

FINANCIAL REPORT  
HERBERT WALLACE MEMORIAL  
VOLUNTEER FIRE COMPANY  
DECEMBER 31, 2020 AND 2019

HERBERT WALLACE MEMORIAL  
VOLUNTEER FIRE COMPANY

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DECEMBER 31, 2020 AND 2019

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## INDEPENDENT AUDITOR'S REPORT

May 4, 2021

Board of Directors  
Herbert Wallace Memorial  
Volunteer Fire Company

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the Herbert Wallace Memorial Volunteer Fire Company (a Louisiana nonprofit corporation) which comprise the statements of financial position as of December 31, 2020 and 2019, the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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

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

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Herbert Wallace Memorial Volunteer Fire Company as of December 31, 2020 and 2019 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 15 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2021 on our consideration of the Herbert Wallace Memorial Volunteer Fire Company'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 that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Herbert Wallace Memorial Volunteer Fire Company's internal control over financial reporting and compliance.

  
New Orleans, Louisiana

HERBERT WALLACE MEMORIAL VOLUNTEER FIRE COMPANY  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2020 AND 2019

ASSETS

	<u>2020</u>	<u>2019</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 517,215	\$ 436,868
Accounts receivable	18,099	18,399
Total current assets	<u>535,314</u>	<u>455,267</u>
PROPERTY AND EQUIPMENT:		
Building and improvements	191,116	191,116
Equipment	270,734	270,734
Furniture and fixtures	115,954	115,954
Vehicles	59,612	59,612
Total	<u>637,416</u>	<u>637,416</u>
Less: accumulated depreciation	<u>(386,396)</u>	<u>(342,194)</u>
Net property and equipment	<u>251,020</u>	<u>295,222</u>
 TOTAL ASSETS	 <u>\$ 786,334</u>	 <u>\$ 750,489</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accrued expenses	\$ 11,487	\$ 7,249
Total current liabilities	<u>11,487</u>	<u>7,249</u>
NET ASSETS:		
Without donor restrictions	<u>774,847</u>	<u>743,240</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 786,334</u>	 <u>\$ 750,489</u>

See accompanying notes.

HERBERT WALLACE MEMORIAL VOLUNTEER FIRE COMPANY  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
REVENUES:		
Jefferson Parish contract fees	\$ 762,000	\$ 762,000
Jefferson Parish insurance rebate	16,154	16,125
Insurance rebates	24,956	53,100
CARES Act	247,435	-
Interest Income	36	82
Other revenue	228	390
Total revenues	<u>1,050,809</u>	<u>831,697</u>
EXPENSES:		
Program Services:		
Firefighting	868,920	862,391
Support services:		
Administrative and general	150,282	144,241
Total expenses	<u>1,019,202</u>	<u>1,006,632</u>
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	31,607	(174,935)
NET ASSETS WITHOUT DONOR RESTRICTIONS - BEGINNING OF PERIOD	<u>743,240</u>	<u>918,175</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF PERIOD	<u>\$ 774,847</u>	<u>\$ 743,240</u>

See accompanying notes.

HERBERT WALLACE MEMORIAL VOLUNTEER FIRE COMPANY  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Firefighting</u>	<u>Administrative and General</u>	<u>Total</u>
EXPENSES:			
Auto	\$ 7,122	\$ -	\$ 7,122
Advertising	-	675	675
Depreciation	44,202	-	44,202
Drinks and snacks	-	635	635
Dues and fees	-	379	379
Insurance	167,569	18,619	186,188
Meeting	-	257	257
Miscellaneous	-	299	299
Office expense	-	991	991
Payroll service	-	6,013	6,013
Payroll taxes	45,620	5,069	50,689
Professional services	-	20,492	20,492
Repairs - equipment, radios, trucks	20,602	-	20,602
Salaries	582,640	64,738	647,378
Station supplies	-	8,433	8,433
Telephone	-	2,278	2,278
Training and supplies	254	-	254
Uniforms	911	-	911
Utilities	-	21,404	21,404
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL EXPENSES	<u>\$ 868,920</u>	<u>\$ 150,282</u>	<u>\$1,019,202</u>

See accompanying notes.

