

SCOTT VOLUNTEER FIRE DEPARTMENT
Scott, Louisiana

Financial Report

Years Ended December 31, 2017 and 2016

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KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Scott Volunteer Fire Department
Scott, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the Scott Volunteer Fire Department (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities 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 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 Scott Volunteer Fire Department as of December 31, 2017 and 2016, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on page 12 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 a report dated June 1, 2018, on our consideration of the Scott 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
June 1, 2018

FINANCIAL STATEMENTS

SCOTT VOLUNTEER FIRE DEPARTMENT
Scott, Louisiana

Statements of Financial Position
December 31, 2017 and 2016

	2017	2016
ASSETS		
Current assets:		
Cash and interest-bearing deposits	\$ 285,372	\$ 302,630
Accounts receivable	5,687	8,684
Prepaid items	18,688	17,028
Total current assets	309,747	328,342
Property, plant, and equipment, net	823,115	710,804
Total assets	\$ 1,132,862	\$ 1,039,146
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 4,684	\$ 14,724
Current portion of notes payable	49,194	47,509
Interest payable	4,293	4,925
Total current liabilities	58,171	67,158
Long-term liabilities:		
Notes payable, less current portion	273,409	322,603
Total liabilities	331,580	389,761
Net assets:		
Unrestricted - Undesignated	801,282	649,385
Total liabilities and net assets	\$ 1,132,862	\$ 1,039,146

The accompanying notes are an integral part of this statement.

SCOTT VOLUNTEER FIRE DEPARTMENT
Scott, Louisiana

Statements of Activities
Years Ended December 31, 2017 and 2016

	2017	2016
Unrestricted net assets:		
Unrestricted support and revenue -		
Public support:		
Contributions -		
Federal sources -		
Federal grant	\$217,546	\$ 16,737
City of Scott -		
Annual appropriation	123,750	183,000
In-kind contributions	280,347	280,558
Lafayette Parish - fire insurance tax	61,035	88,619
Lafayette Parish Consolidated Government	50,000	10,000
Miscellaneous donations	60,270	78,810
Total public support	792,948	657,724
Revenue:		
Contract service fees	-	75,270
Interest income	-	27
Other income	9,562	28,394
Total revenue	9,562	103,691
Total unrestricted support and revenue	802,510	761,415
Expenses:		
Program services -		
Fire fighting	591,188	565,719
Support services -		
General and administrative	40,485	54,285
Fundraising expense	18,940	28,469
Total expenses	650,613	648,473
Increase in unrestricted net assets	151,897	112,942
Net assets, unrestricted, beginning of year	649,385	536,443
Net assets, unrestricted, end of year	\$ 801,282	\$ 649,385

The accompanying notes are an integral part of this statement.

SCOTT VOLUNTEER FIRE DEPARTMENT
Scott, Louisiana

Statements of Cash Flows
Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Increase in unrestricted net assets	\$ 151,897	\$ 112,942
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	126,499	74,890
Decrease in accounts receivable	2,997	916
Increase in prepaid items	(1,660)	(1,601)
Increase (decrease) in accounts payable	(10,040)	5,028
Increase (decrease) in interest payable	<u>(632)</u>	<u>4,925</u>
Net cash provided by operating activities	<u>269,061</u>	<u>197,100</u>
Cash flows from financing activities:		
Proceeds from notes payable	-	370,112
Principal paid on notes payable	<u>(47,509)</u>	<u>-</u>
Net cash provided (used) by financing activities	<u>(47,509)</u>	<u>370,112</u>
Cash flows from investing activities:		
Acquisition of property, plant, and equipment	<u>(238,810)</u>	<u>(519,762)</u>
Increase (decrease) in cash and cash equivalents	(17,258)	47,450
Cash and cash equivalents, beginning of period	<u>302,630</u>	<u>255,180</u>
Cash and cash equivalents, end of period	<u>\$ 285,372</u>	<u>\$ 302,630</u>
Supplemental disclosure of cash flow information:		
Interest paid	<u>\$ 13,134</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

SCOTT VOLUNTEER FIRE DEPARTMENT
Scott, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

Organization

The Scott Volunteer Fire Department (Organization) is a non-profit corporation formed under the laws of the State of Louisiana for the purpose of impeding, preventing, and extinguishing all types of destructive fires within or near the City of Scott, Louisiana; supervising, directing and controlling the proper care and use of all types of inflammable or combustible material found within the City; acquiring and holding property for purposes of the organization, and other related purposes.

A. Basis of Accounting

The Organization utilizes the accrual basis of accounting. Using this method, revenues are recognized when earned and expenses are recognized when incurred.

