferred Inflows of Resources		
Ad valorem tax revenue		<u>7,887</u>
Total Deferred Inflows of Resources		<u><u>7,887</u></u>
Net Position		
Net investment in capital assets		406,796
Net Position - Unrestricted		<u>606,076</u>
Total Net Position	\$	<u><u>1,012,872</u></u>

The accompanying notes are an integral part of this statement

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.

ST. CHARLES PARISH, LOUISIANA

Statement of Activities
For the Year Ended December 31, 2019

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants & Contributions	
Expenses:				
Governmental activities:				
Public safety - fire protection:				
Salaries and related benefits	\$ 188,245	\$ -	\$ -	\$ -
Repairs and maintenance	50,241	-	-	-
Professional services	8,000	-	-	-
Insurance	56,920	-	-	-
Fuel	13,855	-	-	-
Supplies and materials	24,179	-	-	-
Utilities	28,438	-	-	-
Training	8,697	-	-	-
Personnel insurance and medical	4,268	-	-	-
Fire prevention	7,048	-	-	-
Dues and memberships	14,711	-	-	-
Office expense	8,484	-	-	-
Installation of officers	12,958	-	-	-
Meals	8,726	-	-	-
Miscellaneous	1,935	-	-	-
Interest	18,221	-	-	-
Depreciation expense	172,667	-	-	-
Total Governmental activities	\$ 627,593	\$ -	\$ -	\$ -

General Revenues:

Sales tax - 1/8 percent	\$ 341,319
Ad valorem tax	267,149
Fire insurance rebate	31,981
Interest income	51
Other revenues	1,481

Total general revenues 641,981**Change in net position** 14,388**Net Position - Beginning** 998,484
(restated; see note 2)**Net Position - Ending** \$ 1,012,872

The accompanying notes are an integral part of this statement

Basic Financial Statements

Fund Financial Statements (FFS)

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
ST. CHARLES PARISH, LOUISIANA

Balance Sheet - Governmental Funds
December 31, 2019

	<u>General Fund</u>	<u>Special Revenue Fund (non-major)</u>	<u>Total (Memo Only)</u>
Assets			
Cash and cash equivalents	\$ 245,031	\$ 3,810	\$ 248,841
Due from Parish	27,763	-	27,763
Prepaid expenses	44,102	-	44,102
Receivables:			
Ad valorem taxes	275,036	-	275,036
Sales taxes	34,282	-	34,282
Total Assets	<u>626,214</u>	<u>3,810</u>	<u>630,024</u>
Liabilities			
Current liabilities			
Accounts payable	13,140	-	13,140
Accrued payroll	2,921	-	2,921
Total Liabilities	<u>16,061</u>	<u>-</u>	<u>16,061</u>
Deferred Inflows of Resources			
Ad valorem tax revenue	7,887	-	7,887
Total Deferred Inflows of Resources	<u>7,887</u>	<u>-</u>	<u>7,887</u>
Fund balance			
Nonspendable - prepaid expenses	44,102	-	44,102
Fund Balance - Unassigned	558,164	3,810	561,974
Total Fund Balance	<u>\$ 602,266</u>	<u>\$ 3,810</u>	<u>\$ 606,076</u>

The accompanying notes are an integral part of this statement

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.

ST. CHARLES PARISH, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances
- Governmental Fund

