

R E P O R T

NINE MILE POINT VOLUNTEER
FIRE COMPANY NO. 1

DECEMBER 31, 2018 AND 2017

NINE MILE POINT VOLUNTEER
FIRE COMPANY NO. 1

REPORT INDEX

DECEMBER 31, 2018 AND 2017

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Duplantier Hrapmann Hogan & Maher, LLP

INDEPENDENT AUDITOR'S REPORT

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June 25, 2019

Board of Directors
Nine Mile Point Volunteer
Fire Company No. 1
Nine Mile Point, Louisiana

We have audited the accompanying financial statements of the Nine Mile Point Volunteer Fire Company No. 1 (a Louisiana nonprofit corporation), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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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 Nine Mile Point Volunteer Fire Company No. 1 as of December 31, 2018 and 2017, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits, and other payments to the agency head or chief executive officer on page 15 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 25, 2019, on our consideration of the Nine Mile Point Volunteer Fire Company No. 1'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 Nine Mile Point Volunteer Fire Company No. 1's internal control over financial reporting and compliance.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, LA

NINE MILE POINT VOLUNTEER FIRE COMPANY NO. 1
 STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

	<u>ASSETS</u>	
	<u>2018</u>	<u>2017</u>
CURRENT ASSETS:		
Cash	\$ 205,446	\$ 267,177
Accounts receivable	<u>7,305</u>	<u>3,113</u>
Total current assets	<u>212,751</u>	<u>270,290</u>
 PROPERTY AND EQUIPMENT: (Notes 1 and 3)		
Net of accumulated depreciation	<u>1,012,121</u>	<u>1,095,954</u>
 TOTAL ASSETS	 <u><u>\$1,224,872</u></u>	 <u><u>\$1,366,244</u></u>
 <u>LIABILITIES AND NET ASSETS</u>		
 CURRENT LIABILITIES:		
Accounts payable	\$ 3,784	\$ 11,211
Accrued payroll and payroll tax liabilities	36,602	33,538
Compensated absences payable	39,188	41,387
Capital lease payable	<u>27,368</u>	<u>26,442</u>
Total current liabilities	<u>106,942</u>	<u>112,578</u>
 LONG-TERM LIABILITIES:		
Capital lease payable	<u>57,642</u>	<u>85,010</u>
Total long-term liabilities	<u>57,642</u>	<u>85,010</u>
 Total liabilities	 <u>164,584</u>	 <u>197,588</u>
 NET ASSETS:		
Without donor restrictions	<u>1,060,288</u>	<u>1,168,656</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$1,224,872</u></u>	 <u><u>\$1,366,244</u></u>

See accompanying notes.

NINE MILE POINT VOLUNTEER FIRE COMPANY NO. 1
 STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
SUPPORT:		
Firefighting contract	\$ 756,000	\$ 739,990
Capital purchases - contract	30,343	162,420
Insurance rebate	16,209	17,691
Other income	11,115	4,274
Total support	<u>813,667</u>	<u>924,375</u>
EXPENSES:		
Program services - firefighting	844,522	834,136
Supporting services - management and general	77,513	67,774
Total expenses	<u>922,035</u>	<u>901,910</u>
Increase (Decrease) in net assets without donor restrictions	(108,368)	22,465
Net assets without donor restrictions - beginning of year	<u>1,168,656</u>	<u>1,146,191</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF YEAR	<u>\$ 1,060,288</u>	<u>\$1,168,656</u>

See accompanying notes.

NINE MILE POINT VOLUNTEER FIRE COMPANY NO. 1
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Firefighting</u>	<u>Management and General</u>	<u>Total</u>
EXPENSES:			
Accounting and legal	\$ -	\$ 10,461	\$ 10,461
Bank and credit card charges	-	191	191
Depreciation	88,665	5,443	94,108
Dues and subscriptions	-	3,512	3,512
Equipment repair	17,112	-	17,112
Firefighting supplies	7,777	-	7,777
Fuel	8,394	-	8,394
Insurance	153,739	9,438	163,177
Interest	-	4,254	4,254
Licenses	514	-	514
Maintenance	11,037	-	11,037
Meals and consumables	712	-	712
Miscellaneous	-	(4,193)	(4,193)
Morale	3,625	-	3,625
Office expense	-	9,051	9,051
Payroll taxes	39,466	2,423	41,889
Public relations	-	725	725
Retirement expense	24,377	1,497	25,874
Salaries and wages	463,802	28,473	492,275
Training and education	1,302	-	1,302
Utilities	24,000	1,473	25,473
	<u> </u>	<u> </u>	<u> </u>
TOTAL	<u>\$ 844,522</u>	<u>\$ 72,748</u>	<u>\$ 917,270</u>

See accompanying notes.

