

FINANCIAL REPORT
MARRERO-HARVEY VOLUNTEER
FIRE COMPANY NO. 1
DECEMBER 31, 2021 AND 2020

MARRERO-HARVEY VOLUNTEER
FIRE COMPANY NO. 1

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June 22, 2022

Board of Directors
Marrero-Harvey Volunteer Fire Company No. 1
808 MacArthur Avenue
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Opinion

We have audited the accompanying financial statements Marrero-Harvey Volunteer Fire Company No. 1 (a Louisiana nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Marrero-Harvey Volunteer Fire Company No. 1 as of December 31, 2021 and 2020 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Marrero-Harvey Volunteer Fire Company No. 1 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about Marrero-Harvey Volunteer Fire Company No. 1's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Marrero-Harvey Volunteer Fire Company No. 1's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Marrero-Harvey Volunteer Fire Company No. 1's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report On Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2022 on our consideration of Marrero-Harvey Volunteer Fire Company No. 1's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of our 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 Marrero-Harvey Volunteer Fire Company No. 1's internal control over financial reporting and compliance.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
 STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

ASSETS

	<u>2021</u>	<u>2020</u>
CURRENT ASSETS:		
Cash	\$ 3,365,602	\$ 3,524,230
Deposit	-	810,552
Prepaid expenses	<u>19,877</u>	<u>18,748</u>
Total current assets	<u>3,385,479</u>	<u>4,353,530</u>
 USE OF ASSETS - NET	 <u>2,314,893</u>	 <u>1,611,057</u>
 TOTAL ASSETS	 <u>\$ 5,700,372</u>	 <u>\$ 5,964,587</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accrued payroll and withholdings	\$ 31,141	\$ 94,548
Accrued leave	<u>90,450</u>	<u>91,988</u>
Total current liabilities	<u>121,591</u>	<u>186,536</u>
 NET ASSETS:		
Without donor restrictions	<u>5,578,781</u>	<u>5,778,051</u>
Total net assets	<u>5,578,781</u>	<u>5,778,051</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 5,700,372</u>	 <u>\$ 5,964,587</u>

See accompanying notes.

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
REVENUES:		
Contract Revenue:		
Firefighting contract	\$ 2,400,000	\$ 2,400,000
Operating subsidy/capital improvements	-	43,677
Fire insurance rebate	50,800	50,645
Grant funds - Cares Act	-	507,213
Donated firefighting services	56,285	56,048
Interest	67	71
Contributions and donations	2,211	796
Gain on assets disposed	39,422	-
Other income	70,593	98,655
Total revenues	<u>2,619,378</u>	<u>3,157,105</u>
EXPENSES:		
Program services - firefighting	2,554,146	2,462,797
Supporting services - management and general	264,502	262,071
Total expenses	<u>2,818,648</u>	<u>2,724,868</u>
CHANGE IN NET ASSETS	(199,270)	432,237
NET ASSETS - BEGINNING OF YEAR	<u>5,778,051</u>	<u>5,345,814</u>
NET ASSETS - END OF YEAR	<u>\$ 5,578,781</u>	<u>\$ 5,778,051</u>

See accompanying notes.

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>PROGRAM</u> <u>SERVICES</u>	<u>SUPPORTING</u> <u>SERVICES</u>	
	<u>Firefighting</u>	<u>Management</u> <u>and General</u>	<u>Total</u>
EXPENSES:			
Accounting and legal	\$ -	\$ 13,619	\$ 13,619
Depreciation	159,026	17,670	176,696
Donated firefighting services	56,285	-	56,285
Dues and subscriptions	191	21	212
Firefighting supplies	64,141	-	64,141
Fuel	18,160	-	18,160
Insurance	533,562	59,285	592,847
Investigations	545	-	545
Maintenance	143,711	-	143,711
Meals and consumables	5,396	-	5,396
Medical	23,774	2,642	26,416
Miscellaneous	2,609	290	2,899
Office supplies	-	4,558	4,558
Operating supplies	28,979	-	28,979
Payroll taxes	110,088	12,232	122,320
Radio	20,020	-	20,020
Retirement	29,732	3,304	33,036
Salaries and wages	1,317,473	146,386	1,463,859
Telephone	8,091	899	8,990
Utilities	<u>32,363</u>	<u>3,596</u>	<u>35,959</u>
 TOTAL	 <u>\$ 2,554,146</u>	 <u>\$ 264,502</u>	 <u>\$ 2,818,648</u>

See accompanying notes.