For the Year Ended December 31, 2019

	General Fund	Special Revenue Fund (Non-major)	Total (Memo Only)
Revenues			
Ad valorem tax	\$ 267,149	\$ -	\$ 267,149
Sales tax - 1/8 percent	341,319	-	341,319
Fire insurance rebate	31,981	-	31,981
Interest income	51	-	51
Other revenues	232	1,250	1,482
Total revenues	640,732	1,250	641,982
Expenditures			
Public safety - fire protection:			
Current:			
Salaries and related benefits	188,245	-	188,245
Repairs and maintenance	50,241	-	50,241
Professional services	8,000	-	8,000
Insurance	56,920	-	56,920
Fuel	13,855	-	13,855
Supplies and materials	24,179	-	24,179
Utilities	28,438	-	28,438
Training	8,697	-	8,697
Personnel insurance and medical	4,268	-	4,268
Fire prevention	7,048	-	7,048
Dues and memberships	14,711	-	14,711
Office expense	8,484	-	8,484
Installation of officers	12,958	-	12,958
Meals	8,726	-	8,726
Miscellaneous	1,291	644	1,935
Capital Outlay	57,950	-	57,950
Debt Service:			
Debt retirement	92,848	-	92,848
Interest expense	19,664	-	19,664
Total expenditures	606,523	644	607,167
Excess of revenues over/(under) expenditures	34,209	606	34,815
Excess (deficiency) of revenues and other sources Over expenditures and other uses	34,209	606	34,815
Fund Balance - Beginning (restated; see note 2)	568,057	3,204	571,261
Fund Balance - End of Year	\$ 602,266	\$ 3,810	\$ 606,076

The accompanying notes are an integral part of this statement

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.

ST. CHARLES PARISH, LOUISIANA

Reconciliation of the Governmental Fund Balance Sheet to the
Government-Wide Statement of Net Position

December 31, 2019

Total Fund Balances - Governmental Funds at December 31, 2019 \$ 606,076

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the Governmental Fund Balance Sheet. Those assets consist of:

Land	123,857	
Construction in progress	0	
Buildings, net of \$873,851 accumulated depreciation	228,044	
Vehicles, net of \$964,973 accumulated depreciation	408,195	
Equipment, net of \$1,223,819 accumulated depreciation	<u>93,722</u>	
		<u>\$ 853,818</u>

Long-term liabilities are not due and payable in the current period and, therefore are not reported in the Governmental Fund Balance Sheet, but rather are recognized as expenditures when due. All liabilities (both current and long-term) are reported in the Statement of Net Position.

Accrued interest payable	(3,836)	
Long-term liabilities	<u>(443,186)</u>	
		<u>\$ (447,022)</u>

Total Net Position - Governmental activities at December 31, 2019 \$ 1,012,872

The accompanying notes are an integral part of this statement

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.

ST. CHARLES PARISH, LOUISIANA

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the Statement of Activities**

For the Year Ended December 31, 2019

Total net changes in fund balances at December 31, 2019 per
Statement of Revenues, Expenditures and Changes in Fund Balances \$ 34,815

Total change in net position reported for governmental activities in the
Statement of Activities is different because:

Governmental funds report capital outlays as expenditures. However, in the
Statement of Activities, the costs of those assets are allocated over their
estimated useful lives and reported as depreciation expense.

Capital outlay which is considered expenditures on the Statement of Revenue, Expenditures and Changes in Fund Balances	\$ 57,950	
Basis of capital assets removed from service	-	
Depreciation expense for the year ended December 31, 2019	<u>(172,667)</u>	<u>(114,717)</u>

Governmental funds report debt services payments as expenditures.
However, in the statement of activities the repayment of principal
indebtedness reduces long-term liabilities and does not affect the statement
of activities.

92,848

Under the modified accrual basis of accounting used in governmental funds,
interest on long-term debt is not recognized until due, rather than as it
accrues.

1,442

Change in Net Position - Governmental activities at December 31, 2019 \$ 14,388

Notes to the Financial Statements

**ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
ST. CHARLES PARISH, LOUISIANA**

Notes to the Financial Statements
For the year ended December 31, 2019

INTRODUCTION

The St. Rose Volunteer Fire Department, Inc. (the Department) was organized as a non-profit corporation as defined by Revised Statutes of Louisiana Title 12, Section 101 (8). The Department is exempt from federal income tax under section 501(c)(4) of the Internal Revenue Code. Its objective is to provide fire protection to the St. Rose area, Fire Protection District No.5 of St. Charles Parish.

The Department receives funding from local and state government sources and must comply with the same requirements of these funding source entities. However, the Department is a "primary government" and is not included as a component unit of any other St. Charles Parish governmental "reporting entity" as defined in GASB pronouncements, since the entity is a non-profit corporation, and the board members have decision making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. The Department includes all activities that are controlled by it as a quasi-public non-profit corporation organized to provide fire protection to the Parish of St. Charles. The Department has no component units.