NINE MILE POINT VOLUNTEER FIRE COMPANY NO. 1
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Firefighting</u>	<u>Management and General</u>	<u>Total</u>
EXPENSES:			
Accounting and legal	\$ -	\$ 6,969	\$ 6,969
Bank and credit card charges	-	114	114
Depreciation	83,059	5,099	88,158
Dues and subscriptions	-	2,740	2,740
Equipment repair	16,688	-	16,688
Firefighting supplies	20,258	-	20,258
Fuel	6,584	-	6,584
Insurance	150,251	9,225	159,476
Interest	-	5,148	5,148
Licenses	1,230	-	1,230
Maintenance	9,756	-	9,756
Meals and consumables	1,102	-	1,102
Miscellaneous	-	844	844
Morale	3,131	-	3,131
Office expense	-	4,443	4,443
Payroll taxes	38,412	2,358	40,770
Retirement expense	23,383	1,435	24,818
Salaries and wages	454,166	27,882	482,048
Training and education	1,398	-	1,398
Utilities	24,718	1,517	26,235
	<u> </u>	<u> </u>	<u> </u>
TOTAL	<u>\$ 834,136</u>	<u>\$ 67,774</u>	<u>\$ 901,910</u>

See accompanying notes.

NINE MILE POINT VOLUNTEER FIRE COMPANY NO. 1
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Decrease in net assets without restriction	\$ (108,368)	\$ 22,465
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	94,108	88,158
(Increase) decrease in operating assets:		
Accounts receivable	(4,192)	171,887
Increase (decrease) in operating liabilities:		
Accounts payable	(7,427)	(175,000)
Accrued payroll and payroll tax liabilities	3,064	18,127
Compensated absences payable	<u>(2,199)</u>	<u>1,334</u>
Net cash (used) provided by operating activities	<u>(25,014)</u>	<u>126,971</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(10,274)	(164,136)
Disposal of property and equipment	<u>-</u>	<u>13,621</u>
Net cash used by investing activities	<u>(10,274)</u>	<u>(150,515)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on capital leases	<u>(26,443)</u>	<u>(25,548)</u>
Net cash used by financing activities	<u>(26,443)</u>	<u>(25,548)</u>
NET DECREASE IN CASH	(61,731)	(49,092)
Cash and cash equivalents - at beginning of year	<u>267,177</u>	<u>316,269</u>
CASH AND CASH EQUIVALENTS - AT END OF YEAR	<u>\$ 205,446</u>	<u>\$ 267,177</u>

See accompanying notes.

NINE MILE POINT VOLUNTEER FIRE COMPANY NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

ORGANIZATION:

Nine Mile Point Volunteer Fire Company No. 1 (the “fire company”) was established to provide firefighting and rescue services to a designated area of the Seventh Fire 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 two fire stations and has approximately 10 full-time employees, 10 part-time employees, and 10 volunteers. The fire company's main source of revenue is a fire protection contract with Jefferson Parish, effective for the period September 2, 2014 through September 1, 2023. After September 1, 2023, the contract will operate on a month-to-month basis.

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 and Financial Statement Presentation:

The financial statements are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

Net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Company and changes therein are classified and reported as follows:

- a) *Net assets without donor restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Revenues are reported as increases in net assets without restrictions, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without restrictions.
- b) *Net assets with donor restrictions* – Net assets subject to donor (or certain grantor) imposed 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 stipulated 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.

Contributions:

The fire company adopted FASB ASC 605-10, *Accounting for Contributions Received and Contributions Made*. In accordance with FASB ASC 605-10, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and nature of any donor restrictions.

NINE MILE POINT VOLUNTEER FIRE COMPANY NO. 1
 NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Income Taxes:

Based on a ruling by the Internal Revenue Service, the fire company is not required to file a tax return.

