

R E P O R T

MARRERO-RAGUSA VOLUNTEER
FIRE COMPANY NO. 3

DECEMBER 31, 2018 AND 2017

MARRERO-RAGUSA VOLUNTEER
FIRE COMPANY NO. 3

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 26, 2019

Board of Directors
Marrero-Ragusa Volunteer Fire
Company No. 3
Marrero, Louisiana

We have audited the accompanying financial statements of Marrero-Ragusa Volunteer Fire Company No. 3 (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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 risk 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 Marrero-Ragusa Volunteer Fire Company No. 3 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 agency head or chief executive officer on page 16 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 26, 2018 on our consideration of Marrero-Ragusa Volunteer Fire Company No. 3's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of our testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Marrero-Ragusa Volunteer Fire Company No. 3's internal control over financial reporting and compliance.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana

MARRERO-RAGUSA VOLUNTEER FIRE COMPANY NO. 3
 STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

ASSETS

| | <u>2018</u> | <u>2017</u> |
|---|---------------------|---------------------|
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 1,020,347 | \$ 1,122,650 |
| Investments | <u>309,053</u> | <u>308,183</u> |
| Total current assets | 1,329,400 | 1,430,833 |
| Property and equipment, net of accumulated depreciation | <u>623,826</u> | <u>700,242</u> |
| TOTAL ASSETS | <u>\$ 1,953,226</u> | <u>\$ 2,131,075</u> |

LIABILITIES AND NET ASSETS

| | | |
|-------------------------------------|---------------------|---------------------|
| CURRENT LIABILITIES: | | |
| Accrued payroll and tax liabilities | \$ 44,657 | \$ 34,712 |
| Accrued interest payable | 5,154 | 7,932 |
| Compensated absences | 11,537 | 12,255 |
| Capital lease obligations | 16,756 | 16,778 |
| Current portion of notes payable | <u>39,677</u> | <u>35,184</u> |
| Total current liabilities | <u>117,781</u> | <u>106,861</u> |
| LONG-TERM LIABILITIES: | | |
| Capital lease obligations | 28,425 | 45,463 |
| Note payable | <u>127,881</u> | <u>167,558</u> |
| Total long-term liabilities | <u>156,306</u> | <u>213,021</u> |
| Total liabilities | <u>274,087</u> | <u>319,882</u> |
| Net Assets: | | |
| Without donor restrictions | <u>1,679,139</u> | <u>1,811,193</u> |
| Total net assets | <u>1,679,139</u> | <u>1,811,193</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 1,953,226</u> | <u>\$ 2,131,075</u> |

See accompanying notes.

MARRERO-RAGUSA VOLUNTEER FIRE COMPANY NO. 3
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

| | <u>2018</u> | <u>2017</u> |
|---|---------------------|---------------------|
| REVENUE: | | |
| Contract revenue: | | |
| Firefighting contract | \$ 2,400,000 | \$ 2,400,000 |
| Jefferson Parish insurance rebate | 50,816 | 55,501 |
| Interest | 17,831 | 10,481 |
| Rent | 14,641 | 17,303 |
| Other | 82,614 | 101,552 |
| Gain on investments | 870 | 2,293 |
| Total revenue | <u>2,566,772</u> | <u>2,587,130</u> |
| | | |
| EXPENSES: | | |
| Program services - firefighting | 2,556,252 | 2,611,232 |
| Supporting services: | | |
| Management and general | 142,574 | 137,386 |
| Fundraising | - | - |
| Total expenses | <u>2,698,826</u> | <u>2,748,618</u> |
| | | |
| DECREASE IN NET ASSETS | (132,054) | (161,488) |
| | | |
| NET ASSETS WITHOUT DONOR RESTRICTIONS | | |
| BEGINNING OF PERIOD | <u>1,811,193</u> | <u>1,972,681</u> |
| | | |
| NET ASSETS WITHOUT DONOR RESTRICTIONS - | | |
| END OF PERIOD | <u>\$ 1,679,139</u> | <u>\$ 1,811,193</u> |

See accompanying notes.