B. Property and Equipment

The Organization capitalizes all property and equipment acquisitions in excess of \$500. Purchased property and equipment are stated at cost. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Depreciable assets are depreciated using the straight-line method over the estimated useful lives of the individual assets as follows:

Buildings	7 - 31 years
Building improvements	10 - 31 years
Equipment, furniture and fixtures	5 years
Fire engines	10 years

C. Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c) (4) of the Internal Revenue Code and therefore, has no provision for federal income taxes. The Organization's forms 990, *Return of Organization Exempt from Income Tax*, for the years ending 2014, 2015, and 2016 are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

D. Donated Services

A substantial number of volunteers have donated time to the Organization's program and supporting services. No amounts have been included in the financial statements for donated services since no objective basis is available to measure the value of such services.

SCOTT VOLUNTEER FIRE DEPARTMENT
Scott, Louisiana

Notes to Financial Statements (Continued)

E. Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all instruments with maturities of three months or less to be cash equivalents.

F. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 expenditures during the reporting period. Actual results could differ from those estimates.

G. Functional Expenses

Expenses are charged directly to program or support services in general categories based on specific identification.

(2) Property, Plant and Equipment

The following is a summary of property, plant and equipment at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Land	\$ 14,000	\$ 14,000
Building	76,804	76,804
Building improvements	57,327	57,327
Equipment	1,030,221	793,217
Furniture and fixtures	13,797	13,797
Fire engines	1,483,937	1,483,937
Trucks	<u>150,983</u>	<u>150,983</u>
Total property, plant and equipment	2,827,069	2,590,065
Less: Accumulated depreciation	<u>(2,003,954)</u>	<u>(1,879,261)</u>
Net property, plant and equipment	<u>\$ 823,115</u>	<u>\$ 710,804</u>

Depreciation expense charged to operations amounted to \$126,499 and \$74,890 for the years ended December 31, 2017 and 2016, respectively.

SCOTT VOLUNTEER FIRE DEPARTMENT
Scott, Louisiana

Notes to Financial Statements (Continued)

(3) Long-term Debt

The following is a summary of long-term debt at December 31, 2017 and 2016:

	2017	2016
Note payable to St. Martin Bank & Trust Company, dated August 15, 2016, original principal of \$370,112, due in annual payments through August 15, 2023 of \$60,643, including interest at 3.5% and secured by the 2016 Ferrara fire truck having a net book value of \$405,000 and \$450,000 at December 31, 2017 and 2016, respectively	\$ 322,603	\$ 370,112
Less: current portion of notes payable	(49,194)	(47,509)
Long-term notes payable	\$ 273,409	\$ 322,603

Maturities of long-term debt are as follows:

2018	\$ 49,194
2019	50,941
2020	52,726
2021	54,619
2022	56,558
2023	58,565
	\$ 322,603

(4) Risk Management

The Organization is exposed to risks of loss in the areas of auto liability, general liability, management liability and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year, nor have settlements exceeded coverage for the past three years.

(5) Concentration of Credit Risk

The Organization maintains cash balances at two financial institutions, which at times exceeds federally insured limits. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization had unsecured cash balances in the amount of \$35,372 and \$62,144 at December 31, 2017 and 2016, respectively.

SCOTT VOLUNTEER FIRE DEPARTMENT
Scott, Louisiana

Notes to Financial Statements (Continued)

(6) Compensation, Benefits, and Other Payments to Agency Head

A detail of amounts paid to Chad Sonnier, Fire Chief, by all sources, for the year ended December 31, 2017 follows:

Purpose:	<u>Amount</u>
Salary	\$ 25,002
Benefits - retirement and other taxes	1,913
Travel	<u>856</u>
Total	<u>\$ 27,771</u>

(7) City of Scott - Contributions

The City of Scott pays for expenses on behalf of the Organization, which are recorded as in-kind revenue contributions and included in the various program and supporting services expenses. In-kind contributions in the amount of \$280,347 and \$280,558 were paid by the City of Scott for the years ending December 31, 2017 and 2016, respectively.

	<u>2017</u>	<u>2016</u>
Program services:		
Salaries and related benefits	\$ 234,532	\$ 244,632
Insurance	17,525	14,191
Uniforms	2,335	2,332
Utilities and communication	<u>2,099</u>	<u>1,973</u>
Total program services	<u>256,491</u>	<u>263,128</u>
Supporting services - management and general		
Contract labor	8,150	3,500
Professional fees	<u>15,706</u>	<u>13,930</u>
Total supporting services - management and general	<u>23,856</u>	<u>17,430</u>
Total in-kind contributions	<u>\$ 280,347</u>	<u>\$ 280,558</u>

(8) Subsequent Events

The Organization has evaluated subsequent events through June 1, 2018, the date which the financial statements were made available.

SUPPLEMENTAL INFORMATION

SCOTT VOLUNTEER FIRE DEPARTMENT
Scott, Louisiana

Schedules of Functional Expenses
Years Ended December 31, 2017 and 2016

	2017	2016
Program service expenses:		
Fire fighting -		
Communications	\$ 5,788	\$ 3,962
Depreciation	126,499	74,890
Dues and subscriptions	1,625	904
Education and training	2,340	1,737
Incentive pay	47,001	46,922
Insurance	72,102	66,401
Interest expense	12,502	4,925
Medical expense and vaccines	190	-
Repairs and maintenance - building	2,122	3,227
Repairs and maintenance - equipment	51,866	79,870
Salaries and benefits	233,282	244,632
Supplies	9,656	8,775
Telephone	5,268	4,480
Truck fuel	9,692	13,198
Uniforms	2,750	6,159
Utilities	8,505	5,637
Total program service expenses	591,188	565,719
Support service expenses:		
General and administrative -		
Bank fees	437	602
Contract labor	8,150	14,999
Volunteer fire fighter's expenses:		
Meals	1,447	3,496
Miscellaneous	3,018	3,391
Office expense	9,502	14,904
Office supplies	1,369	1,402
Professional fees	15,706	13,930
Travel and entertainment	856	1,561
Total general and administrative	40,485	54,285
Fundraising expense	18,940	28,469
Total expenses	\$ 650,613	\$ 648,473

**INTERNAL CONTROL,
COMPLIANCE
AND
OTHER MATTERS**

KOLDER, SLAVEN & COMPANY, LLC

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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*

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To the Board of Directors
Scott Volunteer Fire Department, Inc.
Scott, 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 Scott Volunteer Fire Department (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, 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 1, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Scott Volunteer Fire Department's internal control over financial reporting (internal control) to determine the audit procedures 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 Scott Volunteer Fire Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Scott Volunteer Fire Department's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control that we consider to be material weaknesses. We consider the deficiencies described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as items 2017-001(IC) and 2017-002(IC) to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Scott Volunteer Fire Department's financial statements are free of 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*.

Scott Volunteer Fire Department's Response to Findings

Scott Volunteer Fire Department's response to the findings identified in our audit is described in the accompanying summary schedule of current and prior year audit findings and corrective action plan. Scott Volunteer Fire Department's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
June 1, 2018

SCOTT VOLUNTEER FIRE DEPARTMENT

Summary Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended December 31, 2017

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
CURRENT YEAR (12/31/17) --						
<u>Internal Control:</u>						
2017-001(IC)	Unknown	Due to the small number of employees, the Organization did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Kyle Landry, Treasurer	N/A
2017-002(IC)	2007	The Organization does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.	No	The Organization has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the Organization to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Kyle Landry, Treasurer	N/A

(continued)

SCOTT VOLUNTEER FIRE DEPARTMENT

Summary Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended December 31, 2017

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
PRIOR YEAR (12/31/16) --						
<u>Internal Control:</u>						
2016-001(IC)	Unknown	Due to the small number of employees, the Organization did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Kyle Landry, Treasurer	N/A
2016-002(IC)	2007	The Organization does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.	No	The Organization has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the Organization to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Kyle Landry, Treasurer	N/A

SCOTT VOLUNTEER FIRE DEPARTMENT
Scott, Louisiana

Agreed-Upon Procedures Report

Year Ended December 31, 2017

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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To the Board of Directors of the
Scott Volunteer Fire Department and
the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Scott Volunteer Fire Department (a nonprofit organization) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. The Organization's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

- a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

The Organization did not have written policies and procedures to address the functions noted above.

- 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.

The Organization did not have written policies and procedures to address the functions noted above.

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

The Organization did not have written policies and procedures to address the functions noted above.

- d) **Receipts**, including receiving, recording, and preparing deposits.

The Organization did not have written policies and procedures to address the functions noted above.

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

The Organization does not have payroll/personnel; therefore, this procedure is not applicable.

- 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.

The Organization did not have written policies and procedures to address the functions noted above.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.

The Organization did not have written policies and procedures to address the functions noted above.

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

The Organization did not have written policies and procedures to address the functions noted above.

- 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.

The Organization is a nonprofit entity; therefore, this procedure is not applicable.

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

The Organization is a nonprofit entity; therefore, this procedure is not applicable.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

Obtained and reviewed minutes of the managing board for the fiscal period noting that the board did not meet on a monthly basis as required by organizational documents.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

The Organization is a nonprofit entity; therefore, this procedure is not applicable.

- c) If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

The Organization is a nonprofit entity; therefore, this procedure is not applicable.

- d) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

There were no exceptions noted as a result of applying this procedure.

Bank Reconciliations

- 3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Obtained listing of client bank accounts from management and management's representation that listing is complete.

- 4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

There were no exceptions noted as a result of applying this procedure.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

There was no evidence that a member of management or a board member reviewed bank reconciliations in any month for each of the three bank accounts examined.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

There were no exceptions noted as a result of applying this procedure.

Collections

- 5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Obtained listing of cash collection locations and management's representation that listing is complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than 5 locations). For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) 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), and (3) not required to share the same cash register or drawer with another employee.

In the cash collection selected, the person responsible for collecting cash is not bonded, not responsible for depositing cash in the bank, recording the related transaction, or reconciling the bank account. The Fire Department has one cash location and the cash drawer is not shared with another employee at that location.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report 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 is not responsible for cash collections in the cash collection location selected.

There is no formal process to reconcile cash collections to the general ledger by revenue source by a person who is not responsible for cash collections.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

Cash collection dates could not be determined from the supporting documentation received.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

There were no exceptions noted as a result of applying this procedure.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

There is no process specifically defined to determine the completeness of all collections by a person who is not responsible for collections.

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

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Obtained listing of disbursements and management's representation that the listing is complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

The Organization's disbursement policy does not require the use of requisition/purchase order or equivalent electronic system.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

The Organization's disbursement policy does not require the use of requisition/purchase order or equivalent electronic system.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

The Organization's disbursement policy does not require the use of requisition/purchase order or equivalent electronic system.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

The Organization does not have written documentation that prohibits the person responsible for processing payments from adding vendors to the purchasing/disbursement system.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

The Organization does not have written documentation that requires segregation of duties of persons with signatory authority or final authorization of disbursements from those initiating or making purchases.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Inquiry of management indicated that unused check stock is maintained in a locked location. Persons with signatory authority do not have access to print checks.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

This procedure is not applicable to the Organization.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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.

Obtained listing of active credit cards, name of person who maintain possession of cards, and management's representation that the listing is complete.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year.

The Organization has two credit cards. One card was selected for testing.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

There were no exceptions noted as a result of applying this procedure.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

There were no exceptions noted as a result of applying this procedure.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

One of six transactions selected did not have an original itemized receipt.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

One of six transactions tested did not have documentation of public purpose.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

There were no exceptions noted as a result of applying this procedure.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

The Organization is a nonprofit entity; therefore, this procedure is not applicable.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed).

There were no exceptions noted as a result of applying this procedure.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Obtained listing of travel and expense reimbursements by person and management's representation that the listing is complete.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

The Organization does not have written policies and procedures related to travel and expense reimbursements.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

The Organization did not have travel and related expense reimbursements; therefore, this procedure could not be applied.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased.

The Organization did not have travel and related expense reimbursements; therefore, this procedure could not be applied.

- Documentation of the business/public purpose.

The Organization did not have travel and related expense reimbursements; therefore, this procedure could not be applied.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).

The Organization did not have travel and related expense reimbursements; therefore, this procedure could not be applied.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse).

The Organization did not have travel and related expense reimbursements; therefore, this procedure could not be applied.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

The Organization did not have travel and related expense reimbursements; therefore, this procedure could not be applied.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Obtained listing of all contracts in effect and management's representation that the listing is complete.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

The Organization did not have any contracts in effect; therefore, this procedure could not be applied.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

The Organization did not have any contracts in effect; therefore, this procedure could not be applied.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

The Organization did not have any contracts in effect; therefore, this procedure could not be applied.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

The Organization did not have any contracts in effect; therefore, this procedure could not be applied.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

The Organization did not have any contracts in effect; therefore, this procedure could not be applied.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

The Organization did not have any contracts in effect; therefore, this procedure could not be applied.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

The Organization does not have employees; therefore, this procedure is not applicable.

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

The Organization does not have employees; therefore, this procedure is not applicable.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

The Organization does not have employees; therefore, this procedure is not applicable.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

The Organization does not have employees; therefore, this procedure is not applicable.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

The Organization does not have employees; therefore, this procedure is not applicable.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

The Organization does not have employees; therefore, this procedure is not applicable.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

The Organization does not have employees; therefore, this procedure is not applicable.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

The Organization does not have employees; therefore, this procedure is not applicable.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under “Payroll and Personnel” above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

The Organization is a nonprofit entity; therefore, ethics requirements are not applicable.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management’s actions complied with the entity’s ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

The Organization is a nonprofit entity; therefore, ethics requirements are not applicable.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

The Organization is a nonprofit entity; therefore, this procedure is not applicable.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

The Organization is a nonprofit entity; therefore, this procedure is not applicable.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

The Organization is a nonprofit entity; therefore, this procedure is not applicable.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management has asserted that the entity did not have any misappropriations of public funds or assets.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

This Organization does not have the required notices posted on its premises and website.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

No exceptions were observed or identified regarding management's representations in the procedures above.

Management's Response

Management of the Scott Volunteer Fire Department concurs with the exceptions and are working to address the deficiencies identified.

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 and 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.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
June 1, 2018