Cash:

For the purposes of reporting of cash flows, the fire company considers cash in operating bank accounts, demand deposits, cash on hand, and highly-liquid debt instruments purchased with a maturity of three months or less as cash and cash equivalents. Supplemental disclosures of cash flow information are as follows:

Cash paid during the year for:

	<u>2018</u>	<u>2017</u>
Interest	\$ 4,254	\$ 5,148
Income Taxes	\$ -	\$ -

Property and Equipment:

Acquisitions of property and equipment in excess of \$1,000 and expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are stated at acquisition cost or estimated historical cost if acquisition cost was not available. Depreciation is provided for in amounts sufficient to relate the cost of depreciable property and equipment to operations over their estimated useful lives using the straight-line method. Estimated useful lives of property and equipment are as follows:

Automobiles	5 - 10 years
Furniture and fixtures	7 - 15 years
Equipment	3 - 15 years
Buildings and improvements	7 - 50 years

The fire company's policy is to depreciate the buildings and equipment over their estimated useful lives using the straight-line method and to annually evaluate the remaining useful lives. It is at least reasonably possible that the fire company's estimate of the remaining useful lives will change in the near term.

Annual Leave:

Each full-time employee earns annual leave as follows:

<u>Years of Continuous Service</u>	<u>Hours</u>
0 - 12 months	0
1 - 10 years	216
Over 10 years*	216+

NINE MILE POINT VOLUNTEER FIRE COMPANY NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Annual Leave: (Continued)

- * Employees earn 12 hours of additional leave for each year over 10 years up to a maximum of 360 hours after 22 years.

In 2012, the Board adopted a policy regarding annual leave balances. Under the new policy, at their anniversary date, employees are paid for any time accumulated over 312 hours.

The liability for accrued annual leave was \$39,188 and \$41,387 as of December 31, 2018 and 2017, respectively.

New Accounting Pronouncement

During the year ended December 31, 2018, the fire company adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities (ASU 2016-14)*. This Update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is a change in the net asset classes used in the financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with restrictions. A footnote on liquidity and availability of financial statements has also been added to the financial statements (Note 12).

2. CASH:

At December 31, 2018 and 2017, the fire company maintained cash balances in one local bank. The bank and book balances were as follows:

	<u>Book</u> <u>Balances</u>	<u>Bank</u> <u>Balances</u>
December 31, 2018	\$ 205,446	\$ 206,891
December 31, 2017	\$ 267,177	\$ 271,150

The checking accounts are insured up to \$250,000 by the Federal Deposit Insurance Corporation. At December 31, 2018 and 2017, the fire company had uninsured cash in the amount of -0- and \$21,150, respectively.

NINE MILE POINT VOLUNTEER FIRE COMPANY NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

3. PROPERTY AND EQUIPMENT:

Below is a summary of activity in the fire company's property and equipment accounts during the year ended December 31, 2018:

	Balance <u>1/1/18</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/18</u>
Land	\$ 85,600	\$ -	\$ -	\$ 85,600
Buildings	440,037	2,250	-	442,287
Vehicles	1,262,091	-	-	1,262,091
Firefighting equipment	282,134	8,024	-	290,158
Furniture and fixtures	<u>18,913</u>	<u>-</u>	<u>-</u>	<u>18,913</u>
	2,088,774	10,274	-	2,099,049
Accumulated depreciation	<u>(992,820)</u>	<u>(94,108)</u>	<u>-</u>	<u>(1,086,928)</u>
Net property and equipment	<u>\$ 1,095,954</u>	<u>\$ (83,834)</u>	<u>\$ -</u>	<u>\$ 1,012,121</u>

Depreciation expense totaled \$94,108 for the year ended December 31, 2018.

Below is a summary of activity in the fire company's property and equipment accounts during the year ended December 31, 2017:

	Balance <u>1/1/17</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/17</u>
Land	\$ 85,600	\$ -	\$ -	\$ 85,600
Buildings	437,037	3,000	-	440,037
Vehicles	1,262,091	-	-	1,262,091
Firefighting equipment	136,866	145,268	-	282,134
Furniture and fixtures	<u>16,666</u>	<u>2,247</u>	<u>-</u>	<u>18,913</u>
	1,938,258	150,515	-	2,088,774
Accumulated depreciation	<u>(904,661)</u>	<u>(88,158)</u>	<u>-</u>	<u>(992,820)</u>
Net property and equipment	<u>\$ 1,033,597</u>	<u>\$ 62,357</u>	<u>\$ -</u>	<u>\$ 1,095,954</u>

Depreciation expense totaled \$88,158 for the year ended December 31, 2017.