HERBERT WALLACE MEMORIAL VOLUNTEER FIRE COMPANY  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Firefighting</u>	<u>Administrative and General</u>	<u>Total</u>
EXPENSES:			
Auto	\$ 8,662	\$ -	\$ 8,662
Advertising	-	900	900
Depreciation	45,859	-	45,859
Drinks and snacks	-	192	192
Dues and fees	-	513	513
Insurance	165,381	18,376	183,757
Meeting expenses	-	1,181	1,181
Miscellaneous	1,726	307	2,033
Office expense	-	2,009	2,009
Payroll service	-	6,569	6,569
Payroll taxes	45,707	5,079	50,786
Professional services	-	17,831	17,831
Repairs - equipment, radios, trucks	28,510	-	28,510
Salaries	564,875	62,764	627,639
Station supplies	-	4,583	4,583
Telephone	-	2,775	2,775
Training and supplies	504	-	504
Uniforms	1,166	-	1,166
Utilities	-	21,163	21,163
	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	<u>\$ 862,391</u>	<u>\$ 144,241</u>	<u>\$1,006,632</u>

See accompanying notes.



HERBERT WALLACE MEMORIAL VOLUNTEER FIRE COMPANY  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 31,607	\$ (174,935)
Adjustments to reconcile increase in net assets to cash provided by operating activities:		
Depreciation	44,202	45,859
Decrease in accounts receivable	300	500
Increase (decrease) in accrued expenses	4,238	(8,473)
Net cash provided (used) in operating activities	<u>80,347</u>	<u>(137,049)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of equipment	<u>-</u>	<u>(70,949)</u>
Net cash used in investing activities	<u>-</u>	<u>(70,949)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	80,347	(207,998)
Cash and cash equivalents at beginning of period	<u>436,868</u>	<u>644,866</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 517,215</u>	<u>\$ 436,868</u>

See accompanying notes.

HERBERT WALLACE MEMORIAL VOLUNTEER FIRE COMPANY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

ORGANIZATION:

The Herbert Wallace Memorial Volunteer Fire Company (the fire company) began operating as a nonprofit corporation on March 17, 2003 to provide the citizens in the Seventh Fire Protection District with fire protection and related services. The fire company also responds to emergencies such as floods and hurricanes. The fire company operates one fire station and has ten paid employees and no volunteers. The fire company's main source of revenue is a fire protection contract with Jefferson Parish effective for the period September 2, 2014 through September 2, 2023. The contract was adopted by the Jefferson Parish Council on February 5, 2014 by resolution number 122371.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

Basis of Accounting and Presentation:

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

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

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

HERBERT WALLACE MEMORIAL VOLUNTEER FIRE COMPANY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Allocation of Expenses:

The cost of providing programs and other activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses, which are easily and directly associated with firefighting or general and administrative, are charged directly to that functional area. Certain other expenses have been allocated to firefighting services and general and administrative based on time devoted by the fire department's staff.

Program services consist of providing firefighting services to the Seventh Fire Protection District of Jefferson Parish.

General and administrative consists of general administrative expenses incurred.

New Accounting Pronouncements:

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This guidance outlines a single, comprehensive model for accounting for revenue from contracts with customers. The Company adopted the standard on January 1, 2019. The Company's program revenue is generated substantially from a fire protection contract with Jefferson Parish.

The Company analyzed the provisions of FASB's ASC Topic 606, *Revenue from Contracts with Customers*, and have concluded that no changes to their revenue recognition are needed to conform to the standard. Revenue is recognized when monthly payments from Jefferson Parish are received.

During the year ended December 31, 2019, the Company adopted the requirements of ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The update clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. This standard was adopted on January 1, 2019, the first day of the Company's fiscal year. The adoption of this standard did not result in a change in the prior year presentation; therefore, there was no cumulative effect adjustment recorded.

As a result of adopting ASU 2018-08, there was no cumulative-effect adjustment to opening net assets without donor restrictions as of January 1, 2019.

HERBERT WALLACE MEMORIAL VOLUNTEER FIRE COMPANY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Sources of Revenue:

Substantially all of the fire department's revenue is derived from funds provided by the Fire Protection District No. 7 of Jefferson Parish to provide firefighting and rescue services to the designated area of the Seventh Fire Protection District and is considered to be an exchange transaction within the scope of ASC Topic 606, Revenue from Contracts with Customers. The Parish pays the fire department monthly installments which represent the net proceeds of millage levied annually on the assessed valuation of property in the Seventh Fire Protection District. The revenue is recognized as the services are performed monthly. Other sources of revenues would include fund raising, contributions, and interest. The other sources of revenue are recorded when received.

In addition, the fire department routinely receives revenues from insurance rebates. The amount is received annually from the State of Louisiana through Jefferson Parish. The amount received is based on the number of homes within the fire district and totaled \$16,154 and \$16,125 respectively in 2020 and 2019.

During 2020, the fire department received \$247,435 from Jefferson Parish as part of the CARES Act related to Coronavirus relief.

Income Taxes:

The fire company is exempt from income taxes under Internal Revenue Code Section 501(c)(3) as a nonprofit organization and, accordingly, the financial statements do not reflect a provision for income taxes. The fire company's federal Return of Organization Exempt from Income Tax (Form 990) for 2020, 2018, 2017, and 2016 are subject to examination by the IRS, generally for three years after they are filed.

Cash and Cash Equivalents:

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

Cash paid during the year for:

Interest	\$	-	\$	-
Income Taxes	\$	-	\$	-

HERBERT WALLACE MEMORIAL VOLUNTEER FIRE COMPANY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Property and Equipment:

Property and equipment, consisting primarily of fire stations and residences, furniture, fixtures, and equipment, are recorded at cost when purchased and at fair market value when received as a donation. The Fire Department capitalizes property and equipment purchases over \$500 and expenses those purchases under \$500. Expenditures for maintenance, repairs, and minor renewals are charged against earnings as incurred. Depreciation is computed using the straight-line method over the useful lives of the assets. The lives range from 3 to 40 years.

Depreciation expense for 2020 and 2019 was \$44,202 and \$45,859, respectively.

Property and equipment does not include fire trucks, vehicles, or equipment donated by the fire department to the Fire Protection District No. 7 of Jefferson Parish. Historically, the fire department has received subsidies from the Fire Protection District No. 7 of Jefferson Parish for the purchase of fire trucks and various equipment. The trucks are then purchased by the fire department and donated back to the Fire Protection District No. 7 of Jefferson Parish. This is done because the funding source of these subsidies is parish ad valorem taxes, and the property must stay in the "public domain". The fire trucks and vehicles are utilized by the fire department but they are insured by and titled in the name of the Parish of Jefferson. These fire trucks are reported for in the financial statements of the Parish of Jefferson.

Donated Services:

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

2. CASH:

The fire company maintains cash balances at Capital One Bank and Regions Bank. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. At December 31, 2020 and 2019, cash balances at Capital One Bank exceeded the FDIC limitation by \$204,304 and \$22,506, respectively. Cash balances at Regions Bank were covered by FDIC insurance at December 31, 2020 and 2019.

3. ADVERTISING:

The fire company uses advertising to promote its programs among the citizens it serves. Advertising costs are expensed as incurred during 2020 and 2019, advertising expense was \$675 and \$900, respectively.

HERBERT WALLACE MEMORIAL VOLUNTEER FIRE COMPANY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

4. USE OF ESTIMATES:

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

5. COMPENSATED ABSENCES:

The fire company's policy is that unused compensated absences cannot be carried over to the subsequent year. If vacation time is not utilized by December 31 of each year, the time is forfeited. Due to this policy, there is no liability for compensated absences as of December 31, 2020 and 2019.

6. EXPENSES PAID BY OTHERS:

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

7. FAIR VALUE OF FINANCIAL INSTRUMENTS:

FASB ASC 825-10, *Disclosures about Fair Value of Financial Instruments*, requires disclosure of the fair value of certain financial instruments. The book value of cash and cash equivalents, accounts receivable, and accrued liabilities are reflected in the financial statements at fair value because of the short-term maturity of these instruments.

8. ECONOMIC DEPENDENCY:

Substantially all of the fire company's public support is derived from funds provided by Jefferson Parish. The fire company has a 10-year contract with Jefferson Parish, effective September 2, 2014, under which the fire company receives a percentage of certain ad valorem taxes assessed within the Seventh Fire Protection District of Jefferson Parish, as well as additional funding from sales taxes and fire insurance rebates. Management is not aware of any plans on the part of Jefferson Parish to terminate the contract.

HERBERT WALLACE MEMORIAL VOLUNTEER FIRE COMPANY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

9. 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 program and supporting services benefited. These allocations are based upon management's estimate of usage applicable to conducting the program and supporting services.

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>2020</u>	<u>2019</u>
Financial assets, at year end:		
Cash and cash equivalents	\$ 517,215	\$ 436,868
Accounts receivable	<u>18,099</u>	<u>18,399</u>
Total financial assets at year end	535,314	455,267
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>\$ 535,314</u>	<u>\$ 455,267</u>

11. UNCERTAINTIES:

A novel strain of coronavirus was reported in New Orleans in March 2020, and continues to spread throughout the United States. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. The related financial impact and duration cannot be reasonably estimated at this time.

12. LITIGATION:

During 2014, the fire company was successful in a law suit against a former employee accused of theft. The former employee was ordered to pay \$22,761 in restitution to the fire company. Accounts receivable of \$18,099 and \$18,399 during the years ended December 31, 2020 and 2019, respectively, represents this receivable.

HERBERT WALLACE MEMORIAL VOLUNTEER FIRE COMPANY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

13. PUBLIC AUDIT BY THE OFFICE OF INSPECTOR GENERAL OF JEFFERSON PARISH:

The Inspector General of Jefferson Parish performed an audit of expenditures of public funds of the company for the period of January 1, 2020, through June 30, 2020. The report was dated April 9, 2021. Issues addressed in the report related to the following:

- Lack of segregation of duties
- Lack of documented approval of invoices for payment
- Lack of adequate internal control over payroll payments
- Fuel invoicing exceptions
- Lack of compliance with Parish contract
- Lack of adequate fiscal policies and procedures

Management has responded to these findings in an email to the Jefferson Parish Inspector General dated March 23, 2021 and is continuing to work toward correcting these deficiencies.

14. SUBSEQUENT EVENTS:

Management has evaluated subsequent events through May 4, 2021, which is the date on which the financial statements were available to be issued, and determined no events occurred that would have significantly affected these financial statements, other than those previously disclosed.



HERBERT WALLACE MEMORIAL VOLUNTEER FIRE COMPANY  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS  
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER  
DECEMBER 31, 2020

Agency Head Name: Christian Collins, Fire Chief

Salary	\$ 157,013.64
Benefits – Insurance	\$15,961.44
Cell-Phone	\$516.96



# Duplantier Hrapmann Hogan & Maher, LLP

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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*

May 4, 2021

To the Board of Directors  
Herbert Wallace Memorial  
Volunteer Fire Company

We have audited, 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, the financial statements of the Herbert Wallace Memorial Volunteer Fire Company (a Louisiana nonprofit organization), which comprise the statement of financial position as of December 31, 2020, 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 May 4, 2021.

### Internal Control over Financial Reporting

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

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Herbert Wallace Memorial Volunteer Fire Company'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*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the fire company's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the fire company's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

  
New Orleans, Louisiana

HERBERT WALLACE MEMORIAL VOLUNTEER FIRE COMPANY  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2020

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion on the financial statements of the Herbert Wallace Memorial Volunteer Fire Company for the year ended December 31, 2020, was unmodified.
2. Internal Control  
Material weaknesses: none noted  
Significant deficiencies: none noted
3. Compliance and Other Matters  
Noncompliance material to financial statements: none noted

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

None noted.

HERBERT WALLACE MEMORIAL VOLUNTEER FIRE COMPANY  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2020

SUMMARY OF PRIOR YEAR FINDINGS:

None.