MARRERO-RAGUSA VOLUNTEER FIRE COMPANY NO. 3
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

| | <u>Firefighting</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total</u> |
|--------------------------------|---------------------|-----------------------------------|--------------------|---------------------|
| EXPENSES: | | | | |
| Accounting and legal | \$ - | \$ 24,915 | \$ - | \$ 24,915 |
| Arson investigation | 2,648 | - | - | 2,648 |
| Investment and bank fees | - | 3,599 | - | 3,599 |
| Depreciation | 112,457 | 4,104 | - | 116,561 |
| Dues and subscriptions | - | 8,855 | - | 8,855 |
| Equipment | 4,054 | - | - | 4,054 |
| Fire Alarm | 15,554 | - | - | 15,554 |
| Fire station supplies | 45,083 | - | - | 45,083 |
| Fuel | 14,179 | - | - | 14,179 |
| Gear | 7,946 | - | - | 7,946 |
| Insurance | 522,397 | 19,063 | - | 541,460 |
| Interest | - | 7,469 | - | 7,469 |
| Medical | 13,461 | 491 | - | 13,952 |
| Meetings | - | 1,036 | - | 1,036 |
| Miscellaneous | - | 1,509 | - | 1,509 |
| Office | - | 10,275 | - | 10,275 |
| Payroll taxes | 120,048 | 4,560 | - | 124,608 |
| Radio | 1,354 | - | - | 1,354 |
| Repairs - station and vehicles | 78,414 | - | - | 78,414 |
| Retirement contribution | 41,835 | 1,527 | - | 43,362 |
| Salaries and wages | 1,501,334 | 53,079 | - | 1,554,413 |
| Taxes and licenses | 2,289 | - | - | 2,289 |
| Telephone and utilities | 57,343 | 2,092 | - | 59,435 |
| Training and travel | 5,847 | - | - | 5,847 |
| Uniforms | 10,009 | - | - | 10,009 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| TOTAL | \$ <u>2,556,252</u> | \$ <u>142,574</u> | \$ <u>-</u> | \$ <u>2,698,826</u> |

See accompanying notes.

MARRERO-RAGUSA VOLUNTEER FIRE COMPANY NO. 3
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

| | <u>Firefighting</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total</u> |
|--------------------------------|---------------------|-----------------------------------|--------------------|---------------------|
| EXPENSES: | | | | |
| Accounting and legal | \$ - | \$ 11,922 | \$ - | \$ 11,922 |
| Arson investigation | 3,888 | - | - | 3,888 |
| Investment and bank fees | - | 3,451 | - | 3,451 |
| Boat | 563 | - | - | 563 |
| Depreciation | 120,961 | 3,871 | - | 124,832 |
| Dues and subscriptions | - | 10,262 | - | 10,262 |
| Equipment | 17,222 | - | - | 17,222 |
| Fire prevention | 6,221 | - | - | 6,221 |
| Fire station supplies | 40,913 | - | - | 40,913 |
| Fuel | 14,746 | - | - | 14,746 |
| Insurance | 566,171 | 18,119 | - | 584,290 |
| Interest | - | 8,809 | - | 8,809 |
| Medical | 6,154 | 197 | - | 6,351 |
| Meetings | - | 1,046 | - | 1,046 |
| Miscellaneous | - | - | - | - |
| Office | - | 25,594 | - | 25,594 |
| Payroll taxes | 121,921 | 4,583 | - | 126,504 |
| Radio | - | - | - | - |
| Repairs - station and vehicles | 116,441 | - | - | 116,441 |
| Retirement contribution | 48,255 | 1,544 | - | 49,799 |
| Salaries and wages | 1,483,823 | 46,145 | - | 1,529,968 |
| Social | - | 292 | - | 292 |
| Taxes and licenses | 2,135 | - | - | 2,135 |
| Telephone and utilities | 48,460 | 1,551 | - | 50,011 |
| Training and travel | 2,955 | - | - | 2,955 |
| Uniforms | 10,403 | - | - | 10,403 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| TOTAL | <u>\$ 2,611,232</u> | <u>\$ 137,386</u> | <u>\$ -</u> | <u>\$ 2,748,618</u> |

See accompanying notes.