4. DONATED SERVICES:

Amounts have not been reflected in the financial statements for donated services because the value of these services was not readily determinable. However, a substantial number of volunteers have donated significant amounts of their time in the fire company's program services.

NINE MILE POINT VOLUNTEER FIRE COMPANY NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

5. FUNCTIONAL ALLOCATION OF EXPENSES:

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These allocations are based upon management's estimate of usage applicable to conducting the programs and supporting services.

6. FIRE PROTECTION CONTRACT:

Substantially all of the fire company's support is derived from funds provided by Jefferson Parish. Under the contract with Jefferson Parish, the fire company receives a percentage of certain ad valorem taxes assessed within the Seventh Fire Protection District of Jefferson Parish, as well as additional funding from sales tax and fire insurance rebates. Total public support received under this contract totaled \$786,343 and \$902,410 for the years ended December 31, 2018 and 2017, respectively. The amount received and used for capital improvements under this contract totaled \$30,343 and \$162,420 for the years ended December 31, 2018 and 2017, respectively.

The revenue received from insurance rebates totaled \$16,209 and \$17,691 for 2018 and 2017, respectively. The amount received is based on the number of homes within the fire district.

During 2016, the fire company received an additional \$478,906 from Jefferson Parish in for the purchase a fire truck. An additional \$175,000 was donated by State Fire Marshall and is included in accounts receivable at December 31, 2017. This donation was to fund the purchase of the truck and was received in March 2017. The remaining \$137,000 was financed. The fire truck will be used solely by the fire company in its operations and is included in the fire company's assets.

7. RETIREMENT PLAN:

The fire company has a contributory retirement plan covering all paid employees. The fire company contributes up to 3% of participating employees' annual salaries. The retirement expense for the plan for the years ended December 31, 2018 and 2017 was \$25,874 and \$24,818, respectively.

8. 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. As these supplemental state funds are paid directly to the firefighters and do not pass through the fire company, the funds are not included in these financial statements.

NINE MILE POINT VOLUNTEER FIRE COMPANY NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

9. ECONOMIC DEPENDENCY:

The fire company's income is derived primarily from the proceeds of an ad valorem tax, millage, and other funding under a contract with the Jefferson Parish Council to support its fire-fighting and rescue services. See Note 6. The fire company is not aware of any plans on the part of Jefferson Parish to terminate the contract.

10. 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.

11. USE OF ASSETS OWNED BY JEFFERSON PARISH:

Some assets used by the fire station are owned by Jefferson Parish. The fire company uses these assets as part of the contract with Jefferson Parish.

12. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The following reflects the fire company's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts available include donor restricted amounts that are available for general expenditure in the following year.

	<u>2018</u>	<u>2017</u>
Financial assets, at year end:		
Cash and cash equivalents	\$205,446	\$267,177
Accounts receivable	<u>7,305</u>	<u>3,113</u>
Total financial assets at year end	212,751	270,290
Less contracted or donor-imposed restrictions:		
Total contractual or donor-imposed restrictions	<u>-</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$212,751</u>	<u>\$270,290</u>

NINE MILE POINT VOLUNTEER FIRE COMPANY NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

13. CAPITAL LEASES:

During 2016, the fire company purchased a new fire truck under the Jefferson Parish contract. See Note 11. On September 16, 2016, the fire company entered into a loan agreement with Whitney Bank to finance the remaining \$137,000 for the purchase of fire truck. The term of the loan is five years with 3.5% interest and \$30,343 annual installments due on the 16th of September. Annual payments are to commence in September 2017. The balance of the capital lease obligation was \$85,010 and \$111,452 as of December 31, 2018 and 2017, respectively.

Future minimum payments on this lease as of December 31, 2018 are as follows:

2019	\$ 30,343
2020	30,343
2021	<u>30,343</u>
Total payments	91,029
Less interest	<u>6,019</u>
Total	<u>\$ 85,011</u>

14. DATE OF MANAGEMENT'S REVIEW:

Subsequent events have been evaluated through June 25, 2019, which is the date the financial statements were available to be issued.