The accounting and reporting policies of the Department conform to generally accepted accounting principles as applicable to governmental units.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying financial statements of St. Rose Volunteer Fire Department, Inc. have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies established in GAAP and used by the Fire Department are discussed below,

The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, issued in June 1999, as amended by GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

Government-Wide Financial Statements (GWFS)

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Department's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients for goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenue

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
ST. CHARLES PARISH, LOUISIANA

Notes to the Financial Statements
For the year ended December 31, 2019

Fund Financial Statements (FFS)

The accounts of the Department are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The fund of the Department is classified as a governmental fund. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. The Department has one fund, a governmental fund. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

- a. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major fund of the Department is described below:

Governmental Fund - General Fund

The General Fund, as provided by Louisiana Revised Statute 13:781 is the principal fund of the Department and is used to account for the operations of the Department. General operating expenditures are paid from this fund.

Governmental Fund – Special Revenue Fund

The purpose of the special revenue fund is to account for funds collected by the Department which must be used for a specific purpose. Special revenue funds provide for an extra level of accountability and transparency to taxpayers that their tax dollars go toward an intended purpose. The Department's special revenue fund accounts for non-public funds received by the Department.

B. Measurement Focus / Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net position and the statement of activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery) and financial position.

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
ST. CHARLES PARISH, LOUISIANA

Notes to the Financial Statements
For the year ended December 31, 2019

All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with its activities are reported. Government-wide fund equity is classified as net position. In the fund financial statements, the "current financial resources" measurement focus is used. Only current financial assets and liabilities are generally included on its balance sheet. Their operating statement presents sources and uses of available spendable financial resources during a given period. This fund uses fund balance as its measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide statement of net position and statement of activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues are classified by source and expenditures are classified by function and character. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The Department reports deferred inflows of resources on its governmental fund balance sheet. For governmental fund financial statements, deferred inflows arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred inflows also arise when resources are received before the Department has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Department has a legal claim to the resources, the deferred inflow is removed from the balance sheet and revenue is recognized. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Budgets and Budgetary Accounting

The Department prepares a budget for its General fund which is approved by its board of directors. However, the budget is not legally adopted or required in the basic financial presentation. The budget is reviewed monthly by the finance committee and quarterly by the full membership and compared to actual expenditures for use in managing expenditures.

D. Encumbrances

The Department does not use encumbrance accounting.

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
ST. CHARLES PARISH, LOUISIANA

Notes to the Financial Statements
For the year ended December 31, 2019

E. Cash and Interest-bearing Deposits

Under state law, the Department may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

For purposes of the statement of net position, cash and interest-bearing deposits include all demand accounts, savings accounts and certificates of deposit with an original maturity of less than 90 days, and are stated at cost, which approximates fair market value.

F. Investments

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of state or national banks having their principal office in Louisiana or any other federally insured investment.

The Department's only investments are certificates of deposit, with an original maturity of greater than 90 days, which are stated at cost, which approximates market. Investments in certificates of deposit are reported at cost because they are "nonparticipating" interest-earning investment contracts as discussed in GASB 31. The term "nonparticipating" means that the investment value does not vary with market interest rate changes. Investments which include securities traded on a national or international exchange are valued based on their last reported sales price (fair value). Investments that do not have an established market are reported at estimated fair value.

G. Prepaid Expenditures

Payments made for goods and services that will benefit periods beyond the current year end have been recorded as prepaid expenditures.

H. Receivables

Ad Valorem taxes are levied on a calendar year basis and become delinquent on January 1 of each year. Delinquent property taxes are considered fully collectible and therefore no allowance for uncollectible fees is provided. Any prior-year delinquent property taxes are recorded as receivable; in addition to the current year assessment.

Sales tax receivables are recorded based on current year actual amounts collected within 60 days after year end.

I. Inventories

Physical inventories consist of expendable supplies held for consumption. Because inventories are expended within one operating cycle they are recorded as expenditures when paid for and are not recorded as an inventory asset.

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
ST. CHARLES PARISH, LOUISIANA

Notes to the Financial Statements
For the year ended December 31, 2019

J. Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires an entity to delay recognition of decreases in net position as expenditures until a future period. In other instances, entities are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively.

K. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

L. Capital Assets

Capital assets, which include property, vehicles, and equipment, purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Donated assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation is recorded using the straight-line method over the useful lives of the assets as follows:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	10-40 years
Equipment	5-10 years
Vehicles	5-10 years

In the fund financial statements, capital assets used in the Department's operations are accounted for as capital outlay expenditures of the governmental fund that provided the resources to acquire the assets. Depreciation is not computed or recorded on capital assets for purposes of the fund financial statements.

M. Long-Term Obligations

In the government-wide financial statements, debt and principal payments of both government and business-type activities are reported as decreases in the balance of the liability on the Statement of Net Position. In the fund financial statements, however, debt and principal payments of governmental funds are recognized as expenditures when paid.

N. Equity Classifications

In the Government-Wide Financial Statements, the difference between a government's assets and liabilities is recorded as net position. The three components of net position are as follows:

1. Net Investment in Capital Assets This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowing attributable to the acquisition, construction or improvement of capital assets.

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
ST. CHARLES PARISH, LOUISIANA

Notes to the Financial Statements
For the year ended December 31, 2019

2. Restricted Net Position Net positions that are restricted by external sources such as creditors, grantors, contributors, or by law through either enabling legislation or constitutional provisions are reported separately as restricted net position. When assets are required to be retained in perpetuity, these non-expendable net positions are recorded separately from expendable net positions. These are components of restricted net positions.
3. Unrestricted Net Position All other net positions that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

In the Fund financial statements, governmental fund equity is classified as fund balance. As such, fund balance of the governmental fund is classified as follows:

1. Nonspendable Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The Department has prepaid insurance which is considered *nonspendable* fund balance on the fund financial statements.
2. Restricted Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
3. Committed Amounts that can be used only for specific purposes determined by a formal decision of the Board.
4. Assigned Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes by a decision of the Board.
5. Unassigned All other spendable amounts.

When an expenditure is incurred for the purposed for which both restricted and unrestricted fund balance is available, the Board considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Board considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

NOTE 2. RESTATEMENT OF NET POSITION/FUND BALANCE

Prior period adjustments were made to restate Net Position, Fund Balance, Deferred Inflows of Resources, Due from Parish, Sales tax receivable, and Ad Valorem tax receivable. In order to comply with GASB 63, an adjustment was made to increase (credit) Net Position/Fund Balance by \$266,351, increase (credit) Deferred Inflows of Resources by \$22,338 increase (debit) Sales tax receivable \$7,747, increase (debit) Due from Parish \$26,524, and increase (debit) Ad Valorem tax receivable by \$254,418 .

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
ST. CHARLES PARISH, LOUISIANA

Notes to the Financial Statements
For the year ended December 31, 2019

A prior period adjustment was also made to include the Department's private fund account in the financial statements. an adjustment was made to increase (credit) net position/fund balance by \$3,204, increase (debit) cash \$3,204.

NOTE 3. CASH AND CASH EQUIVALENTS

At December 31, 2019, the Department has cash and cash equivalents (book balances) totaling \$248,841, as follows:

Demand Deposits	<u>\$ 248,841</u>
Total	<u>\$ 248,841</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities must be held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

NOTE 4. CUSTODIAL CREDIT RISK

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution the Department's deposits may not be recovered or will not be able to recover collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the Department or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties.

Deposit balances (bank balances) at December 31, 2019, in the amount of \$282,968 were secured with \$250,000 of federal deposit insurance. The remaining \$32,968 were secured by pledged securities owned by the fiscal agent bank. There were no amounts unsecured at year end. The Department does not have a policy for custodial credit risk.

NOTE 5. DUE FROM PARISH

Revenue receivable at December 31, 2019 consists of the Department's share of the 1/8th percent sales tax for the month of November 2019, collected on or before December 20, 2019 by the St. Charles Parish School Board and remitted by St. Charles Parish in January 2020.

An allowance for uncollectible receivables is not recorded by the Department because it considers all receivables collectible at December 31, 2019.

**ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
ST. CHARLES PARISH, LOUISIANA**

Notes to the Financial Statements
For the year ended December 31, 2019

NOTE 6. RECEIVABLES

Receivables at December 31, 2019, consisted of ad valorem taxes in the amount of \$275,036. This amount represents current year tax roll, in addition to prior year delinquent taxes of \$7,887. Also included in receivables at year end are sales taxes in the amount of \$34,282.

NOTE 7. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 was as follows:

	Balance at 12/31/2018	Additions	Deletions	Balance at 12/31/2019
<u>Governmental activities:</u>				
Capital assets; not being depreciated:				
Land	\$ 123,857	\$ -	\$ -	\$ 123,857
Total	123,857	-	-	123,857
Capital assets, being depreciated:				
Equipment	1,271,709	45,831		1,317,540
Buildings	1,092,491	9,404		1,101,895
Vehicles	1,370,453	2,715		1,373,168
Total	3,734,653	57,950	-	3,792,603
Less: accumulated depreciation	(2,889,975)	(172,667)		(3,062,642)
Total capital, assets being depr; net	844,678	(114,717)	-	729,961
Total capital assets, net	\$ 968,535	\$ (114,717)	\$ -	\$ 853,818

Depreciation expense for the year of \$172,667 was charged to public safety.

NOTE 8. LONG-TERM DEBT

The Department holds a note payable to Capital One Bank with an interest rate of 4.85%. The Department is required to pay 120 monthly payments of \$3,569 with a final payment on March 1, 2023. The note is secured by real estate.

The Department holds a second note payable to Capital One Bank with an interest rate of 5.25%. Principal and interest are due in 84 monthly installments of \$2,659 with a final payment on August 22, 2021. The note is secured by a vehicle.

An installment purchase agreement with U.S. Bancorp Government Leasing and Financing was entered into on September 8, 2017. The Department is to make 10 annual installments ending on July 1, 2027 with an interest rate of 3.08% according to the agreement.

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
ST. CHARLES PARISH, LOUISIANA

Notes to the Financial Statements
For the year ended December 31, 2019

A summary of the changes in general long-term debt obligations of the department is as follows:

Long-term obligations payable at December 31, 2018	\$	536,034
Additions		-
Reductions		92,848
Long-term obligations payable at December 31, 2019	\$	443,186

During the year, the department paid \$92,848 in principle and \$19,663 interest expense.

The department has total required principal payments due in less than one year of \$97,031. \$346,154 is the portion of the liability due in more than one year. The schedule of payments for the duration of the remaining note is shown below:

Year ending December 31,	Principal	Interest	Total Debt Service Requirement
2020	97,031	15,480	112,511
2021	90,478	11,173	101,651
2022	72,728	7,879	80,607
2023	42,790	5,399	48,189
2024	33,462	4,317	37,779
2025-2027	106,697	6,639	113,336
	\$443,186	\$50,887	\$494,073

The department had no short-term debt in 2019.

NOTE 9. AD VALOREM TAX

Effective July 21, 1990, the voters of St. Charles Parish approved a property tax millage in the amount of 1.6 mills. This tax is collected by the St. Charles Parish Sheriff to be used for the fire protection of the Parish of St. Charles. The funds are distributed to the nine individual Fire Departments of the St. Charles Parish Firemen's Association, Inc. by the parish's Department of Finance. The Department's share of the total property tax on the 2019 tax roll is \$252,698 paid at a millage rate of 1.45.

The St. Charles Parish Assessor levies the ad valorem tax each year on November 15 based upon the assessed value, less homestead exemptions. The 1st day of January preceding the annual levy date (Nov. 15th) is used as the date to value the property subject to tax. The tax becomes due on November 15 and is considered delinquent if not paid by December 31. Most of the property tax revenues are collected during the months of December, January, and February.

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
ST. CHARLES PARISH, LOUISIANA

Notes to the Financial Statements
For the year ended December 31, 2019

NOTE 10. TAX ABATEMENTS

The St. Charles Parish Government enters into property tax abatement agreements with local businesses. Based on various Louisiana economic development programs, local taxing authorities may grant property tax abatements for the purpose of attracting or retaining businesses within their jurisdictions.

For the fiscal year ended December 31, 2019, the St. Rose Volunteer Fire Department, Inc.'s portion of the total tax abatements were \$17,418.

NOTE 11. FIRE PROTECTION CONTRACT

Effective March 1, 1980, sales tax in the amount of one-eighth of one percent is collected by the St. Charles Parish School Board and administered by the Parish President. The sales tax is to be used for the fire protection of the Parish of St. Charles. The funds are distributed monthly by the Parish President to the individual Fire Departments of the St. Charles Parish Firemen's Association, Inc. Effective April 4, 2011 (Ord#11-4-4), the sales tax is distributed on the following basis:

<u>Department</u>	<u>Basis</u>	<u>Funds</u>
Bayou Gauche Volunteer Fire Dept., Inc.	\$2,500	3.78%
Des Allemands Volunteer Fire Dept., Inc.	\$2,500	4.10%
East Side St. Charles Volunteer Fire Dept., Inc.	\$2,500	22.72%
Hahnville Volunteer Fire Dept., Inc.	\$2,500	7.00%
Killona Volunteer Fire Dept. Inc.	\$2,500	1.47%
Luling Volunteer Fire Dept., Inc.	\$2,500	30.85%
Norco Area Volunteer Fire Dept., Inc.	\$2,500	9.81%
Paradis Volunteer Fire Dept., Inc.	\$2,500	4.93%
St. Rose Volunteer Fire Dept., Inc.	\$2,500	15.34%

The Department receives a monthly base amount of \$2,500 in sales tax plus 15.34% of the remaining funds. The total revenue under this agreement for the year ended December 31, 2019, was \$341,319.

Sales tax receivable at December 31, 2019 of \$34,282, consists of the Department's share of the 1/8th cent sales tax for the months of November and December 2019, collected on or before December 20, 2019, by the St. Charles Parish School Board and remitted by St. Charles Parish in January and February 2020.

NOTE 12. LEASES

The Department had no leases for the year ended December 31, 2019.

**ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
ST. CHARLES PARISH, LOUISIANA**

Notes to the Financial Statements
For the year ended December 31, 2019

NOTE 13. RETIREMENT PLAN

St. Rose Volunteer Fire Department, Inc. maintains a defined contribution profit sharing plan, the St. Rose Fire Department 401(k) Profit Sharing Plan and Trust, for the benefit of the employees of the Fire Department. Employees must be 21 years of age and have one year of service to participate. Participants are immediately 100% vested in all elective deferrals, matching contributions, and profit-sharing contributions. Participants can contribute up to 90% of their compensation. Employee contributions for the year ended December 31, 2019 was \$6,477. The Fire Department may make a profit-sharing contribution at its discretion. The Fire Department currently matches 100% of the first 5% of employees' salary deferrals. Employer contributions for the year ended December 31, 2019 totaled \$6,477. The Plan has no forfeitures for the year ended December 31, 2019.

NOTE 14. RISK MANAGEMENT

The Department is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; illnesses or injuries to its volunteers; and natural disasters. The Department has purchased commercial insurance to cover or reduce the risk of loss. No settlements were made during the current or prior three fiscal years that exceeded the Department's insurance coverage.

NOTE 15. INCOME TAXES

The Fire Department is exempt from federal income tax under Section 501 (c)(4) of the Internal Revenue Code. It is exempt from Louisiana income tax under the authority of R.S. 47:121(7). The Fire Department's evaluation as of December 31, 2019 revealed no tax positions that would have a material impact on the financial statements. The 2016 through 2019 tax years remain subject to examination by the IRS. The Fire Department does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

NOTE 16. SUBSEQUENT EVENTS

Subsequent to year-end, the District has been affected by the worldwide coronavirus pandemic which has impacted the local economy. As of the date of the issuance of these financial statements, the full impact to the District's financial position is unknown.

Subsequent events have been evaluated through June 24, 2020, which is the date the financial statements were available to be issued.

NOTE 17. LITIGATION AND CLAIMS

At December 31, 2019, the Department had no litigation or claims pending.

SUPPLEMENTAL INFORMATION

**ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
ST. CHARLES PARISH, LOUISIANA**

For the Year Ended December 31, 2019

*Schedule of Compensation, Benefits and Other Payments
to Agency Head or Chief Executive Officer*

Paul Hymel, Fire Chief

No compensation, benefits, or other payments were received.

Reports by Management

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.

**Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2019**

Section I – Internal Control and Compliance Material to the Financial Statements:

No prior year findings.

Section II – Management Letter:

There was no management letter issued in the prior year.

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.**Corrective Action Plan for Current Year Audit Findings
For the Year Ended December 31, 2019****Section I – Internal Control and Compliance Material to the Financial Statements:**

<u>Ref. No.</u>	1219-01
<u>Condition:</u>	Noncompliance with RS 42:12-42:14 (the open meetings law).
<u>Criteria:</u>	Public bodies are required to advertise the date, time, place, and agenda of meetings at least 24 hours in advance.
<u>Cause:</u>	The Department's board was unaware of the requirements of the open meetings laws.
<u>Effect:</u>	The Department did not properly advertise board meetings in accordance with the open meetings law.
<u>Contact Person:</u>	Jeff Fabacher, President
<u>Management's Response:</u>	The board agrees to publish notice for each meeting in accordance with the Open Meetings Laws.
<u>Ref. No.</u>	1219-02
<u>Condition:</u>	Noncompliance with RS 38:2212 (the public bid law).
<u>Criteria:</u>	Expenditures for materials and supplies exceeding \$30,000 are required to be publicly bid or are to be purchased under state contract.
<u>Cause:</u>	The Department's board authorized the purchase of several sets of bunker gear for a total price of \$30,236 without going through the bid process.
<u>Effect:</u>	The Department did not comply with the public bid laws.

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.

**Corrective Action Plan for Current Year Audit Findings
For the Year Ended December 31, 2019**

**Section I – Internal Control and Compliance Material to the Financial
Statements (continued):**

<u>Contact Person:</u>	Jeff Fabacher, President
<u>Management's Response:</u>	The board agrees to implement procedures to ensure compliance with the public bid law for all materials and supply purchases in excess of \$30,000.
<u>Ref. No.</u>	1219-03
<u>Condition:</u>	Violation of Article VII, Section 14 of the Louisiana Constitution, prohibited uses of public funds.
<u>Criteria:</u>	This article outlines the prohibited use of public funds whereby public funds, credit, property, or things of value shall not be loaned, pledged or donated to or for any person, association, or corporation, public or private, except as otherwise provided by in the constitution.
<u>Cause:</u>	(1) The Department's board authorized the use, at no charge, of the fire station to an outside organization for several days during the year for that organizations fundraising purposes. The Department also purchased supplies for this organization which were later reimbursed to the Department.

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.

**Corrective Action Plan for Current Year Audit Findings
For the Year Ended December 31, 2019**

**Section I – Internal Control and Compliance Material to the Financial
Statements (continued):**

Cause (continued):

(2) The Department held an installation of officers / training meeting, at a cost of \$12,958, with several purchases in violation of Article VII.

- \$1,212 was paid for 38 cups given as gifts/awards
- \$4,211 was paid for meals provided at the meeting for all attendees, in violation of the \$25/firefighter limit
- \$250 was paid for a DJ
- \$555 was paid for four awards at \$127 each, in violation of the \$100/award limit
- \$3,300 was paid for the venue
- Several hundred dollars were spent on decorations and supplies for this function.

Effect:

The Department is in violation of Article VII, Section 14 of the Louisiana Constitution.

Contact Person:

Jeff Fabacher, President

Management's Response:

The board was unaware of these regulations as these events have been conducted for years without mention of its violation. After being informed of the laws, the board will discontinue both events immediately. All non-fire department related use of the fire station will require a rental fee to be charged. Any future awards will be given at regularly held board meetings within the guidelines of Article VII, Section 14 of the Constitution and the Louisiana Revised Statutes.

Section II – Management Letter:

There was no management letter issued in the current year.

**OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**



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

Board of Directors

**St. Rose Volunteer Fire Department, Inc.
St. Charles Parish, Louisiana**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the St. Rose Volunteer Fire Department, Inc (the Department), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, and have issued our report thereon dated June 25, 2020.