MARRERO-RAGUSA VOLUNTEER FIRE COMPANY NO. 3
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

| | <u>2018</u> | <u>2017</u> |
|--|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in net assets | \$ (132,054) | \$ (161,488) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 116,561 | 124,832 |
| Gain on investments | (870) | (2,293) |
| Increase in accrued payroll and tax liabilities | 9,945 | 3,033 |
| Decrease interest payable | (2,778) | (1,397) |
| Decrease in compensated absences | (718) | (30,456) |
| Net cash used by operating activities | <u>(9,914)</u> | <u>(67,769)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Acquisition of equipment | <u>(40,145)</u> | <u>(78,642)</u> |
| Net cash used by investing activities | <u>(40,145)</u> | <u>(78,642)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Loan payments | (35,184) | (36,948) |
| Capital lease payments | <u>(17,060)</u> | <u>(15,337)</u> |
| Net cash used by financing activities | <u>(52,244)</u> | <u>(52,285)</u> |
| NET DECREASE IN CASH | (102,303) | (198,696) |
| Cash at beginning of year | <u>1,122,650</u> | <u>1,321,346</u> |
| CASH AT END OF YEAR | <u>\$ 1,020,347</u> | <u>\$ 1,122,650</u> |
| SUPPLEMENTAL DISCLOSURES: | | |
| Interest paid | <u>\$ 10,247</u> | <u>\$ 11,915</u> |
| Taxes paid | <u>\$ -</u> | <u>\$ -</u> |

See accompanying notes.

MARRERO-RAGUSA VOLUNTEER FIRE COMPANY NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

ORGANIZATION:

Marrero-Ragusa Volunteer Fire Company No. 3 (the Company) was established in 1954 to provide firefighting and rescue service to a designated area of the Eighth Fire District on the West Bank of Jefferson Parish, Louisiana (a separate entity). In addition, the Company provides fire code inspections for businesses within its district, as well as firefighting and rescue training for its members. The Company maintains three fire stations and has 30 paid employees and approximately 25 volunteers. The Company's main source of revenue is a fire protection contract with Jefferson Parish effective for the period June 1, 2004 through May 31, 2014. The contract was adopted by the Jefferson Parish Council on May 25, 2004 by resolution number 103561. The contract is currently operating on a month-to-month basis. The Company is in the process of negotiating a new contract with Jefferson Parish.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A summary of the 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.

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

Contributions:

The 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.

FASB ASC 605-10 provides that the value of donated services is to be recognized in financial statements if the services require specialized skills, are provided by persons possessing those skills, and the services would be purchased if they were not donated. The Company's volunteer firefighters undergo extensive specialized training, and the firefighting services would have to be purchased by the Company or Jefferson Parish if the services were not provided by volunteers.

Income Taxes:

The Company is exempt from income taxes under Internal Revenue Code Section 501(c)(4) as a nonprofit organization and, accordingly, the financial statements do not reflect a provision for income taxes.

MARRERO-RAGUSA VOLUNTEER FIRE COMPANY NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

The Company's Federal Return of Organization Exempt from Income Tax (990) for 2018, 2017, 2016, and 2015 are subject to examination by the IRS, generally, for three years after they were filed.

Cash and Cash Equivalents:

For purposes of the Statement of Cash Flows, the 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.

Investments:

The Company accounts for investments in accordance with ASC 958-320-50. Investments in marketable securities with readily determinable fair values are valued at their fair values in the statement of financial position. At December 31, 2018 and 2017, investments consisted of mutual funds and are reported at their fair values based on quoted market prices. The quoted market prices are considered a Level 1 input under the fair value hierarchy as qualified by ASC 820-10-50. Unrealized gains and losses are included in the changes in net assets.

Property and Equipment:

Acquisitions of property and equipment in excess of \$5,000 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 is 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:

| | |
|-----------------------------------|--------------|
| Vehicles | 5 - 7 years |
| Furniture and fixtures | 3 - 10 years |
| Firefighting and rescue equipment | 5 - 10 years |
| Buildings and improvements | 7 - 35 years |

Advertising Costs:

Advertising costs are expensed as incurred and totaled \$-0- and \$-0- for the years ended December 31, 2018 and 2017, respectively.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts

MARRERO-RAGUSA VOLUNTEER FIRE COMPANY NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Use of Estimates:

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.

2. CASH:

At December 31, 2018 and 2017, the Company maintained cash balances in two local banks. The bank balances totaled \$159,589 and \$239,065 and the book balances totaled \$163,743 and \$173,877, respectively. The book balances include petty cash in the amount of \$500 and \$500 for the years ended December 31, 2018 and 2017, respectively.

Bank balances were insured by federal deposit insurance and pledge securities. Private fundraising monies are segregated from other funds and the bank and book account balances maintained by the Company are \$74,971 and \$63,104, respectively, and are included in the above totals.

3. CASH EQUIVALENTS:

At December 31, 2018 and 2017, the Company held cash equivalents with a fair value of \$856,604 and \$948,773, respectively. These funds are managed by Louisiana Asset Management Pool (LAMP), held by a custodial bank and are in the name of the fund.

LAMP is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana. Only local government and quasi-public entities having contracted to participate in LAMP have an investment in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments and quasi-public entities in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. LAMP is rated AAAM by Standard and Poor's.

LAMP is a local government 2a7-like investment pool established as a cooperative endeavor to enable public entities of the State of Louisiana to aggregate funds for investment.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days and consists of no securities with maturity in excess of 397 days. LAMP is designed to be highly-liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based upon quoted market rates. The fair value is determined on a weekly basis by LAMP, and the value of the position in the external investment pool is the same as the value of the pool shares.

MARRERO-RAGUSA VOLUNTEER FIRE COMPANY NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

3. CASH EQUIVALENTS: (Continued)

LAMP, Inc. is subject to the regulatory oversight of the State Treasurer and the Board of Directors. LAMP is not registered with the SEC as an investment company.

4. 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 10).

5. PROPERTY AND EQUIPMENT:

Below is a summary of the Company's property and equipment at December 31, 2018 and 2017:

| | <u>2018</u> | <u>2017</u> |
|-------------------------------|--------------------|--------------------|
| Land | \$ 127,000 | \$ 127,000 |
| Parking lot | 35,400 | 35,400 |
| Buildings | 374,532 | 374,532 |
| Building improvements | 161,716 | 135,771 |
| Vehicles | 868,651 | 868,652 |
| Equipment | 442,861 | 428,661 |
| Communication equipment | 195,170 | 195,170 |
| Furniture and fixtures | 20,899 | 20,899 |
| | <u>2,226,229</u> | <u>2,186,085</u> |
| Less accumulated depreciation | <u>(1,602,403)</u> | <u>(1,485,843)</u> |
| Net property and equipment | <u>\$ 623,826</u> | <u>\$ 700,242</u> |

Depreciation totaled \$116,561 and \$124,832 for the years ended December 31, 2018 and 2017, respectively.

MARRERO-RAGUSA VOLUNTEER FIRE COMPANY NO. 3
 NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

6. 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 Company's program services.

All members of the Board of Directors serve without compensation.

7. COMPENSATED ABSENCES:

The Company's paid operators accrue vacation at varying rates based on their term of service. At December 31, 2018 and 2017, 25 and 25 employees had accumulated a total of \$11,537 and \$12,255, respectively, of unused vacation.

8. CAPITAL LEASE OBLIGATIONS:

On November 30, 2015, the Company signed financing lease-purchase agreements for two 2015 GMC Sierras. The lease obligations are amortized requiring six annual payments of \$8,367 and \$8,389 due January 14th of each year and include an interest charge of 4.70% per annum for each lease agreement. The Company prepaid the first payment of \$8,367 in December 2015 for one of the leases.

The total cost and accumulated depreciation recorded for the vehicles financed by capital leases was \$171,917 and \$135,053, and \$171,917 and \$114,945, respectively, at December 31, 2018 and 2017. Depreciation expense reported in the Statement of Activities included \$20,108 for the vehicles under capital leases for the years ended December 31, 2018 and 2017, respectively.

Future value of minimum lease payments is as follows at December 31, 2018:

| | |
|---|-------------------------|
| 2019 | \$ 16,756 |
| 2020 | 16,756 |
| 2021 | 16,448 |
| Less: amount representing interest | <u>(4,779)</u> |
| Present value of net minimum lease payments | 45,181 |
| Less: current portion due within a year | <u>(16,756)</u> |
| Long-term capital lease obligation | <u><u>\$ 28,425</u></u> |

9. NOTE PAYABLE:

During the year ended December 31, 2013, the Company signed a governmental contract obligation with Republic First National Corporation to finance the purchase of a fire truck. The obligation is payable in 10 annual installments of \$45,757 each due on August 1st of each year and

MARRERO-RAGUSA VOLUNTEER FIRE COMPANY NO. 3
 NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

9. NOTES PAYABLE: (Continued)

include an interest charge of 3.63% per annum. The obligation matures on August 1, 2022 and is secured by a Ferrara Custom Pumper. The balance at December 31, 2018 and 2017 was \$127,558 and \$167,558, respectively.

The future schedule of minimum payments is as follows:

| | | | | |
|---------------------------------------|------|----|-------------------|--|
| Year ending December 31 | | | | |
| | 2019 | \$ | 45,757 | |
| | 2020 | | 45,757 | |
| | 2021 | | 45,757 | |
| | 2022 | | 45,757 | |
| Less: amount representing interest | | | <u>(15,470)</u> | |
| | | | 167,558 | |
| Less: current portion due in one year | | | <u>(39,677)</u> | |
| Long-term liability | | | <u>\$ 127,881</u> | |

Interest expense was \$ 7,469 and \$ 8,809 for the years ended December 31, 2018 and 2017, respectively.

10. 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 | \$1,020,347 | \$1,122,650 |
| Investments | <u>\$ 309,053</u> | <u>\$ 308,183</u> |
| Total financial assets at year end | 1,329,400 | 1,430,833 |
| 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>\$1,329,400</u> | <u>\$1,430,833</u> |

MARRERO-RAGUSA VOLUNTEER FIRE COMPANY NO. 3
 NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

11. EMPLOYEE BENEFIT PLAN:

The Company has a 401(k) retirement plan for all eligible employees. Eligible employees must contribute up to 2% of their gross salary to be eligible for employer matching contributions. The Company may make a discretionary matching contribution equal to a percentage of salary deferrals. In addition, the Company is allowed to make a discretionary profit-sharing contribution for its eligible employees. The Company made an employer matching contribution up to 4% for all eligible employees. During the years ended December 31, 2018 and 2017, the Company contributed a total of \$43,362 and \$49,799, respectively, to the plan.

12. INVESTMENTS:

Investments consisted of the following at December 31, 2018 and 2017:

| | <u>Fair Market Value</u> | <u>Fair Value Measurements Using Quoted Prices in Markets For Identical Assets (Level 1)</u> |
|--------------|--------------------------|--|
| 2018 | | |
| Mutual funds | <u>\$ 309,053</u> | <u>\$ 309,053</u> |
| 2017 | | |
| Mutual funds | <u>\$ 308,183</u> | <u>\$ 308,183</u> |

Following is a summary of investment return for the year ended December 31, 2018:

| | <u>2018</u> | <u>2017</u> |
|----------------------------------|----------------|-----------------|
| Interest and dividends income | \$ 9,523 | \$ 9,320 |
| Net realized and unrealized loss | <u>(8,653)</u> | <u>(7,027)</u> |
| Total investment return | <u>\$ 870</u> | <u>\$ 2,293</u> |

13. EXPENSES PAID BY OTHERS:

The full-time firefighters of the Company receive supplemental pay from the State of Louisiana under the provisions of L.R.S. 33:2002. The amount of pay received varies based on years of service. As these supplemental state funds are paid directly to the firefighters, and do not pass through the Company, they are not included in these financial statements.

14. SOCIAL FUNDS:

The Company maintains separate funds derived from social activities. During the years ended December 31, 2018 and 2017, the Company had proceeds of \$16,234 and \$18,890, respectively, from all social activities and recognized expenses totaling \$4,367 and \$19,725, respectively.

MARRERO-RAGUSA VOLUNTEER FIRE COMPANY NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

15. ECONOMIC DEPENDENCY, FIRE PROTECTION CONTRACT:

Substantially all of the Company's public support is derived from funds provided by Jefferson Parish. The Company has a contract with Jefferson Parish, effective June 1, 2004 through May 31, 2014, under which the Company receives one-third of certain ad valorem taxes assessed within the Eighth Fire Protection District of Jefferson Parish, as well as additional funding from sales taxes and fire insurance rebates. Management is not aware of any plans on the part of Jefferson Parish to terminate the contract.