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>PROGRAM</u> <u>SERVICES</u>	<u>SUPPORTING</u> <u>SERVICES</u>	
	<u>Firefighting</u>	<u>Management</u> <u>and General</u>	<u>Total</u>
EXPENSES:			
Accounting and legal	\$ -	\$ 18,248	\$ 18,248
Bank charges	-	1,475	1,475
Depreciation	130,770	14,530	145,300
Donated firefighting services	56,048	-	56,048
Dues and subscriptions	650	72	722
Firefighting supplies	59,732	-	59,732
Fuel	14,175	-	14,175
Insurance	510,334	56,704	567,038
Investigations	1,356	-	1,356
Maintenance	139,108	-	139,108
Meals and consumables	4,571	-	4,571
Medical	11,213	1,246	12,459
Miscellaneous	1,523	169	1,692
Office supplies	-	2,590	2,590
Operating supplies	14,659	-	14,659
Payroll taxes	108,787	12,087	120,874
Radio	13,911	-	13,911
Retirement	36,836	4,093	40,929
Salaries and wages	1,320,422	146,714	1,467,136
Telephone	8,008	733	8,741
Utilities	30,694	3,410	34,104
TOTAL	<u>\$ 2,462,797</u>	<u>\$ 262,071</u>	<u>\$ 2,724,868</u>

See accompanying notes.

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (199,270)	\$ 432,237
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	176,696	145,300
Gain on sale of property and equipment	(39,422)	-
(Increase) decrease in operating assets:		
Prepaid expenses	(1,129)	(206)
Deposit	810,552	(810,552)
Increase (decrease) in operating liabilities:		
Accrued leave	(1,538)	29,100
Accrued payroll and withholdings	(63,407)	33,860
Net cash provided (used) by operating activities	<u>682,482</u>	<u>(170,261)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	<u>(841,110)</u>	<u>-</u>
Net cash (used) in investing activities	<u>(841,110)</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	(158,628)	(170,261)
CASH - BEGINNING OF YEAR	<u>3,524,230</u>	<u>3,694,491</u>
CASH - END OF YEAR	<u>\$ 3,365,602</u>	<u>\$ 3,524,230</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for the following:		
Interest	\$ <u>-</u>	\$ <u>-</u>
Income taxes	\$ <u>-</u>	\$ <u>-</u>
NONCASH INVESTING ACTIVITIES:		
Trade allowance on purchase of equipment	<u>\$ 50,000</u>	<u>\$ -</u>

See accompanying notes.

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

ORGANIZATION:

Marrero-Harvey Volunteer Fire Company No. 1 (the fire company) was established to provide firefighting and rescue services to a designated area of the Eighth Fire Protection District (a separate entity) of Jefferson Parish, Louisiana. In addition, the fire company provides fire code inspections for businesses within its district, as well as firefighting and rescue training for its members. The fire company maintains three fire stations and has approximately 26 paid employees and 8 volunteers. The fire company's main source of revenue comes from the contract with the Eighth Fire Protection District of Jefferson Parish. The current contract was adopted by Jefferson Parish Council on November 15, 2017, by resolution number 130389. The contract is for 10 years expiring on December 1, 2027.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A summary of the fire company's significant accounting policies applied in the preparation of the accompanying financial statements follows:

Basis of Accounting:

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation:

The Company is required to report information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. According two classes of net assets and changes therein are classified and reported as follows:

- Net assets without donor restrictions – net assets available for use in general operations and not subject to donor (or certain grantor) restrictions
- Net assets with donor-imposed restrictions – net assets subject to donor-imposed (or certain grantor) restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Financial Statement Presentation (Continued):

assets without donor restrictions. Expirations of donor restrictions on net assets are reported as reclassifications between the applicable classes of net assets. As of December 31, 2021, the Company had only net assets without donor restrictions.

Functional Expenses Allocation:

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

Contributions and Donated Services:

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

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

Revenues:

Substantially all of the fire company's revenue is derived from funds provided by the Fire Protection District No. 8 of Jefferson Parish to provide firefighting and rescue services to the designated area of the Fire Protection District No. 8 and is considered to be an exchange transaction within the scope of ASC Topic 606, *Revenue from Contracts with Customers*. The Parish pays the fire company monthly installments which represent the net proceeds of millage levied annually on the assessed valuation of property in the Fire Protection District No. 8. The revenue is recognized over time as the performance obligation is satisfied. During the year ended December 31, 2020, Jefferson Parish received CARES Act money related to the COVID-19 pandemic. The amount allocated to the fire company totaled \$507,213.