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 opinions 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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly,

we do not express such an opinion. The results of our tests disclosed three instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* (see findings 1219-01, 1219-02, and 1219-03).

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. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Thibodaux, Louisiana
June 25, 2020



ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
ST. CHARLES PARISH, LOUISIANA

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

For the Year Ended December 31, 2019

T.S. KEARNS & CO.
CPA

(A Professional Corporation)
164 West Main Street, Thibodaux, LA 70301
South end of Canal Boulevard
(985) 447-8507 Fax (985) 447-4833
www.kearnscpa.com



INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To: St. Rose Volunteer Fire Department
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the St. Rose Volunteer Fire Department, Inc. (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, 2019 through December 31, 2019. 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.

The procedures and associated findings are as follows:

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

Exception noted. The Department has no written policy for budgeting.

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.

Exception noted. The Department has no written policy for purchasing. However, the Department follows the spending guidelines written by the St. Charles Firemen's Association which adequately address item 5, documentation required to be maintained for all bids and price quotes.

c) **Disbursements**, including processing, reviewing, and approving

Exception noted. The Department has no written policy for disbursements, per se; however, they do have a written Segregation of Duties for personnel which outlines the personnel assigned to the processing, reviewing and approving functions for disbursements.

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).

Exception noted. The Department has no written policy for receipts, per se; however, they do have a written Segregation of Duties for personnel which outlines the personnel assigned to the receipt, recording, and preparing deposits. There are no written procedures which address completeness of collections.

e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Exception noted. The Department has no policy on payroll/personnel.

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

Exception noted. The Department has no policy on contracting.

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

No exception noted. The Department's written credit card policy addresses all areas above.

h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

Exception noted. The Department has no policy on travel and expense reimbursement. However, the Department follows the spending guidelines written by the St. Charles Firemen's Association which adequately address items 1-3. The guidelines do not address 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.

Not applicable.

- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Not applicable.

- 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.

Exception noted. The Department has no policy on Disaster Recovery/Business Continuity.

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);

Results:

No exception noted. Bank reconciliations include evidence that they were prepared within 2 months of the statement closing date.

- 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

Results:

Exception noted. Bank reconciliations do not include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.

- 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:

No exception noted. There were no reconciling items that have been outstanding for more than 12 months from the statement closing date.

Collections

Procedures rotated off in year 3.

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).

Results:

No exception noted. Obtained a listing of the entity disbursements from management and management's representation that the listing was complete.

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.

Results:

No exception noted. 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.

Results:

No exception noted. 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.

Results:

Exception noted. There is no policy and procedure indicating who is responsible for adding/modifying 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. Exception noted. There is no standard procedure for this function. Sometimes the signed checks are given to an employee to mail who is not responsible for processing payments, sometimes the checks are given back to the person 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.

Results:

No exceptions noted. All items tested 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.

Results:

No exceptions noted. All disbursements tested included evidence 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.

Results:

No exceptions noted. Obtained a representation of all credit cards for the fiscal period, including the card numbers and the names of the persons who maintained possession of the 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 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 (or electronically approved), by someone other than the authorized card holder.

Results:

No exceptions noted. There is evidence that the monthly statement and supporting documentation was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.

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

Results:

Exception noted. Finance charges and late fees were assessed on the selected statement.

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). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results:

Exception noted. Each transaction was supported by an itemized receipt and all transactions included the documentation of the business/public purpose. Each transaction complied with entity documentation and public bid law is not applicable to the entity. One of the transactions selected were for meal charges and did not include documentation of the individuals participating in the meals.

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

Rotated off in year 3.

Contracts

Rotated off in year 3.

Payroll and Personnel

Rotated off in year 3.

Ethics

Not applicable.

Debt Service

Not applicable.

Other

Rotated off in year 3.

Managements Response: The Fire Department Board has noted and agrees with all above exceptions. They will continue to work to improve processes to ensure effective and efficient handling of all transactions. Any questions should be addressed to Jeffery Fabacher, President, at 504-467-9536.

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.



T.S. Kearns & Co., CPA
June 25, 2020