The contract is currently on a month-to-month basis and is in the process of being renewed with Jefferson Parish.

16. 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.

17. RENTAL INCOME/GROUND LEASE AGREEMENT:

On April 15, 2001, the Company signed a ground lease agreement with Trinity Wireless Towers, Inc. for the construction of a wireless communication transmissions and reception facility on its premises. The Trinity Wireless Towers, Inc. agreement requires rent to be paid in equal monthly installments of \$1,100. The initial terms of the ground lease are for a five-year period commencing on the 13th day following the completion of the facility. The agreement has automatic renewal terms for 10 successive five-year periods, with a 10% increase, unless written termination is provided by the Company within thirty days prior to expiration of the term or any renewal term. In September 2011, the monthly rent increased by 10% to \$1,210. In September 30, 2016, the monthly rent increased by 10% to \$1,331. The Company is responsible for providing 24 hour, seven days a week access to the premises and the maintenance of any existing access roadway to the facility.

During 2018 and 2017, the Company received \$15,972 and \$17,303, respectively, under this agreement.

18. DATE OF MANAGEMENT'S REVIEW:

Subsequent events have been evaluated through June 26, 2019, which is the date the financial statements were available to be issued.

MARRERO-RAGUSA VOLUNTEER FIRE COMPANY NO. 3
SUPPLEMENTARY INFORMATION
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
DECEMBER 31, 2018

Agency Head Name: Rickie Eslick Sr., Fire Chief

| Purpose | Amount |
|-----------------------|---------------|
| Salary | \$ 90,740 |
| Benefits - insurance | 21,502 |
| Benefits - retirement | 4,200 |
| Cell phone | 1,257 |



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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 26, 2019

To the Board of Directors
Marrero-Ragusa Volunteer Fire
Company No. 3
Marrero, 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 Marrero-Ragusa Volunteer Fire Company No. 3 (a Louisiana nonprofit organization), which comprise the statement of financial position as December 31, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 26, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Marrero-Ragusa Volunteer Fire Company No. 3's (the 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 Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency; it is noted as 2018-01.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Marrero-Ragusa Volunteer Fire Company No. 3'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*.

Marrero-Ragusa Volunteer Fire Company No. 3's Response to Findings

Marrero-Ragusa Volunteer Fire Company No. 3's responses to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Marrero-Ragusa Volunteer Fire Company No. 3's responses were 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 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 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

MARRERO-RAGUSA VOLUNTEER FIRE COMPANY, NO. 3
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 Marrero-Ragusa Volunteer Fire Company No. 3 for the year ended December 31, 2018 was unmodified.
2. Internal Control
Material weaknesses: None noted
Significant deficiencies: 2018-01
3. Compliance and Other Matters
Noncompliance material to financial statements: None noted

INTERNAL CONTROL-SIGNIFICANT DEFICIENCIES

2018-01 Journal Entries

Condition and Criteria

Journal entries were required for financial statement misstatements related to payroll, leases payable, and fixed asset accounts. Generally accepted auditing standards consider year-end adjusting entries prepared by the auditor to be a significant deficiency in internal control. This is a repeat finding.

Cause

AU-C 265 requires that we report the above condition as a control deficiency. The standard does not provide exceptions to reporting deficiencies that are mitigated with non-audit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical. The Company has relied on its auditor to identify and correct such financial statement misstatements.

Recommendation

As mentioned, whether or not it would be cost effective to cure a control deficiency is not a factor in applying the reporting requirements of AU-C 265. We recommend that the Company engage someone to assist with monthly and annual closing entries.

Management's Response

We will continue to provide additional training for our employee performing accounting duties. In addition, we will implement procedures that require knowledgeable personnel to reconcile the general ledger accounts to subsidiary schedules where applicable.

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

None noted

MARRERO-RAGUSA VOLUNTEER FIRE COMPANY, NO. 3
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018

STATUS OF PRIOR YEAR FINDINGS:

2017-01 Journal Entries

Condition and Criteria

Journal entries were required for financial statement misstatements related to payroll, leases payable, and fixed asset accounts. Generally accepted auditing standards consider year-end adjusting entries prepared by the auditor to be a significant deficiency in internal control. This finding is repeated as 2018-01 in the current year.

Cause

AU-C 265 requires that we report the above condition as a control deficiency. The standard does not provide exceptions to reporting deficiencies that are mitigated with non-audit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical. The Company has relied on its auditor to identify and correct such financial statement misstatements.

Recommendation

As mentioned, whether or not it would be cost effective to cure a control deficiency is not a factor in applying the reporting requirements of AU-C 265. We recommend that the Company engage someone to assist with monthly and annual closing entries.

Management's Response

We will continue to provide additional training for our employee performing accounting duties. In addition, we will implement procedures that require knowledgeable personnel to reconcile the general ledger accounts to subsidiary schedules where applicable.

MARRERO-RAGUSA VOLUNTEER
FIRE COMPANY NO. 3

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED UPON PROCEDURES

DECEMBER 31, 2018

MARRERO-RAGUSA VOLUNTEER FIRE COMPANY NO. 3

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Duplantier Hrapmann Hogan & Maher, LLP

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED UPON PROCEDURES

June 28, 2019

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Board of Directors
Marrero-Ragusa Volunteer Fire Company No. 3 and
The Louisiana Legislative Auditor

We have performed the procedures enumerated below which were agreed to by Marrero-Ragusa Volunteer Fire Company No. 3 (MRVFC) 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 of January 1, 2018 through December 31, 2018. MRVFC'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 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. We requested 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:
 - a) Budgeting, including preparing, adopting, monitoring, and amending the budget.

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- b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
- c) Disbursements, including processing, reviewing, and approving.
- d) Receipts, including receiving, recording, and preparing deposits.
- e) Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.
- h) 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:

- MRVFC has no written policies over budgeting, purchasing, disbursement, receipts, payroll/personnel, contracting, credit cards and travel/expense reimbursements.

Management's response:

Management has begun the process of developing written polices for all areas noted above.

Board or Finance Committee

2. We obtained and inspect the board/ finance committee minutes for the fiscal period as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.
 - c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

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

- MRVFC's board minutes did not reference or include monthly budget-to-actual comparisons on the General Fund.

Management's response:

Management will note any discussion referring to the budget to actual financial statement numbers in future meetings.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

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

- We noted no evidence of review by a member of management or a board member for each bank reconciliation.

Management's response:

A member of the board now reviews bank reconciliations and note approval. We will review all outstanding checks and write off old outstanding amounts.

Collections

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

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

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

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

- We noted the employee responsible for handling cash is the same employee who prepares/makes bank deposits.
- We noted the employee responsible for handling cash is the same employee who post collections entries to the general ledger.

Management's response:

We are currently working on a policy regarding cash collection. We will separate the duties of collecting, depositing and reconciling cash.

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

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

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

- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
- e) Trace the actual deposit per the bank statement to the general ledger.

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

- We noted one of eight collections tested was deposited more than one business day from the receipt of the collections.

Management's response:

Although 95% of the station's revenue is received through EFT, and no federal, state or parish funds are received as cash. Management reviews collections monthly for completeness. We will look into segregating these duties. Cash received for fire reports is collected by someone other than the person depositing.

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

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

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

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

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

- The administrator is responsible for processing payments as well as adding vendors to the entity's purchasing/disbursement system.

Management's response:

This is due to our limited staff size. We will attempt to segregate the tasks of creating vendors and processing payments.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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

- We noted one of the five disbursements tested does not match the related original invoice/ billing statement.

Management's response:

We will maintain support for all disbursements, including multiple invoices paid with the same check.

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

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

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.

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

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

- We noted that credit card statements did not have evidence of review or approval in writing other than the authorized card holder.
- We noted finance charges and late fees were assessed on one of the five cards selected for testing.

Management's response:

Credit card charges will be reviewed and approved. Payments will be made by the due date to avoid late charges.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by:
- a) an original itemized receipt that identifies precisely what was purchased,
 - b) written documentation of the business/public purpose, and
 - c) documentation of the individuals participating in meals (for meal charges only).

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

- We noted no evidence of written documentation of the business/public purpose. For some purchases the business purpose was self-explanatory.

Management's response:

We will document the purpose for charges made on credit cards.

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