NINE MILE POINT VOLUNTEER FIRE COMPANY NO. 1
SUPPLEMENTARY INFORMATION
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED DECEMBER 31, 2018

Agency head name: Keith R. Plaissance, Jr., Fire Chief

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 63,003
Benefit - insurance	21,695
Benefits - retirement	<u>702</u>
	<u>\$ 85,400</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 25, 2019

To the Board of Directors
Nine Mile Point Volunteer
Fire Company No. 1
Nine Mile Point, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Nine Mile Point Volunteer Fire Company No. 1 (a Louisiana nonprofit corporation), which comprise the statement of financial position as of December 31, 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 June 25, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Nine Mile Point Volunteer Fire Company No. 1's (the fire company) 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 fire company's internal control. Accordingly, we do not express an opinion on the effectiveness of the fire company'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 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 Nine Mile Point 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *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 fire company'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 fire company'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, LA

NINE MILE POINT VOLUNTEER FIRE COMPANY NO. 1
SCHEDULE OF CURRENT YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of the Nine Mile Point Volunteer Fire Company No. 1 for the year ended December 31, 2018, was unmodified.

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

3. Compliance and Other Matters
None noted.

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

None noted.

NINE MILE POINT VOLUNTEER FIRE COMPANY NO. 1
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018

SUMMARY OF PRIOR YEAR FINDINGS:

None noted.

NINE MILE POINT VOLUNTEER
FIRE COMPANY NO. 1

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED UPON PROCEDURES

DECEMBER 31, 2018

NINE MILE POINT VOLUNTEER FIRE COMPANY NO. 1

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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED UPON PROCEDURES

June 25, 2019

Board of Directors
Nine Mile Point Volunteer Fire Company No. 1 and
The Louisiana Legislative Auditor

We have performed the procedures enumerated below which were agreed to by Nine Mile Point Volunteer Fire Company No. 1 (NMP) and the Louisiana Legislative Auditor (LLA), on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's Statewide Agreed Upon Procedures (SAUPs) for the period January 1, 2018 through December 31, 2018. NMP's management is responsible for the 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 these procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

- 1) We obtained the entity's written policies and procedures and determined whether those written policies and procedures addressed each of the following financial/business functions, as applicable:

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- a) 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.
- b) Receipts, including receiving, recording, and preparing deposits.
- c) Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- d) Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

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

- Purchasing –The purchasing policy does not include how vendors are added to the vendor list.
- Contracting - No written contract policy.

Management's Response:

We have begun the process of updating the procedures to include the required items noted above.

Collections

- 2) We obtained a listing of cash/check/money order (cash) collection locations and management's representation that the listing was complete.

No findings were noted as a result of applying the procedure above.

- 3) Using the listing provided by management, we selected all of the entity's cash collection locations. For each cash location selected:
 - a) We inquired management that each employee responsible for cash collections does not share cash drawer/ registers.
 - b) We obtained existing written documentation (e.g. policy manual, job description) and determined whether each person responsible for collecting cash was not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party).
 - c) We obtained existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and determined whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who was not responsible for cash collections in the cash collection location selected.
 - d) We inquired employees 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.

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

- NMP does not have a formal written policy/documentation for determining whether each person responsible for collecting cash is not responsible for depositing the cash in the bank account, recording the related transaction, or reconciling the related bank account.

Management's Response:

We will work on adopting a cash receipts policy that includes procedures to determine completeness of all collections including electronic transfers by a person who is not responsible for collections. The board also reviews revenues for completeness through monthly treasurer report.

- 4) We inquired management that all employees who have access to cash are covered by bond or insurance policy for theft.

No findings were noted as a result of applying the procedure above.

- 5) Using the disbursement of two deposit dates for each of the 5 bank accounts was used for testing. For each deposit date was tested:
- a) We observe that receipts are sequentially pre-numbered.
 - b) We traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) We traced the deposit slip total to the actual deposit per the bank statement.
 - d) We 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.

No findings were noted as a result of applying the procedure above.

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

- 6) We obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete.

No findings were noted as a result of applying the procedure above.

- 7) Using the disbursement listing, we obtain a listing of those employees involved with non-payroll purchasing and payment functions. We obtained written policies and procedures relating to the employee 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 payments or gives the signed checks to an employee to mail who is not responsible for processing payments.

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

- NMP does not have a written policy prohibiting the person responsible for processing payments from adding vendors to the entity's purchasing/ disbursement system.

Management's Response:

This is due to staff size. We feel that we have alternative controls in place to prevent any misappropriations surrounding cash disbursements. On a monthly basis the board reviews all transactions. All checks are reviewed by two board members before signing and issuance.

- 8) We obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. We haphazardly selected five(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 documented included evidence of segregation of duties tested above.

No findings were noted as a result of applying the procedure above.

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.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana