



# **THIBODAUX VOLUNTEER FIRE DEPARTMENT, INC.**

## **Financial Statements and Independent Auditor's Report**

**As of and for the Year Ended November 30, 2018**

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**CPA**

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**THIBODAUX VOLUNTEER FIRE DEPARTMENT, INC.**  
**Thibodaux, Louisiana**

**Financial Statements and  
Independent Auditor's Report**

**As of and for the year ended November 30, 2018**

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## INDEPENDENT AUDITOR'S REPORT

To the Board  
Thibodaux Volunteer Fire Department, Inc.  
Thibodaux, Louisiana

We have audited the accompanying financial statements of Thibodaux Volunteer Fire Department, Inc. (a nonprofit organization), which comprise the statement of financial position as of November 30, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of 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 an opinion 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 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 opinion.

## Opinion

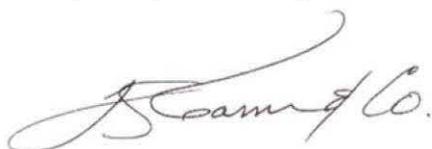
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Thibodaux Volunteer Fire Department, Inc. as of November 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules listed as supplemental information in the table of contents on page 18 through 21 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2019, on our consideration of the Thibodaux Volunteer Fire Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Thibodaux Volunteer Fire Department's internal control over financial reporting and compliance.



Thibodaux, Louisiana

May 28, 2019

## **Financial Section**

**THIBODAUX VOLUNTEER FIRE DEPARTMENT, INC.**  
**Thibodaux, Louisiana**

**Statement of Financial Position**  
**November 30, 2018**

**Assets****Current Assets:**

Cash	\$ 4,478,710
Certificates of Deposit	509,789
Receivables	36,026
Prepaid expense	1,240
Advances to Fire Companies	3,000
<b>Total Current Assets</b>	<u>5,028,765</u>

**Long-Term Assets:**

Certificates of Deposit	175,421
Advances to Fire Companies	23,000
Property and Equipment (Net)	6,337,823
Land	1,230,748
<b>Total Long-Term Assets</b>	<u>7,766,991</u>

<b>Total Assets</b>	<u><u>\$ 12,795,757</u></u>
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**Liabilities and Net Assets****Current Liabilities:**

Accounts Payable	\$ 26,781
Deferred Revenue	5,500
<b>Total Current Liabilities/Total Liabilities</b>	<u>32,281</u>

**Net Assets:**

Temporarily restricted	2,428,923
Unrestricted	10,334,553
<b>Total Net Assets</b>	<u>12,763,476</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 12,795,757</u></u>

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

**THIBODAUX VOLUNTEER FIRE DEPARTMENT, INC.**  
**Thibodaux, Louisiana**

**Statement of Activities**  
**For the Year Ended November 30, 2018**

	Unrestricted	Temporarily Restricted	Total
<b>Revenues and Other Support:</b>			
Firemen's Fair, Net Proceeds (See Schedule 1)	\$ 817,290	\$ 4,070	\$ 821,361
Interest Earnings	8,578		8,578
Rental Income	10,204		10,204
Private grants & cash donations	122,800	650	123,450
Miscellaneous	3,184		3,184
Promotional discount received	-		-
Local Governments		331,894	331,894
Property Tax		727,374	727,374
Satisfaction of Restrictions	283,950	(283,950)	-
<b>Total Revenue and Other Support</b>	<b>1,246,006</b>	<b>780,038</b>	<b>2,026,044</b>
<b>Expenses:</b>			
<b>Program Service - Fire Protection:</b>			
Operation and Maintenance of Fire Equipment (See Schedule 3)	296,577		296,577
Utilities - Fire Stations	97,410		97,410
Fire Training and Prevention	44,347		44,347
Other Fire Fighting Equipment and Related Expenses	68,897		68,897
Rental Expenses	10,557		10,557
Donation Expense - Surplus Equipment	12,000		12,000
<b>Supporting Services:</b>			
General and Administrative (See Schedule 4)	960,682		960,682
<b>Total Expenses</b>	<b>1,490,471</b>	<b>-</b>	<b>1,490,471</b>
<b>Increase (Decrease) in Net Assets</b>	<b>(244,465)</b>	<b>780,038</b>	<b>535,573</b>
<b>Net Assets, Beginning of Year</b>	<b>10,579,018</b>	<b>1,648,885</b>	<b>12,227,903</b>
<b>Net Assets, End of Year</b>	<b>\$ 10,334,553</b>	<b>\$ 2,428,923</b>	<b>\$ 12,763,476</b>