In addition, the fire company routinely receives revenue from insurance rebates. The amount is received annually from the State of Louisiana through Jefferson Parish. The amount received is based on the number of homes within the fire district and totaled \$50,800 and \$50,645 for 2021 and 2020, respectively.

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Income Taxes:

The fire company is exempt from income taxes under Internal Revenue Code Section 501(c)(4) as a nonprofit organization. Accordingly, the financial statements do not reflect a provision for income taxes. The fire company's Federal Return of Organization Exempt from Income Tax (Form 990) for 2021, 2020 and 2019 are subject to examination by the IRS, generally for three years after they were filed.

Statement of Cash Flows:

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

Use of Assets:

Per the contract with Jefferson Parish, any acquisition of immovable property, equipment, vehicles, or buildings by the fire company with funds from the contract, are the property of Jefferson Parish, and, if legally required to be titled, should be titled in Jefferson Parish's name and not in the name of the fire company. The contract also states that in the event the fire company should cease operations voluntarily, for whatever reason, during the term of the agreement or be removed for just cause by Jefferson Parish, all buildings, equipment or apparatus purchased with appropriations from Jefferson Parish general and special revenue funds or contract consideration shall become (or remain if already titled in Jefferson Parish's name) the property of Jefferson Parish.

The assets owned and titled by Jefferson Parish and used by the fire company are reported on the company's Statements of Financial Position as a use of asset. The fire company records the use of asset for 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 5 to 40 years.

Annual Leave:

Employees earn and accumulate annual leave at various rates, depending on their years of service. The maximum amount of annual leave that may be accumulated in one year is 360 hours. A maximum of 216 hours of annual leave can be carried over to the next calendar year. Upon termination, employees are compensated for up to 576 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. The liability for accrued annual leave was \$90,450 and \$91,988 as of December 31, 2021 and 2020, respectively.

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
 NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Sick Leave:

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

2. CASH:

At December 31, 2021 and 2020, the fire company maintained cash balances and savings accounts in several local banks. The bank balances and book balances as of December 31, 2021 and 2020 were as follows:

	2021		2020	
	<u>Book Balances</u>	<u>Bank Balances</u>	<u>Book Balances</u>	<u>Bank Balances</u>
Checking accounts	\$3,182,978	\$3,371,484	\$3,341,649	\$3,371,484
Savings accounts	<u>182,624</u>	<u>182,581</u>	<u>182,581</u>	<u>182,581</u>
Total cash	<u><u>\$3,365,602</u></u>	<u><u>\$3,554,065</u></u>	<u><u>\$3,524,230</u></u>	<u><u>\$3,554,065</u></u>

The fire company's bank balances were entirely covered by FDIC insurance or pledged securities held by Capital One Bank in the name of the Marrero-Harvey Volunteer Fire Company No. 1 at December 31, 2021 and 2020, respectively.

3. USE OF ASSETS:

The cost and accumulated depreciation of the use of assets were as follows:

	2021			
	<u>Balance 1/1/2021</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 12/31/2021</u>
Land	\$ 89,218	\$ -	\$ -	\$ 89,218
Buildings	725,986	-	-	725,986
Vehicles	2,739,858	891,110	(509,577)	3,121,391
Firefighting equipment	443,347	-	(108,921)	334,426
Furniture and fixtures	<u>35,617</u>	<u>-</u>	<u>(5,520)</u>	<u>30,097</u>
	4,034,026	891,110	(624,018)	4,301,118
Accumulated depreciation	<u>(2,422,969)</u>	<u>(176,696)</u>	<u>613,440</u>	<u>(1,986,225)</u>
Use of assets, net	<u><u>\$ 1,611,057</u></u>	<u><u>\$ 714,414</u></u>	<u><u>\$ (10,578)</u></u>	<u><u>\$ 2,314,893</u></u>

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

3. USE OF ASSETS: (Continued)

	2020			Balance 12/31/2020
	Balance 1/1/2020	Additions	Disposals	
Land	\$ 89,218	\$ -	\$ -	\$ 89,218
Buildings	725,986	-	-	725,986
Vehicles	2,739,858	-	-	2,739,858
Firefighting equipment	535,861	-	(92,514)	443,347
Furniture and fixtures	35,617	-	-	35,617
Construction in progress	-	-	-	-
	4,126,540	-	(92,514)	4,034,026
Accumulated depreciation	(2,370,182)	(145,301)	92,514	(2,422,969)
Use of assets, net	\$ 1,756,358	\$ (145,301)	\$ -	\$ 1,611,057

Depreciation expense totaled \$176,696 and \$145,301 during the years ended December 31, 2021 and 2020, respectively.