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

**THIBODAUX VOLUNTEER FIRE DEPARTMENT, INC.**  
**Thibodaux, Louisiana**

**Statement of Cash Flows**  
**For the Year Ended November 30, 2018**

<b>Cash Flows From Operating Activities:</b>	
Increase (Decrease) In Net Assets	\$ 535,573
Adjustments To Reconcile Increase In Net Assets To Net Cash Provided By Operating Activities:	
Expenses not requiring cash:	
Depreciation	612,660
FMV of capital assets donated	12,000
Loss on disposal of capital assets	65,392
Revenue not providing cash:	
Promotional Discount on capital assets	-
(Increase) Decrease In Operating Assets:	
Receivable from Fire Companies, net	3,000
Prepaid expenses	969
Other receivables	(32,426)
Increase (Decrease) In Operating Liabilities:	
Accounts Payable	(14,850)
Deferred revenue	5,500
	<hr/>
<b>Net Cash Provided (Used) By Operating Activities</b>	<b>1,187,818</b>
<b>Cash Flows From Investing Activities:</b>	
Maturity of Certificates of Deposit	684,385
Purchase of Certificates of Deposit	(684,385)
Interest reinvested in Certificates of Deposit	(859)
Proceeds from sales of capital assets	-
Purchase of Property and Equipment	(241,857)
	<hr/>
<b>Net Cash Provided (Used) By Investing Activities</b>	<b>(242,715)</b>
<b>Cash Flows From Financing Activities:</b>	
Net proceeds from line of credit	-
	<hr/>
<b>Net Cash Provided (Used) By Financing Activities</b>	<b>-</b>
	<hr/>
<b>Net Increase (Decrease) in Cash</b>	<b>945,103</b>
	<hr/>
<b>Cash at Beginning of Year</b>	<b>3,533,607</b>
	<hr/>
<b>Cash at End of Year</b>	<b>\$ 4,478,710</b>
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The accompanying notes are an integral part of the financial statements.

**THIBODAUX VOLUNTEER FIRE DEPARTMENT, INC.**  
**Thibodaux, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**  
**November 30, 2018**

**INTRODUCTION**

The Thibodaux Volunteer Fire Department, Inc. (Fire Department) was formally incorporated on February 4, 1987, as a non-profit corporation in Thibodaux, Louisiana. As incorporated, it is the continuation of an association that has been in existence for many years in the City of Thibodaux. The purpose of the Fire Department, and its predecessor organization, is to supervise, control, and otherwise coordinate the efforts of the eight volunteer fire companies which service the citizens of Thibodaux, Louisiana, and beginning in 1989, the area included in Lafourche Parish Fire Protection District No. 4 (District No. 4).

The Fire Department owns fire stations, firefighting trucks, emergency units, and other firefighting equipment used by the Department and the eight fire companies. The Fire Department coordinates all training and fund-raising activities and pays for the operating expenses of all firefighting and emergency equipment for all eight fire companies.

**NOTE 1. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies followed are described to enhance the usefulness of the financial statements to the reader. The financial statements of the Thibodaux Volunteer Fire Department, Inc. (a nonprofit organization) have been prepared on the accrual basis; therefore, certain revenues and the related assets are recognized when awarded rather than when received and certain expenses are recognized when the obligation is incurred rather than when paid. These policies have been consistently applied in the preparation of the financial statements. The corporation has no capital stock. The following is a summary of certain significant accounting policies:

**A. Reporting Entity**

Management of the Fire Department consists of a Board of Directors made up of volunteer firemen who have been elected by the membership of the various fire companies. After being elected by the fire companies' membership, the board members are appointed by Thibodaux City Council. The Mayor of Thibodaux is an ex-officio member of the Board of Directors. The City of Thibodaux also receives a tax millage used to support the Fire Department. Because of these factors, the Fire Department is a component unit of the City of Thibodaux and is reported as such on the City's financial reports.

**THIBODAUX VOLUNTEER FIRE DEPARTMENT, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**  
**November 30, 2018**

**B. Basis of Presentation**

The financial statements are presented in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit organizations*, which requires the Organization to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the organization is required to present a statement of cash flows.

**C. Capital Assets**

All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded as support at their estimated fair value on the date donated. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. It is the Fire Department's policy to capitalize expenditures for these items in excess of \$1,000. Depreciation is provided over the estimated useful life of fixed assets computed using the straight-line method as follows:

Buildings and improvements	12 - 40 years
Equipment	7 – 20 years
Furniture & fixtures	7 years
Vehicles	5 – 25 years

**D. Income Taxes**

The Internal Revenue Service has notified the Fire Department that it is substantially exempt from Income taxes under internal Revenue Code Section 501 (c)(3). Donors may deduct contributions made to the Fire Department under Internal Revenue Code Section 170. Accordingly, no provision for income taxes is made in the financial statements. The Fire Department is no longer subject to U.S. Federal tax examination for years prior to 2015 tax year.

**E. Revenue Recognition**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an

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**NOTES TO FINANCIAL STATEMENTS**  
**November 30, 2018**

increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**F. Cash, Cash Equivalents, and Certificates of Deposit**

For purposes of the statements of cash flows, cash and cash equivalents include certificates of deposit and securities with maturities of three months or less when purchased. The Fire Department considers all demand deposits to be cash equivalents.

Investment policies are governed by state statutes.

Certificates of Deposits with original maturities of one year or less are classified as current assets. Certificates with original maturities in excess of one year are reported as long-term assets.

**G. Net Assets**

In accordance with SFAS No. 117, the Fire Department reports net assets as unrestricted, temporarily restricted, and permanently restricted. The Fire Department currently has no permanently restricted net assets. Temporarily restricted net assets consist of funds acquired from ad valorem taxes, fire insurance rebates, donations with restrictions, and support from local governments which are to be used for the purchase and maintenance of firefighting equipment.

**H. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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, expenditures, and expenses during the reporting period. Actual results could differ from estimates.

**THIBODAUX VOLUNTEER FIRE DEPARTMENT, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**  
**November 30, 2018**

**I. Subsequent Events**

The subsequent events of the organization were evaluated through the date of the financial statements were available to be issued (May 16, 2019).

**NOTE 2. CASH AND CERTIFICATES OF DEPOSIT**

At November 30, 2018, the Fire Department had cash (book balances) totaling \$4,478,710, and certificates of deposits totaling \$685,211. The combined bank balance at November 30, 2018, was \$5,170,939. Of the bank balances, \$1,044,724 was covered by federal depository insurance and \$4,126,216 is covered by collateral held by the pledging financial institution's trust or its agent in the Fire Department's name. There are no unsecured funds.

The Fire Department is required to hold the ad valorem tax in a separate bank account to be used for the purchase and maintenance of fire-fighting equipment. The monies collected and expended for the raffle fundraiser must also be held in a separate bank account with any profits being transferred to the operating account. These accounts are maintained separately, as required.

**NOTE 3. PROPERTY AND EQUIPMENT**

At November 30, 2018, the Fire Department had the following property and equipment balances:

	<b>Balance at 11/30/17</b>	<b>Additions</b>	<b>Removals</b>	<b>Balance at 11/30/18</b>
Property and equipment not being depreciated:				
Land	\$ 1,230,748	\$ -	\$ -	\$ 1,230,748
Assets not placed in service	-	-	-	-
Construction in progress	7,730	-	(7,730)	-
Total property and equipment not being depreciated	<u>\$ 1,238,478</u>	<u>\$ -</u>	<u>\$ (7,730)</u>	<u>\$ 1,230,748</u>

**THIBODAUX VOLUNTEER FIRE DEPARTMENT, INC.**  
**Thibodaux, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**  
**November 30, 2018**

	<b>Balance at 11/30/2017</b>	<b>Additions</b>	<b>Removals</b>	<b>Balance at 11/30/2018</b>
Property and equipment being depreciated:				
Fire trucks, emergency units, and other vehicles	\$ 4,889,526	\$ 5,291	\$ (261,450)	\$ 4,633,367
Firefighting equipment	1,655,396	93,014	(155,013)	1,593,397
Office and other equipment	250,262	5,584	-	255,846
Building & Improvements				
Warehouse - Central Station	477,401	-	-	477,401
Training center	1,013,778	13,846	-	1,027,624
B.C.H. building	139,020	-	-	139,020
Fire station improvements	2,791,515	-	-	2,791,515
Fair-ground improvements	1,393,712	131,852	-	1,525,564
Rental units	103,700	-	-	103,700
Total property and equipment being depreciated	12,714,310	249,587	(416,463.00)	12,547,434
Less: Accumulated Depreciation	(5,936,018)	(612,661)	339,072.00	(6,209,607)
Total property and equipment being depreciated, net	6,778,292	(363,074)	(77,391.00)	6,337,827
Total property and equipment, net	\$ 8,016,770	\$ (363,074)	\$ (85,121)	\$ 7,568,575

Depreciation expense for the current fiscal year is \$612,660.

**NOTE 4. SUPPORT - LOCAL GOVERNMENTS**

In 2018, support from the City of Thibodaux, Fire Protection District No. 4, and Parish of Lafourche consists of following Items:

Insurance subsidies (City of Thibodaux)	\$ 21,742
Utilities subsidies (City of Thibodaux)	97,410
Other (City of Thibodaux)	38,221
Fire insurance rebates (Lafourche Parish)	66,645
Fire Protection District #4 (see note 7)	107,876
	\$ 331,894

**THIBODAUX VOLUNTEER FIRE DEPARTMENT, INC.**  
**Thibodaux, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**  
**November 30, 2018**

*Insurance subsidies* - Amounts expended by the City of Thibodaux for insurance during the Fire Department's fiscal year, to provide coverage for Fire Department equipment and members of the fire companies. Included are premiums for fire truck and emergency unit liability insurance, general liability insurance, and workman's compensation for volunteer firemen. Policy coverage does not extend longer than 12 months. Amounts paid by the City are considered revenue to the Fire Department, and insurance expense includes these amounts.

*Utility subsidies* - Amounts expended by the City of Thibodaux for the utility bills on the fire companies' firehouses. Amounts paid by the City are considered revenue to the Fire Department, and utility expenses include these amounts.

Part of the Fire Department's purpose is to adequately protect and maintain all firefighting type equipment. The cost of insurance and utilities is an integral part of such maintenance and protection. Therefore, these costs are reflected on the Department's records as insurance premiums and utilities even though they were paid by the City of Thibodaux.

*Fire insurance rebates* - A state tax is assessed on fire insurance policies issued in the State of Louisiana. Some of these funds the State remits to the various parishes of the state with instructions on how much the Parish is to remit to each city or fire district to support firefighting.

*Other support* - The city paid for the miscellaneous radio service agreements, security detail, supplies, and repairs and maintenance on behalf of the Fire Department. This miscellaneous other support totaled \$38,221. The City also contributed \$4,070 to the Fire Department in connection with the Firemen's Fair for various items and to help offset other fair expenses. This \$4,070 is included on Schedule 1 in the Fair Income.

*Property and equipment* - The city paid for and owns equipment and other property used by the fire department. During its fiscal year ended November 30, 2018, the City of Thibodaux expended \$93,413 for this purpose.

**NOTE 5. PROPERTY TAXES**

The Fire Department received \$727,374 of support from the City of Thibodaux in the form of property taxes during fiscal year ended November 30, 2018. Two mills were approved by the voters of Thibodaux for a period of ten years. In October 2011, this

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**NOTES TO FINANCIAL STATEMENTS**  
**November 30, 2018**

ten-year period was renewed commencing December 2013. In 2017, the voters renewed a five-mill property tax bringing the total millage authorized by the voters to seven. Through the normal property reassessment process, the voter approved property taxes are assessed, for the 2017 tax roll, at 1.69 mills and 4.22 mills of the authorized 2 mills and 5 mills.

**NOTE 6. TAX ABATEMENTS**

The City of Thibodaux enters into property tax abatement agreements with local businesses under the Restoration Tax Abatement Program was created by Act 445 of the 1983 Legislature, and revised by Act 783 of 1984, Article VII, Part II, Section 21 (H) of the Louisiana Constitution and Louisiana R.S. 47: 4311-4319, to authorize the Board of Commerce and Industry, with the approval of the Governor and the local governing authority and in accordance with procedures and conditions provided by law, to enter into a contract granting property owners who propose the expansion, restoration, improvement or development of an existing structure or structures in a downtown development district, historic district, or economic development district, established in accordance with law, the right to pay ad valorem taxes based upon the assessed valuation of property prior to the commencement of the expansion, restoration, improvement or development.

For the fiscal year ended November 30, 2018, the City's property tax abatements which represent the Fire Department's portion of the forfeited tax revenue are immaterial to the Fire Department's financial statements.

**NOTE 7. COOPERATIVE AGREEMENTS**

*Lafourche Parish Fire Protection District No. 4*

On May 19, 1989, the Fire Department contracted with the Lafourche Parish Fire Protection District No.4, a district adjacent to, but outside, the city limits of Thibodaux, for the Fire Department to coordinate and supervise firefighting and emergency service in that fire district. The contract is for a period of ten years and is automatically renewed for an additional ten years unless both parties mutually elect to terminate the renewal option within 90 days of renewal. Under the agreement, the Fire Department helps organize and train the volunteers needed to operate a fire company in the district. The fire company located in the District is allowed all benefits allowed to other fire companies directed by the Fire Department.

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**NOTES TO FINANCIAL STATEMENTS**  
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Under the term of the cooperative agreement, the Fire Department pays for gasoline and maintenance of these fire trucks and other firefighting equipment and pays for maintenance of the building housing the fire trucks and equipment in the District. During the period ended November 30, 2018, the Fire Department incurred expenses of \$21,627 in connection with the Bowie Fire Company, the company located in District No. 4 (See supplemental schedule 3).

A millage is presently being collected by Fire District No.4 from the District's residences. It is anticipated Fire District No.4 will continue to collect this millage. As per the co-operative agreement contract, millage amounts and fire insurance rebates collected by District No.4 are to be contributed to the Thibodaux Volunteer Fire Department, Inc. During the year ended November 30, 2018, \$107,876 was received from Fire District No. 4.

*Home Hook and Ladder Company No. 1*

On June 23, 2009, the Fire Department entered into an agreement with Home Hook and Ladder Company No. 1 (Hooks), one of the eight volunteer fire companies that are supervised by the Fire Department. The agreement states that the Fire Department will allow Hooks to occupy the fire station, owned by the Fire Department and located on Canal Boulevard, in exchange for providing fire protection services to the City of Thibodaux.

\$121,209 has been paid, in previous years, by Hooks to the Fire Department for consideration of this agreement. The figure was determined by a mutually agreed upon percentage of the total cost of construction of the new fire station.

The term of the agreement shall be for as long as Hooks is an officially recognized fire company of the Fire Department. In the event that Hooks is no longer an officially recognized fire company of the Fire Department, then this agreement shall terminate, and Hooks shall vacate the premises immediately upon notice by the Fire Department.

**NOTE 8. FIREMEN FAIR NET PROCEEDS**

The Fire Department's operating funds consisted of net proceeds it received from a four-day fair it sponsors during the spring each year. The success of the fair depends on the state of the local economy and the weather.

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**NOTES TO FINANCIAL STATEMENTS**  
**November 30, 2018**

The fair revenue consists of proceeds from the sale of tickets for rides, games, food and drink, raffles, and from auctioned items, solicited donations, and other miscellaneous events. The 2018 revenues and expenses of the fair were as follows:

Revenue (Supplemental Schedule 1)	\$ 1,175,084
Expense (Supplemental Schedule 1)	<u>(353,724)</u>
Net fair proceeds	<u>\$ 821,361</u>

This year, the Fire Department's net fair proceeds were approximately 41% of its operating revenues.

If the net proceeds from this fundraiser would decrease significantly, the amount of funds the Fire Department receives would be significantly reduced which would have an adverse effect on operations. Management is not aware of any events that will adversely affect the amount of funds raised by this event in the future.

**NOTE 9. HURRICANE RELIEF DONATIONS**

In a response to the hurricanes which devastated the southern United States during the 2017 Hurricane Season, the Fire Department collected donations for food and supplies to be delivered to the affected region. The Department continues to accept donations and in November 2018 was awarded a grant for hurricane relief which is reported as deferred revenue. Funds not yet expended are temporarily restricted as to purpose and are reported as such on the Statement of Activities. At year-end, there remained an unused balance of \$11,456 which is included as temporarily restricted net assets on the Statement of Financial Position.

**NOTE 10. DONATED ASSETS, MATERIALS AND SERVICES**

The Fire Department received during the year ended November 30, 2018, and during prior periods, numerous donated items, such as minor amounts of building material and used office equipment and furniture. However, formal records are not maintained of all the minor items received or their value. Further, by its very nature, the Fire Department receives benefit from the volunteer services of numerous citizens particularly in the operation of the fair and actual firefighting by trained individuals.

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The value of these donated services, the material, and the furniture and fixtures, on which no record was kept, has not been reflected on the Fire Department's records. The values are not included inasmuch as there is no objective method available to measure the value of these items.

However, in accordance with policy, the donation of capital assets with a value of \$1,000 or more are capitalized and depreciated over the estimated useful life. During fiscal year ended November 30, 2018, the Department did not receive capital asset donations requiring capitalization.

**NOTE 11. ADVANCES TO FIRE COMPANIES**

On November 11, 2004, the Board of Directors signed a promissory note of \$68,000 to the VCH Fire Company, one of eight volunteer fire companies that staff and maintain fire trucks and equipment owned by the Fire Department. The advance was made in connection with the VCH Fire Company's building a new fire station owned by the VCH Fire Company.

\$3,000 is repaid each year on the note. At November 30, 2018, the Fire Department had \$26,000 in advances receivable from VCH. This amount is unsecured.

**NOTE 12. NOTE PAYABLE**

The Fire Department has no long-term or short-term debt except for operating accounts payables to vendors. Additionally, there is no unused lines of credit outstanding.

**NOTE 13. RELATED PARTY TRANSACTIONS**

FASB ASC 850 requires disclosure in the financial statements of material related party transactions. These transactions include both monetary transactions as well as those to which no amounts were ascribed.

During the year, one voting board member was employed by a company which provides services to the Fire Department. Additionally, this board member is also the technician providing the services to the Department. A material amount, \$57,324,

**THIBODAUX VOLUNTEER FIRE DEPARTMENT, INC.**  
**Thibodaux, Louisiana**

**NOTES TO FINANCIAL STATEMENTS**  
**November 30, 2018**

was paid to this company by the Fire Department Tax Account during this fiscal year. While this board member has no management control in the Company, he does have an economic interest by virtue of his employment. These services were obtained during the normal course of Fire Department business. Management assets that all transactions were conducted at arm's length. At year end, the Fire Department had \$4,817 in payables to this company.

**NOTE 14. RISK MANAGEMENT**

The Fire Department is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries and illness; and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage during the year ended November 30, 2018.

**NOTE 15. LITIGATION AND CLAIMS**

At November 30, 2018, the Thibodaux Volunteer Fire Department, Inc. had no litigation or claims pending.

## **Supplemental Information**

**THIBODAUX VOLUNTEER FIRE DEPARTMENT, INC.**  
**Thibodaux, Louisiana**

**Fair Revenue and Expenses**  
**For the Year Ended November 30, 2018**

**Fair Revenue**

Food and Game Ticket Sales	\$ 389,229
Rides	145,310
Concession and Game Fees	15,000
Advertising Fee	5,000
Fundraising	24,633
Auction	410,265
Booster Club	83,646
Pool Square and 5K Run/Walk	7,360
Other	90,572
Support From City of Thibodaux - Tax	<u>4,070</u>
<b>Total Fair Revenue</b>	<b><u>\$ 1,175,084</u></b>

**Fair Expenses**

General Fair Expenses (See Schedule 2)	\$ 311,423
Fundraising	3,356
Pool Square and 5K Run/Walk	5,204
Publicity	18,544
Booster Club	13,800
Other expenses	<u>1,397</u>
<b>Total Fair Expenses</b>	<b><u>353,724</u></b>
<b>Excess of Fair Revenue Over Expenses</b>	<b><u><u>\$ 821,361</u></u></b>

**THIBODAUX VOLUNTEER FIRE DEPARTMENT, INC.**  
**Thibodaux, Louisiana**

**General Fair Expenses**  
**For the Year Ended November 30, 2018**

**General Fair Expenses**

Food and Food Related Items	\$ 130,409
Security	2,250
Bands and Sound System - Parade and Fair	66,385
Parade	5,625
Operation	63,478
Auction	41,004
Sponsorship expense	<u>2,272</u>
<b>Total General Fair Expenses</b>	<b><u><u>\$ 311,423</u></u></b>

**THIBODAUX VOLUNTEER FIRE DEPARTMENT, INC.**  
**Thibodaux, Louisiana**

**Operation and Maintenance Expenses of Fire Fighting Equipment**  
**For the Year Ended November 30, 2018**

Expense Classification	Cost Centers												Totals
	1	2	3	4	5	6	7	8	9	10	11	12	
Gas, Oil, Etc.	\$ 463	\$ 1,031	\$ 1,013	\$ 244	\$ 282	\$ 526	\$ 621	\$ 8,706	\$ 625	\$ 329	\$ 806	\$ 1,818	\$ 16,466
Truck and Vehicle Maintenance	12,790	8,344	5,219	24,549	3,704	3,709	5,208	13,373	4,211	9,471	7,930	4,289	102,797
Fair Proceeds	12,125	11,785	12,525	9,065	10,525	10,475	10,515	0	500	500	9,575	0	87,590
Station Maintenance	1,015	673	1,053	1,032	1,021	1,021	998	0	0	0	1,021	8,490	16,324
Truck House Repairs	115	1,091	0	0	1,836	60	0	0	0	0	0	0	3,102
Equipment Expense	63	0	773	0	1,053	0	1,648	47,224	3,610	0	2,295	4,074	60,740
Pagers	0	0	0	0	0	0	0	741	0	0	0	0	741
Radio Expense	0	0	0	0	0	0	0	0	0	0	0	0	0
Batteries	16	0	38	0	0	48	0	2,911	0	0	0	0	3,013
Miscellaneous Expense	0	0	0	0	0	0	0	0	843	4,210	0	0	5,054
Compressor & Bottle Maintenance	0	0	0	0	0	0	0	0	0	752	0	0	752
<b>Totals</b>	<u>\$ 26,588</u>	<u>\$ 22,923</u>	<u>\$ 20,620</u>	<u>\$ 34,891</u>	<u>\$ 18,420</u>	<u>\$ 15,839</u>	<u>\$ 18,990</u>	<u>\$ 72,955</u>	<u>\$ 9,789</u>	<u>\$ 15,262</u>	<u>\$ 21,627</u>	<u>\$ 18,672</u>	<u>\$ 296,577</u>

**Cost Center Description:**

- 1 - Thibodaux Fire Company #1
- 2 - Protector Fire Company #2
- 3 - Home Hook and Ladder Company #1
- 4 - Vigilant Chemical and Hose Company
- 5 - North Thibodaux Fire Company
- 6 - South Thibodaux Fire Company
- 7 - West Thibodaux Fire Company
- 8 - Fire Chief's Account
- 9 - Rescue 1
- 10 - Command Center (Includes Hose Tender; Air 1; SCBA)
- 11 - Bowie Fire Company (See Note F)
- 12 - Acadia Station

**THIBODAUX VOLUNTEER FIRE DEPARTMENT, INC.**  
**Thibodaux, Louisiana**

**General and Administrative Service Expenses**  
**For the Year Ended November 30, 2018**

**General and Administrative:**

Insurance	\$ 132,754
Depreciation	607,414
Accounting, Secretary, Treasurer	16,976
Legal and Professional fees	11,684
Conventions and Meetings	7,429
Building Repair and Maintenance	66,607
Telephone	7,690
Office Supplies and Expense	1,410
Miscellaneous	17,893
Grass Cutting	16,890
Information Technology & Internet Service	6,093
Bad Debt Expense	2,450
Loss on Disposition of Capital Assets	<u>65,392</u>
<b>Total General and Administrative</b>	<b><u><u>\$ 960,682</u></u></b>

## **Reports by Management**

**THIBODAUX VOLUNTEER FIRE DEPARTMENT, INC.**  
**Thibodaux, Louisiana**

**Summary Schedule of Prior Audit Findings**  
**For the Year Ended November 30, 2018**

**Section I - Internal Control and Compliance material to the financial statements**

**Ref. No.: 1117-01**

**Description of Finding**

Violation of La. R.S. 38:2211, et seq., the Louisiana Public Bid Law - Noncompliance

The Board received bids to contract for the construction of a new fire truck. The lowest bid was from Rosenbauer America, L.L.C. The dealer is Bonaventure Company, Inc. The second lowest bid was from E-One Incorporated. The Truck Committee recommended accepting the bid from Rosenbauer America, L.L.C. The TVFD's attorney recommended that the lowest responsible bid from Rosenbauer America, L.L.C. be accepted. The Board voted to accept the second lowest bid from E-One Incorporated on October 19, 2017. On October 20, 2017 the TVFD's attorney resigned as a result of the Board failing to respect his legal advice. Based on the facts present in the minutes of the Board meeting, by voting to accept the bid from E-One Incorporated, the Board violated La. R.S. 38:2211, et seq., the Louisiana Public Bid Law.

**Corrective Action Taken**

This issue has been resolved. If this scenario should present itself again in the future, the Board will vote to hire a consultant to review the bids and make a recommendation to the Board before a vote is taken to accept a bid.

**Ref. No.: 1117-02**

**Description of Finding**

Violation of R.S. 42:1120.4, pertaining to recusal from voting - Noncompliance

One Board Member works for Sunbelt Fire, Inc., an E-One Incorporated dealer. Sunbelt Fire, Inc. offers sales and service in the areas of new fire trucks, fire truck parts, fire equipment, and breathing air. This Board Member provides services to the TVFD as an employee of Sunbelt Fire, Inc. This Board Member voted against accepting the bid from Rosenbauer America, L.L.C, who is a competitor of E-One Incorporated. This member did abstain from voting to accept the bid from E-One Incorporated. When a Board Member does not abstain from voting on a matter that is pertinent to his employer and his economic interest, it is a violation of R.S. 42:1120.4, pertaining to recusal from voting by certain appointed members of boards and commissions. Also, R.S. 42:1123(35) states that the volunteer fireman "shall not participate on behalf of his agency in any capacity regarding such contract, subcontract, or other transaction."

**THIBODAUX VOLUNTEER FIRE DEPARTMENT, INC.**  
**Thibodaux, Louisiana**

**Summary Schedule of Prior Audit Findings**  
**For the Year Ended November 30, 2018**

**Corrective Action Taken**

This issue has been resolved. The President of the TVFD will reminded all Board Members that they must abstain from voting on any matter that is pertinent to his employer and/or his economic interest.

**Ref. No.: 1117-03**

**Description of Finding**

Violation of R.S. 42:1111, R.S. 42:1112 and/or R.S. 42:1113, Payment from nonpublic sources, Participation in certain transactions involving the governmental entity, and/or Prohibited contractual arrangements; exceptions; reports - Noncompliance

It may also be a violation of R.S. 42:1111, R.S. 42:1112 and/or R.S. 42:1113 for the Board Member who is employed by Sunbelt Fire, Inc. to also provide services to the TVFD as an employee of Sunbelt Fire, Inc.

**Corrective Action Taken**

The TVFD has taken no corrective action with regards to this finding. However, the June 2019 board agenda states that the board will address a resolution to this issue at the June board meeting.

**Ref. No.: 1117-04**

**Description of Finding**

Violation of the R.S. 42:12, et seq., Open Meetings Law - Noncompliance

One Board Member communicated, by telephone, with about three other Board Members to discuss and educate them about the bid specifications of the two competing fire truck construction companies which are Rosenbauer America, L.L.C. and E-One Incorporated. As stated in A.G. Opinion 14-0065, "The purpose of the Open Meetings Law, as described by La. R.S. 42:12, is to ensure that public business is performed in an an open and public manner and citizens are advised of and aware of the performance of public officials and the deliberations and decisions that go into the making of public policy". This may have been a violation of the R.S. 42:12, et seq., Open Meetings Law.

**THIBODAUX VOLUNTEER FIRE DEPARTMENT, INC.**  
**Thibodaux, Louisiana**

**Summary Schedule of Prior Audit Findings**  
**For the Year Ended November 30, 2018**

**Corrective Action Taken**

This issue has been resolved. The President of the TVFD, during a board meeting, reminded all Board Members that discussions regarding any vote or potential vote, and all important discussions of the TVFD's operations or of the making of public policy must be reserved and set aside for open meetings only and cannot be discussed privately before the meeting. This action is recorded in the minutes to the board meeting.

**Section II - Management Letter**

No management letter was issued in the prior year.

**THIBODAUX VOLUNTEER FIRE DEPARTMENT, INC.**  
**Thibodaux, Louisiana**

**Corrective Action Plan for Current Year Audit Findings**  
**For the Year Ended November 30, 2018**

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

**Ref. No.:** 1118-01

**Description of Finding**

Violation of R.S. 42:1111, R.S. 42:1112 and/or R.S. 42:1113, Payment from nonpublic sources, Participation in certain transactions involving the governmental entity, and/or Prohibited contractual arrangements; exceptions; reports - Noncompliance

It may also be a violation of R.S. 42:1111, R.S. 42:1112 and/or R.S. 42:1113 for the Board Member who is employed by Sunbelt Fire, Inc. to also provide services to the TVFD as an employee of Sunbelt Fire, Inc.

This was cited as a finding in the previous year's audit, reference no. 1117-03.

**Corrective Action Plan**

The Board has on the agenda for the next meeting to vote on a resolution to request an opinion from the Louisiana Board of Ethics regarding this finding and will adhere to their opinion.

**Name of Contact Person**

Ron Bourgeois, President

**Anticipated Completion Date**

November 30, 2019

**Section II – Management Letter:**

There was no management letter issued in the current year.

**Special Reports of  
Certified Public Accountants**



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

To the Board  
Thibodaux Volunteer Fire Department, Inc.  
Thibodaux, 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 Thibodaux Volunteer Fire Department, Inc. (a nonprofit organization), which comprise the statement of financial position as of November 30, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 28, 2019.

### **Internal Control Over Financial Reporting**

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

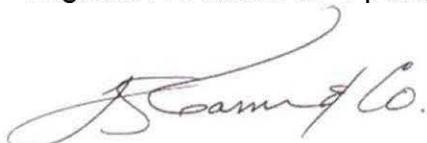
### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Thibodaux Volunteer Fire 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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. See page 25, ref. no. 1118-01.

### **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 organization's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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



Thibodaux, Louisiana  
May 28, 2019



# **THIBODAUX VOLUNTEER FIRE DEPARTMENT, INC.**

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

**Year Ended November 30, 2018**



(A Professional Corporation)  
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INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

To: Thibodaux Volunteer Fire Department, Inc.  
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Thibodaux Volunteer Fire Department, Inc. (Fire 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 December 1, 2017 to November 30, 2018. The Fire Department's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, 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 exceptions are as follows:

***Written Policies and Procedures***

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1. Obtain the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) ***Disbursements***, including processing, reviewing, and approving
  - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
  - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

*Inquired of management as to written policies; however, the Fire Department has no written policies for the financial/business functions above.*

***Board (or Finance Committee, if applicable)***

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

*No exceptions. The managing board has met with a quorum at least monthly during the year ended November 30, 2018.*

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

*No exceptions. The Treasurer provides the board with various financial information, including public funds, as well as compiled financial statements at each meeting. These financial statements include a year-to-date budget-to-actual comparison.*

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

*Not applicable. The fire department is not a governmental entity.*

### ***Bank Reconciliations***

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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:

*Obtained list of all accounts and received management's representation in a separate letter. However, for the purposes of these Statewide Agreed-Upon Procedures, the Tax Account is the only account required to be subject to these procedures.*

- 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);

*No exceptions. For the Tax Account, bank reconciliations were prepared monthly.*

- 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

*No exceptions. The Fire Department outsources the bank reconciliation function to an external CPA who prepares the bank reconciliations monthly. The Treasurer reviews the bank reconciliations each month and documents this procedure in the check book by his initials and date.*

- 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

*No exceptions. Inspected documents for items outstanding for more than 12 months. In our observation, we did not note any checks outstanding for more than 12 months.*

## Collections

---

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

*Obtained the listing of deposit sites from management and received management's representation in a separate letter.*

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

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

*No exceptions. There are no cash drawers. The Tax Account only receives checks.*

- 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.

*No exceptions. The Treasurer is responsible for collecting checks from the PO Box, completing the deposit slip, and making the deposit. He codes the revenue account and writes the deposit slip. The transaction is recorded by the external CPA who also prepares the bank reconciliation which is subsequently reviewed by the Treasurer.*

- 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.

*No exceptions. The Treasurer who is responsible for collecting cash is not the person responsible for posting to the general ledger. This function is outsourced to an external CPA.*

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

*No exceptions. The external CPA prepares the bank reconciliation and at that time, reconciles cash collections to the general ledger, on a monthly basis. He does not take part in the cash collections nor deposits.*

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

*No exceptions. The Treasurer is the only member who has access to cash. The treasurer is bonded.*

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

*For the two deposits tested in the Tax Account, the cash collections are supported by documentation and were traced to the bank statement and to the general ledger.*

*For the two deposits tested, there was no indication as to the receipt date of the checks. However, in both cases the checks were dated within two weeks of deposit. So, it stands to reason that the deposits were not made within one day of receipt. However, they appear to have been deposited within two weeks of receipt.*

***Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)***

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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).

*Obtained a list of the location where payments for the Tax Account are processed and obtained management's representations in a separate letter.*

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.

*No exceptions. At least two persons are involved in these processes.*

- b) At least two employees are involved in processing and approving payments to vendors.

*No exceptions. At least two persons are involved in these processes*

- 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.

*The external CPA is responsible for processing authorized payments. However, while prohibited from adding unauthorized vendors or making unauthorized changes to existing vendors, he is capable of doing so. The Treasurer has reviewed the vendor list periodically, every three years or so. However, the vendor list was not reviewed during the fiscal year ending November 30, 2018.*

- 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.

*No exception. These processes are performed by different individuals.*

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

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

*No exceptions.*

#### ***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.

*Inquired of management as to procedure and obtained management's representation in a separate letter. The Fire Department does not use credit cards, debit cards, nor P-cards. However, a fuel account is maintained at three local fuel companies for the purpose of fueling Fire Department vehicles. Two of these companies do not offer fuel cards. Authorized signors simply sign for fuel. For the company which issues fuel cards, the cards are issued to Fire Department units and kept in the vehicle at all times*

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:

*For the purpose of this test, all three fuel companies used by the Fire Department will be included in testing.*

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]

*No exceptions. Each fuel company provides detailed fuel charge statements which are mailed to the Fire Department monthly. The Treasurer reviews each statement for reasonableness in the amount of fuel consumption and grade of fuel purchased and also checks for PO and receipt attachment, this is not recorded in writing.*

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

*No exceptions. Neither finance charges nor 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).

*Not applicable. The Fire Department does not use credit cards, debit cards, nor P-cards.*

### **Travel and Expense Reimbursement**

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14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is

complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*Obtained the general ledger for Tax Account and management's representations in a separate letter. There were no travel and related expense reimbursements paid from the tax account during the fiscal year.*

### **Contracts**

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15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

*Inquired of management as to existence of contracts during the fiscal period and obtained management's representation in a separate letter. Management stated that there are no contract payments made from the tax account during the fiscal year.*

## *Payroll and Personnel*

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

*Not applicable. The Fire Department consists solely of unpaid volunteers. There is no payroll.*

## *Ethics*

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20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
  - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

*Not applicable.*

## *Debt Service*

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

*Based on the terms of the Agreed Upon Procedures set forth by the Louisiana Legislative Auditor, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees procedures do not need to be performed in this category.*

## *Other*

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

*No exceptions. Inquired of management. Management has asserted that the entity did not have any misappropriations of public funds or assets.*

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

*Inquired of management. The report fraud notice is posted at the Central Station; however, it is not posted on the Fire Department's website.*

**Managements Response:** The Fire Department Board adopted written policies over accounting functions at the April 2019 board meeting. We will continue to work to improve processes to ensure effective and efficient handling of all transactions.

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.



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May 28, 2019