4. DONATED SERVICES:

Volunteer firefighters responded to 1,187 and 1,164 calls for service during 2021 and 2020, respectively. The value of these volunteer services is computed using the minimum hourly pay for the fire company's paid personnel during the year, multiplied by an average response duration of 1.25 and 1.25 hours during 2021 and 2020, respectively, with the result multiplied by the number of volunteers per call. The minimum hourly pay was \$11 per hour for 2021 and 2020. The hours provided by officers approximated 2,444 at an hourly rate of \$11 for the years ended December 31, 2021 and 2020. The hours provided by captains and assistant chiefs approximated 1,560 at an hourly rate of \$11 for the years ended December 31, 2021 and 2020. The total resulting values for volunteer firefighting services amounted to \$56,285 and \$56,048 for the years ended December 31, 2021 and 2020, respectively.

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

All members of the Board of Directors serve without compensation.

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

5. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The fire company manages its liquidity by operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. As of December 31, 2021, financial assets available for expenses within one year of the statement of financial position date consist of cash in the amount of \$3,365,602. As of December 31, 2020, financial assets available for expenses within one year of the statement of financial position date consist of cash in the amount of \$3,524,230.

6. RETIREMENT PLAN:

The fire company has a contributory retirement plan covering all paid employees with at least one year of service. Eligible employees must contribute 3% of their gross salary to be eligible for employer matching contributions. The fire company contributes 3% of participating employees' annual salaries. The retirement expense for the plan for the years ended December 31, 2021 and 2020, was \$33,036 and \$40,929, respectively.

7. EXPENSES PAID BY OTHERS:

The full-time firefighters of the fire company receive supplemental pay from the State of Louisiana under the provisions of L.R.S. 33:2002. The amount of pay received does not vary based upon years of service and is based upon state law. These supplemental state funds are paid directly to the firefighters and is passed through the fire company, and the fire company pays the taxes on this amount. The amount of state supplemental pay for the years ended December 31, 2021 and 2020 was \$126,000 and \$128,117, respectively.

8. USE OF ESTIMATES:

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

9. SUBSEQUENT EVENTS:

Management has evaluated subsequent events through June ____, 2022, which is the date on which the financial statements were available to be issued, and determined no events occurred that would have significantly affected these financial statements.

SUPPLEMENTARY INFORMATION

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
 TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2021

Agency Head Name:

Don Robertson, Fire Chief

January 1 to September 30, 2021

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 99,437
Benefits - insurance	18,979
Benefits - retirement	2,338
Per diem	-
	<u>\$ 120,754</u>

Agency Head Name:

Stephen Guidroz - Fire Chief

October 1 to December 31, 2021

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 26,016
Benefits - insurance	3,409
Benefits - retirement	746
Per diem	-
	<u>\$ 30,171</u>



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

June 22, 2022

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Marrero-Harvey Volunteer Fire Company No. 1 (a Louisiana nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 22, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Marrero-Harvey Volunteer Fire Company No. 1's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Marrero-Harvey Volunteer Fire Company No. 1's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
SCHEDULE OF CURRENT YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2021

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of the Marrero-Harvey Volunteer Fire Company No. 1 for the year ended December 31, 2021 was unmodified.

2. Internal Control
Material weaknesses: none noted
Significant deficiencies: none noted

3. Compliance
Noncompliance material to financial statements: none noted

FINDINGS REQUIRED TO BE REPORTED UNDER *GOVERNMENT AUDITING STANDARDS* GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA:

None noted

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2021

SUMMARY OF PRIOR YEAR FINDINGS:

None noted

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

FOR THE YEAR
JANUARY 1, 2021–DECEMBER 31, 2021

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

June 22, 2022

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

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures (SAUPs) for the year January 1, 2021 through December 31, 2021. Marrero-Harvey Volunteer Fire Company No. 1's management is responsible for the control and compliance areas identified in the SAUPs.

Marrero-Harvey Volunteer Fire Company No. 1 has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the year January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

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Written Policies and Procedures

1. Obtain and inspected the entity's written policies and procedures and observed whether they addressed each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing and approving.
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
 - f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - g) **Credit Cards** (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
 - h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
 - i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
 - j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
 - k) **Information Technology 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.
 - l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: We noted no findings as a result of applying the procedures above.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the calendar year, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the calendar year, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit 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 calendar year.*
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the calendar year referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
- **Results:** We noted no findings as a result of applying the procedures above.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the calendar year 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 selected 4 additional accounts (or all accounts if less than 5). Randomly select one month from the calendar year, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observed that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or 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 it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

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

- The bank reconciliations have no evidence that a member of management or board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.
- There is no documentation reflecting management has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

Management's response:

Effective immediately, management will review each bank reconciliation.

Collections (excluding electronic funds transfers)

4. Obtain a list of deposit sites for the calendar year where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly selected 5 deposit sites (or all deposit sites if less than 5).

Results: We noted no findings as a result of applying the procedures above.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly selected one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees responsible for cash collections do not share cash drawers/registers.
- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

Results: We noted no findings as a result of applying the procedures above.

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the calendar year.

Results: We noted no findings as a result of applying the procedures above.

7. Randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliation" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- e) Trace the actual deposit per the bank statement to the general ledger.

Results: We noted no findings as a result of applying the procedures above.

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

8. Obtain a listing of locations that process payments for the calendar year and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Results: We noted no findings as a result of applying the procedures above.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Results: We noted no findings as a result of applying the procedures above.

10. For each location selected under #8 above, we obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursement) 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 the disbursement matched the related original itemized invoice and supporting documentation indicated deliverables included on the invoice were received by the entity.

- b) Observe the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results: We noted no findings as a result of applying the procedures above.

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 calendar year, 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: We noted no findings as a result of applying the procedures above.

12. Using the listing prepared by management randomly select 5 cards (or all cards if less than 5) that were used during the calendar year. 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 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.
- b) Observe that finance charges and late fees were not assessed on the selected statements.

Results: We noted no findings as a result of applying the procedures above.

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. 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. For each transaction, observe it is supported by:

- a) An original itemized receipt that identifies precisely what was purchased,
- b) Written documentation of the business/public purpose,
- c) Documentation of the individuals participating in meals (for meals charges only)

Results: We noted no findings as a result of applying the procedures above.

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the calendar year and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration.
 - b) If reimbursed using actual cost, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observed that the documentation includes the names of those individuals participating and other documentation required by written policy (procedure #1h).
 - d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving the reimbursement.

Results: We noted no findings as a result of applying the procedures above.

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 calendar year. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe the contract was approved by the governing body/board, if required by policy or law.
 - c) If the contract was amended, observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms. (e.g., if approval is required for any amendment, was approval documented).
 - d) Randomly select one payment from the calendar year for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

Results: We noted no findings as a result of applying the procedures above.

Payroll and Personnel

16. Obtain a listing of employees and officials employed during the calendar year and management's representation that the listing is complete. Randomly selected 5 employees or officials, obtain related

paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Results: We noted no findings as a result of applying the procedures above.

17. Randomly select one pay period during the calendar year. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe supervisors approved the attendance and leave of the selected employees or officials.
 - c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Results: We noted no findings as a result of applying the procedures above.

18. Obtain a listing of those employees or officials that received termination payments during the calendar year and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

Results: We noted no findings as a result of applying the procedures above.

19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Results: We noted no findings as a result of applying the procedures above.

Fraud Notice

20. Obtain a listing of misappropriations of public funds and assets during the calendar year and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Results: We noted no findings as a result of applying the procedures above.

21. Observe 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: We noted no findings as a result of applying the procedures above.

Information Technology Disaster Recovery/Business Continuity

22. Perform the following procedures

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observed evidence that the test/verification was successfully performed within the past 3 months.
- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly selected 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

- *We performed the procedures above and discussed the results with management.*

We were engaged by Marrero-Harvey Volunteer Fire Company No. 1 to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. We were not engaged to, and did not, conduct an examination or review engagement, 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.

We are required to be independent of Marrero-Harvey Volunteer Fire Company No. 1 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the results 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 Louisiana Legislative Auditor as a public document.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana