FINANCIAL REPORT

HARVEY VOLUNTEER FIRE COMPANY NO. 2

DECEMBER 31, 2017 AND 2016

HARVEY VOLUNTEER FIRE COMPANY NO. 2

REPORT INDEX

DECEMBER 31, 2017 AND 2016

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INDEPENDENT AUDITOR'S REPORT

June 25, 2018

Board of Directors
Harvey Volunteer Fire Company No. 2
P. O. Box 1053
Harvey, Louisiana 70059

Report on the Financial Statements

We have audited the accompanying financial statements of Harvey Volunteer Fire Company No. 2 (a Louisiana non-profit organization) which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 organization'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 organization'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 Harvey Volunteer Fire Company No. 2 as of December 31, 2017 and 2016, and the changes in its net assets, and 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 audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying 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 25, 2018, on our consideration of Harvey Volunteer Fire Company No. 2's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Harvey Volunteer Fire Company No. 2's internal control over financial reporting and compliance.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana

HARVEY VOLUNTEER FIRE COMPANY NO. 2
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

ASSETS

	2017	2016
CURRENT ASSETS:		
Cash	$ 2,976,790	$ 3,661,477
Investments, at cost	92,993	92,598
Total current assets	3,069,783	3,754,075
PROPERTY AND EQUIPMENT:		
Land and land improvements	73,787	73,787
Furniture and fixtures	155,090	151,659
Autos and trucks	1,296,980	1,271,100
Equipment	1,955,175	2,371,651
Building improvements	1,497,733	1,050,738
Total	4,978,765	4,918,935
Less: Accumulated depreciation	2,841,315	3,143,879
Net property and equipment	2,137,450	1,775,056
OTHER ASSETS:		
Investments, at cost	30,030	29,597
TOTAL ASSETS	$ 5,237,263	$ 5,558,728

LIABILITIES AND NET ASSETS

	2017	2016
CURRENT LIABILITIES:		
Accounts payable	$ 31,992	$ 35,153
Accrued expenses	64,903	34,824
Insurance claims payable	25,733	10,915
Total current liabilities	122,628	80,892
NET ASSETS:		
Unrestricted	5,114,635	5,477,836
TOTAL LIABILITIES AND NET ASSETS	$ 5,237,263	$ 5,558,728

See accompanying notes.

HARVEY VOLUNTEER FIRE COMPANY NO. 2
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
CHANGES IN UNRESTRICTED NET ASSETS:		
Unrestricted support and revenues:		
Contract revenue:		
Jefferson Parish - Millage	$ 3,300,000	$ 3,300,000
Jefferson Parish - 2016 LSFA Conference	-	10,000
Insurance rebate	111,415	103,076
Interest	1,938	2,088
Lease income	6,000	6,000
Insurance proceeds	18,777	596
Insurance dividend	124,435	123,862
Other income	28,986	24,374
Total unrestricted support and revenues	3,591,551	3,569,996
EXPENSES: (Pages 5 and 6)		
Program services:		
Firefighting services	3,732,292	3,088,166
Supporting services:		
General and administrative	212,779	178,239
Fundraising	9,681	6,975
Total expenses	3,954,752	3,273,380
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	(363,201)	296,616
NET ASSETS, BEGINNING OF YEAR	5,477,836	5,181,220
NET ASSETS, END OF YEAR	$ 5,114,635	$ 5,477,836

See accompanying notes.

HARVEY VOLUNTEER FIRE COMPANY NO. 2
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Program Services	Supporting Services		
	Firefighting Services	General and Administrative	Fundraising	Total
EXPENSES:				
Accounting and legal	$ -	$ 21,161	$ -	$ 21,161
Bank charges	-	-	-	-
Conventions, seminars, and classes	23,304	-	-	23,304
Copy machine	-	844	-	844
Depreciation	188,063	9,898	-	197,961
Dues and subscriptions	5,143	-	-	5,143
Meals and entertainment	8	-	-	8
Fire equipment	67,906	-	-	67,906
Fuel	38,202	-	-	38,202
Public fire education	-	-	9,681	9,681
Insurance	882,388	46,441	-	928,829
Loss on disposal of equipment	20,629	1,086	-	21,715
Medical supplies	4,396	-	-	4,396
Miscellaneous	19,803	3,613	-	23,416
Office supplies	-	7,517	-	7,517
Payroll processing	16,437	865	-	17,302
Payroll taxes	147,830	7,780	-	155,610
Postage	1,666	88	-	1,754
Promotional	-	9,270	-	9,270
Repairs and maintenance	210,748	-	-	210,748
Radio	17,759	-	-	17,759
Retirement	74,106	3,900	-	78,006
Salaries	1,827,157	96,166	-	1,923,323
Telephone and utilities	78,849	4,150	-	82,999
Uniforms	21,729	-	-	21,729
Vehicle repairs	86,169	-	-	86,169
TOTAL EXPENSES	$ 3,732,292	$ 212,779	$ 9,681	$ 3,954,752

See accompanying notes.

HARVEY VOLUNTEER FIRE COMPANY NO. 2
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Program Services	Supporting Services		
	Firefighting Services	General and Administrative	Fundraising	Total
EXPENSES:				
Accounting and legal	$ -	$ 14,894	$ -	$ 14,894
Bank charges	-	35	-	35
Conventions, seminars, and classes	30,629	-	-	30,629
Copy machine	-	1,289	-	1,289
Depreciation	162,340	8,544	-	170,884
Dues and subscriptions	4,560	-	-	4,560
Meals and entertainment	-	-	-	-
Fire equipment	24,702	-	-	24,702
Fuel	27,327	-	-	27,327
Public fire education	-	-	6,975	6,975
Insurance	651,243	34,276	-	685,519
Loss on disposal of equipment	288	15	-	303
Medical supplies	1,214	-	-	1,214
Miscellaneous	7,761	5,332	-	13,093
Office supplies	-	6,670	-	6,670
Payroll processing	14,258	750	-	15,008
Payroll taxes	126,216	6,643	-	132,859
Postage	1,005	53	-	1,058
Promotional	-	11,980	-	11,980
Repairs and maintenance	225,831	-	-	225,831
Radio	6,917	-	-	6,917
Retirement	67,777	3,567	-	71,344
Salaries	1,521,511	80,080	-	1,601,591
Telephone and utilities	78,107	4,111	-	82,218
Uniforms	12,373	-	-	12,373
Vehicle repairs	124,107	-	-	124,107
TOTAL EXPENSES	$ 3,088,166	$ 178,239	$ 6,975	$ 3,273,380

See accompanying notes.

HARVEY VOLUNTEER FIRE COMPANY NO. 2
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (363,201)	$ 296,616
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	197,961	170,884
Loss on disposal of equipment	21,715	303
Decrease in prepaid expenses	-	11,674
Increase in accrued expenses	30,079	31,965
Decrease in accounts payable	(3,161)	(3,982)
Increase (decrease) in insurance claims payable	14,818	(19,309)
Net cash provided (used) by operating activities	(101,789)	488,151
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest earned on and reinvested in certificates of deposit	(828)	(796)
Purchases of property and equipment	(582,070)	(1,006,687)
Net cash used in investing activities	(582,898)	(1,007,483)
NET CHANGE IN CASH	(684,687)	(519,332)
CASH, BEGINNING OF YEAR	3,661,477	4,180,809
CASH, END OF YEAR	$ 2,976,790	$ 3,661,477
NON CASH INVESTING ACTIVITIES:		
Interest earned on and reinvested in certificates of deposit	$ 828	$ 796

See accompanying notes.

ORGANIZATION:

Harvey Volunteer Fire Company No. 2 (the Company) was organized on July 8, 1948, to provide the citizens in the Sixth Fire Protection District of Jefferson Parish with fire protection and related services. The Company had a contract with Jefferson Parish to provide fire protection services to the Sixth Fire Protection District through March 31, 2014, when the fire protection contract with Jefferson Parish expired. Upon the expiration of that contract, the Company began providing fire protection services to Jefferson Parish on a month-to-month basis. On November 15, 2017, the Jefferson Parish Council adopted Resolution No. 130383, approving a Fire Protection Agreement between Fire Protection District No. 6 of the Parish of Jefferson, State of Louisiana, and Harvey Volunteer Fire Company No. 2. The Fire Protection Agreement was signed by the Company on May 11, 2018. The term of the Fire Protection is for ten years commencing on December 1, 2017, and ending on December 1, 2027. The Company responds to emergencies such as floods and hurricanes. The Company maintains four (4) fire stations and has approximately thirty (30) paid employees and thirty (30) volunteers. The majority of the Company's revenue is derived from this contract.

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 Presentation:

The financial statements are prepared on the accrual basis. Under that basis, revenues are recognized when earned and expenses are recognized when incurred.

The Company prepares its financial statements in accordance with the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958, information regarding financial position and activities is reported according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As of December 31, 2017 and 2016, the Company had only unrestricted net assets.

The statement of activities presents expenses functionally between program services for firefighting, general and administrative, and fundraising. 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 records contributions in accordance with FASB ASC 958-605, *Revenue Recognition*. In accordance with FASB ASC 958-605, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and nature of any donor restrictions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Donated Services:

No amounts have been reflected in the financial statements for donated services. Donated services were not recorded because the value of these services was not readily determinable. However, a substantial number of volunteers have donated significant amounts of their time to the Company's program services.

All members of the Board of Directors serve without compensation.

Revenue:

Under the contract with Jefferson Parish, the Parish pays the Company monthly installments, which represent the net proceeds of millage levied annually on the assessed valuation of property in the Sixth Fire Protection District.

The Jefferson Parish Millage Assessment allocated to the Sixth Fire Protection District is 25 mills which was renewed in a 2009 special election. The millage renewal was for a period of ten years, beginning with the year 2010. The amount received and used for operations was $3,300,000 and $3,300,000 for 2017 and 2016, respectively.

In addition, revenue is received from insurance rebates 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 $111,415 and $103,076 for 2017 and 2016, respectively.

Cash Flow Information:

Cash presented in the statement of cash flows represents demand deposits, cash on hand, and other highly-liquid assets at financial institutions with original maturity of three months or less as cash.

Supplemental Disclosures of Cash Flow Information:

	2017	2016
Cash paid during the year for:		
Interest	$ -	$ -
Taxes	-	-

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Property and Equipment:

Acquisitions of property and equipment in excess of $1,000 and expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are stated at acquisition cost or estimated fair value, if donated. 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:

Autos and trucks	5 - 15 years
Furniture and fixtures	5 - 15 years
Equipment	5 - 10 years
Building improvements	5 - 39 years

Vacation and Sick Leave:

Each full-time operator earns vacation leave as follows:

Years Completed	Days
1 - 9 years	18 days
Over 9 years	19 - 30 days

Employees earn one day of additional vacation leave for each year over nine years of service up to a maximum of 30 days after 20 years.

Each administrative employee earns vacation leave as follows:

Years Completed	Weeks
1 year	1 week
2 - 6 years	2 weeks
7 - 12 years	3 weeks
13 - 15 years	4 weeks
Over 15 years	5 weeks

Vacation leave cannot be carried forward to the next year. All must be used within the current calendar year.

All full-time, non-operations personnel are granted 10 sick days per calendar year. Sick leave for operators is governed by LRS 33:1995, which states operators shall be entitled to full pay during sickness or incapacity not brought about by his own negligence or culpable indiscretion for a period of not less than 52 weeks. There is no accrual of sick leave and no buyback program.

2. CASH:

At December 31, 2017 and 2016, the fire company maintained cash balances and savings accounts in several local banks. The bank and book balances as of December 31, 2017 and 2016 were as follows:

	2017		2016	
	Book Balances	Bank Balances	Book Balances	Bank Balances
Petty cash	$ 96	N/A	$ 99	N/A
Checking accounts -				
Fidelity Homestead				
General operating fund	242,678	253,817	907,604	910,681
Payroll fund	91,706	97,738	230,498	232,418
Private fund	10,112	10,112	12,063	12,063
Insurance disbursement fund	12,000	12,717	17,993	27,014
Savings accounts -				
Fidelity Homestead				
Hospitalization fund	26,410	26,410	61,393	61,393
Savings fund	2,593,788	2,593,788	2,431,827	2,431,827
Total cash	$2,976,790	$2,994,582	$3,661,477	$3,675,396

The interest rate on the Hospitalization fund for the years ended December 31, 2017 and 2016 was 0.05% and 0.05%, respectively. The interest rate on the Savings fund for the years ended December 31, 2017 and 2016, was 0.05% and 0.05%, respectively.

Concentrations of Credit Risk:

For the years ended December 31, 2017 and 2016, cash balances were maintained in financial institutions located in the New Orleans area. The balances in all cash accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At December 31, 2017 and 2016, the Company's bank balances were entirely covered by FDIC insurance or pledged securities held by Fidelity in the name of Harvey Volunteer Fire Company No. 2, respectively.

3. INVESTMENTS:

The Company had the following certificates of deposit as of December 31, 2017 and 2016:

3. INVESTMENTS: (Continued)

	Maturity	Interest Rate 2017	2017	Maturity	Interest Rate 2016	2016
Certificate of deposit	07/18/18	0.399%	$ 16,904	07/18/17	0.399%	$ 16,837
Certificate of deposit	08/15/18	1.193%	9,349	08/15/17	0.499%	9,277
Certificate of deposit	07/13/18	0.399%	33,216	07/13/17	0.399%	33,083
Certificate of deposit	11/21/18	0.797%	23,404	11/21/17	0.399%	23,311
Certificate of deposit	08/07/18	0.350%	10,120	08/07/17	0.250%	10,090
Total current			92,993			92,598
Total non-current	03/05/22	1.390%	30,030	03/05/22	1.735%	29,597
Total			$ 123,023			$ 122,195

The certificates of deposit are recorded at cost plus accrued interest.

4. PROPERTY AND EQUIPMENT:

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

	Balance 1/1/17	Additions	Deletions	Balance 12/31/17
Land and land improvements	$ 73,787	$ -	$ -	$ 73,787
Furniture and fixtures	151,659	6,142	(2,711)	155,090
Auto and trucks	1,271,100	44,270	(18,390)	1,296,980
Equipment	2,371,651	58,114	(474,590)	1,955,175
Building improvements	1,050,738	473,544	(26,549)	1,497,733
	4,918,935	582,070	(522,240)	4,978,765
Accumulated depreciation	(3,143,879)	(197,961)	500,525	(2,841,315)
Net property and equipment	$ 1,775,056	$ 384,109	$(21,715)	$ 2,137,450

Depreciation expense totaled $197,961 during the year ended December 31, 2017.

4. PROPERTY AND EQUIPMENT: (Continued)

Below is a summary of activity in the Company's property and equipment accounts during the year ended December 31, 2016:

	Balance 1/1/16	Additions	Deletions	Balance 12/31/16
Land and land improvements	$ 73,787	$ -	$ -	$ 73,787
Furniture and fixtures	151,385	7,502	(7,228)	151,659
Auto and trucks	384,438	886,662	-	1,271,100
Equipment	2,433,680	74,838	(136,867)	2,371,651
Building improvements	1,013,053	37,685	-	1,050,738
	4,056,343	1,006,687	(144,095)	4,918,935
Accumulated depreciation	(3,116,787)	(170,884)	143,792	(3,143,879)
Net property and equipment	$ 939,556	$ 835,803	$ (303)	$ 1,775,056

Depreciation expense totaled $170,884 during the year ended December 31, 2016.

5. SELF-INSURANCE:

The Company has a self-insurance hospitalization plan. The self-insurance program involves co-insurance with an independent insurance company. The Company is responsible for 100% of the first $30,000 of claims per individual up to an aggregate amount. Any claim in excess of $30,000 or the aggregate is covered by the insurance company. Amounts charged to the Company and included in expenses for this plan were $410,811 and $261,364 in fiscal years 2017 and 2016, respectively. The estimated claims payable for incurred, but not reported claims, at December 31, 2017 and 2016, was $25,733 and $10,915, respectively. These amounts are reflected as current liabilities on the statements of financial position.

During 2017 and 2016, the Company did not pay claims in excess of its self-insurance liability.

6. INCOME TAXES:

The Company is exempt from federal and state income taxes under the Internal Revenue Code 501(c)(3). Therefore, no provision for income taxes has been included in the financial statements.

6. INCOME TAXES: (Continued)

Accounting standards provide detailed guidance for the financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an enterprise's financial statements. Under FASB ASC 740-10, an entity is required to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. Management has evaluated the significant tax positions against the criteria established by these accounting standards and believes there are no such tax positions requiring accounting recognition. The Company is no longer subject to income tax examinations by taxing authorities for years prior to 2014.

7. 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.

8. DEFINED CONTRIBUTION PLAN:

The Company has a defined contribution plan in accordance with Internal Revenue Code Section 401(k). The plan allows full-time employees to defer a portion of their compensation. Voluntary pre-tax contributions for 2017 and 2016, were $104,195 and $94,164, respectively. Voluntary Roth 401(k) contributions for 2017 and 2016, were $35,575 and $27,986, respectively.

The Company will match voluntary employee contributions to the plan up to 5% of annual salaries. The amount of the employer matching contributions to the plan was $78,006 in 2017 and $71,344 in 2016.

9. USE OF PROPERTY OR EQUIPMENT:

Some assets used by the fire station are owned by Jefferson Parish. The Company uses these assets as part of the fire protection agreement with Jefferson Parish.

10. 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 does not vary based upon years of service, and is based upon state law. As these supplemental state funds are paid directly to the firefighters, and do not pass through the Company, they are not included in these financial statements.

11. ECONOMIC DEPENDENCY:

Substantially all of the Company's public support is derived from funds provided by Jefferson Parish. The Company has a contract with Jefferson Parish, under which the Company received one-third of certain ad valorem taxes assessed within the Sixth Fire Protection District of Jefferson Parish, as well as additional funding from sales taxes and fire insurance rebates. The Company recently signed a 10-year fire protection agreement with Jefferson Parish on May 18, 2018, with an effective date commencing on December 1, 2017, and ending on December 1, 2027.

12. OPERATING LEASE:

The Company leased land to Radiofone, Inc. for a period of 20 years. In August 2016, the original lease expired, and a new lease has not yet been signed. The lease is currently continuing on a month-to-month basis, based upon the payment terms of the original lease agreement.

Total rental income received during 2017 and 2016 was $6,000 each year.

13. COOPERATIVE ENDEAVOR AGREEMENT:

On September 8, 2016, the fire company entered into a Cooperative Endeavor Agreement with Jefferson Parish, Louisiana, to sponsor the annual conference of the Louisiana State Fireman's Association held from August 11th to August 13th, 2016, to better provide fire prevention and protection services to benefit the citizens of Jefferson Parish. The Parish provided $10,000 to the fire company to sponsor the conference.

There were no Cooperative Endeavor Agreements entered into with Jefferson Parish during the year ended December 31, 2017.

14. DATE OF MANAGEMENT'S REVIEW:

Subsequent events have been evaluated through June 25, 2018, which is the date the financial statements were available to be issued. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

15. RECLASSIFICATIONS:

Certain amounts in 2016 have been reclassified to conform with the current year presentation. Net income remained unchanged.

SUPPLEMENTARY INFORMATION

HARVEY VOLUNTEER FIRE CO., NO. 2
SUPPLEMENTARY INFORMATION
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED DECEMBER 31, 2017

Agency head name: Scott Berthelot, Fire Chief

Purpose	Amount
Salary	$ -
Benefits - insurance	-
Benefits - retirement	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
	$ -

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

June 25, 2018

To the Board of Directors
Harvey Volunteer Fire Company No. 2

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 Harvey Volunteer Fire Company No. 2 (a Louisiana non-profit organization), which comprise the statement of financial position as of December 31, 2017, 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 25, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Harvey Volunteer Fire Company No. 2's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Harvey Volunteer Fire Company No. 2's internal control. Accordingly, we do not express an opinion on the effectiveness of Harvey Volunteer Fire Company No. 2'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Harvey Volunteer Fire Company No. 2's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 result 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 purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana

HARVEY VOLUNTEER FIRE COMPANY NO. 2
SUMMARY SCHEDULE OF CURRENT YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2017

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of Harvey Volunteer Fire Company No. 2 for the year ended December 31, 2017, was unmodified.

2. Internal Control
   Significant deficiency: none noted
   Material weaknesses: none noted

3. Compliance and Other Matters
   Noncompliance material to financial statements: none noted

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

None noted

SUMMARY OF PRIOR YEAR FINDINGS:

None noted

HARVEY VOLUNTEER FIRE COMPANY NO. 2

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

DECEMBER 31, 2017

HARVEY VOLUNTEER FIRE COMPANY NO. 2

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

June 25, 2018

Board of Directors
Harvey Volunteer Fire Company No. 2 and
the Louisiana Legislative Auditor

We have performed the procedures enumerated below which were agreed to by Harvey Volunteer Fire Company No. 2 (the Company) 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 year ended December 31, 2017. The Company's management is responsible for the control and compliance 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 obtained the entity's written policies and procedures and determined whether those written policies and procedures addressed each of the following financial/business functions, as applicable:

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

b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

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

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

e) Payroll/Personnel, including (l) 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.

i) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

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

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

- The Company's budgeting policy does not address amending the budget.
- The Company's purchasing policy does not address how vendors are added to the vendor list.
- The Company's payroll policy does not address procedures for processing payroll or reviewing and approving time and attendance records.
- The Company does not have written policies and procedures on contracting.

Management's Response: We have a policy in place regarding amending our budget, but we do not have the policy in written form. We will review and modify our budgeting policy so that our policy for amending the budget is in accordance with the budget requirements set forth in our contract with Jefferson Parish. We have a written policy in place over purchasing, but we do not address adding vendors to the vendor list. Our Administrative Secretary is responsible for establishing and maintaining a complete set of records and accounts, as directed by our Finance Committee. We will review and modify our purchasing policy to address that our Administrative Secretary is also responsible for adding vendors to our vendor list, subject to the approval of our Finance Committee. We have a policy in place for processing payroll, but it is not in written form. We are in the process of developing a written policy that addresses the processing of our payroll and the procedures necessary for the reviewing and approving of time and attendance records, including leave and overtime worked. We have a policy in place regarding contracting, but it is not in written form. We are in the process of developing a written contracting policy that will address the types of services requiring contracts, the standard terms and conditions of contracts, the legal review of contracts, the approval process of contracts, and the monitoring process of contracts.

Board

2) We obtained and reviewed the board/committee minutes for the fiscal period, and:

   a) determined 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.

   b) determined 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).

   c) determined 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.

   Results: Upon applying the agreed-upon procedures above, we noted one instance in which the monthly board minutes did not include a reference to the Treasurer's Report.

   Management's Response: We note that this was an isolated incident. The Treasurer's Report was not yet available at the time of the May 2017 board meeting. While the Treasurer's Report was not presented at the May 2017 board meeting, our Standard Operating Guidelines require that the Fire Chief and President be e-mailed a copy of the Treasurer's Report for review, and that review occurred. The May 2017 Treasurer's Report was also presented at our May 2017 membership meeting for review. The Treasurer's Report was presented at all other Board Meetings during the period January 1, 2017 to December 31, 2017. We will work to ensure that the Treasurer's Report is prepared and available prior to the holding of all board meetings in the future.

Bank Reconciliations

3) We obtained a listing of client bank accounts from management and management's representation that the listing is complete.

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

4) Using the listing provided by management, we selected one-third of the entity's bank accounts on a rotating basis. For each of the bank accounts selected, we obtained bank statements and reconciliations for all months in the fiscal period and determined whether:

a) Bank reconciliations have been prepared;

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

c) Management had documentation reflecting that it had researched reconciling items that have been outstanding for more than six months as of the end of the fiscal period.

<u>Results</u>: Upon applying the agreed-upon procedures above, we noted that for the Fidelity – Hospitalization Fund account, a bank reconciliation was not prepared for one of the four quarterly periods in which a bank statement was received.

<u>Management's Response</u>: The Fidelity – Hospitalization Fund account has very little activity other than transfers from other HVFC #2 accounts and the earning of interest. Statements for this account are received quarterly for the periods ending March 31, June 30, September 30, and December 31. We note that a bank reconciliation was not prepared for the quarterly statement ended March 31, 2017. We note that this was an isolated incident and that a reconciliation was prepared, reviewed, and approved for all other statements received on the account during the period January 1, 2017 to December 31, 2017. We will work to ensure that bank reconciliations are prepared, reviewed, and approved for all bank accounts for all statements received in the future.

<u>Collections</u>

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

<u>Results</u>: No findings were noted as a result of applying the procedure above.

6) Using the cash collection listing provided by management, we selected all of the entity's cash collection locations. For each cash location selected:

a) We obtained existing written documentation (e.g. insurance policy, policy manual, job description) and determined whether each person responsible for collecting cash was (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.

b) We obtained existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and determined whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who was not responsible for cash collections in the cash collection location selected.

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

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

   ii. Using sequentially numbered receipts, system reports, or other related collection documentation, we verified that daily cash collections were completely supported by documentation and report any exceptions.

   Results: No findings were noted as a result of applying the procedures above.

7) We obtained existing written documentation (e.g. policy manual, written procedure) and determined 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 was not responsible for collections.

   Results: Upon applying the agreed-upon procedure above, we noted that the Company's cash receipts policy does not specifically identify a procedure to determine the completeness of all cash collections. Additionally, the receiving, recording and reconciling of cash collections are all performed by the same individual.

   Management's Response: Our Administrative Secretary is responsible for the following: (1) establishing and maintaining a complete set of records and accounts, as directed by our Finance Committee; (2) receiving all funds in the name of the Company and promptly depositing funds to accounts in the Company's name; and (3) reconciling the monthly reports for all bank accounts. Due to the small size of the accounting function of the Company, we are not able to achieve a proper segregation of duties for the various accounting functions of the Company, including cash collections and reconciliations. Through the implementation of our Standard Operating Guidelines, we have various mitigating controls in place such as: (1) having our Treasurer review and initial all bank reconciliations; (2) having our Finance Committee review receipts, at least quarterly, to ensure that all receipts are complete, adequate, and properly accounted for; and (3) having our Treasurer present financial information at our monthly board and membership meetings. Substantially all of the Company's public support is received from Jefferson Parish for certain ad valorem taxes, sales taxes, and fire insurance rebates. These public support collections are received via ACH from the Parish, so if a receipt did not appear on a bank statement, it would be noticed immediately.

Disbursements – General (excluding credit card purchases or payments)

8) We obtained a listing of entity disbursements from management or, alternately, obtained the general ledger and sorted/filtered for entity disbursements. We also obtained management's representation that the listing or general ledger population was complete.

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

9) Using the disbursement population from agreed upon procedure number 8 above, we randomly selected 25 disbursements excluding credit card/debit card/fuel card/P-card purchases or payments. We obtained supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and determined 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.
   b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
   c) Payments for purchases were not processed without 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.

   Results: No findings were noted as a result of applying the procedures above.

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

   Results: Upon applying the agreed-upon procedure above, we noted that the person responsible for processing payments is not prohibited from adding vendors to the Company's purchasing/disbursement system.

   Management's Response: Our Administrative Secretary is responsible for the payment of all company obligations via check against the Company's accounts or from petty cash funds, and is also responsible for adding vendors to our purchasing/disbursement system as the Administrative Secretary is responsible for establishing and maintaining a complete set of records and accounts, as directed by our Finance Committee. Due to the small size of the accounting function of the Company, we are not able to achieve a proper segregation of duties for the various accounting functions of the Company, including the accounts payable process. Through the implementation of our Standard Operating Guidelines, we have various mitigating controls in place such as: (1) having our Treasurer review and initial all bank reconciliations; (2) requiring dual signatures on all checks; (3) requiring all purchases (excluding fixed bills, such as utilities) to be accompanied by a requisition and purchase order prior to payment; (4) not allowing purchase orders to be issued without completed requisitions, without supporting quote documentation, or without President or Finance Committee Chairperson approval; (5)

requiring the Finance Committee to review disbursements, at least quarterly, to ensure that all disbursements are proper, reasonable, properly documented, and accounted for; (6) requiring at least two Finance Committee members to meet as a group and issue purchase orders at least once a month where one of the members will initial requisitions to indicate review and approval and the second member will then issue a purchase order after their own review; and (7) having our Treasurer present financial information at our monthly board and membership meetings. Only the Fire Chief, President, Vice President, Treasurer, Secretary, and Finance Committee Chairperson have the authority to sign checks. While our Administrative Secretary is not prohibited from adding vendors to our purchasing/disbursement system, all new vendors are reviewed and approved indirectly by virtue of our disbursements review and approval process. There is an assumption that the addition of a new vendor is approved or authorized by the fact that the Finance Committee is approving purchases. Additionally, two authorized check signers would also be aware that a transaction has taken place with a new vendor by virtue of their signing of the check for a purchase from a new vendor. So, with any added vendor to our purchasing/disbursement system, the Finance Committee and two authorized check signers will have seen, approved, and signed off on the vendor.

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

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

12) We inquired of management and observed whether the supply of unused checks was maintained in a locked location, with access restricted to those persons that do not have signatory authority, and noted any exceptions. Alternately, if the checks were electronically printed on blank check stock, we reviewed entity documentation (electronic system control documentation) and determined whether the persons with signatory authority have system access to print checks.

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

13) When signature stamp or signature machine was used, we inquired of the signer whether his or her signature was maintained under his or her control or was used only with the knowledge and consent of the signer. We inquired of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed.

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

Credit Cards

14) We obtained 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. We also obtained management's representation that the listing was complete.

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

15) Using the listing prepared by management, we randomly selected one-third of the credit cards (the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. We obtained the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. We selected 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) Determined whether there was evidence that the monthly statement or combined statement and supporting documentation were reviewed and approved, in writing, by someone other than the authorized card holder.

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

    Results: No findings were noted as a result of applying the procedures above.

16) Using the monthly statements or combined statements selected under agreed upon procedure number 15 above, we obtained supporting documentation for all transactions for each of the cards selected (i.e. each of the cards should have one month of transactions subject to testing).

    a) For each transaction, we determined that the transaction was supported by:

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

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

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

    b) For each transaction, we compared 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 was a large or recurring purchase requiring the solicitation of bids or quotes) and noted any exceptions.

    c) For each transaction, we compared 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). When the nature of the transaction precluded or obscured a comparison to the requirements of Article 7, Section 14, the practitioner reported the transaction as an exception.

    Results: No findings were noted as a result of applying the procedures above.

Travel and Expense Reimbursement

17) We obtained from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sorted/ filtered for travel reimbursements. We also obtained management's representation that the listing and general ledger was complete.

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

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

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

19) Using the listing from agreed upon procedure number 17 above, we selected the three persons who incurred the most travel costs during the fiscal period. We obtained the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and chose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

    a) We compared expense documentation to written policies and determined whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity did not have written policies, we compared to the GSA rates (Number 18 above) and determined each reimbursement that exceeded those rates.

    b) We determined whether each expense was supported by:

        i. An original itemized receipt that identified precisely what was purchased. (Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) did not require a receipt).

        ii. Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

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

    c) We compared 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 reported any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). When the nature of the transaction precluded or obscured a comparison to the requirements of Article 7, Section 14, the practitioner reported the transaction as an exception.

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

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

- Original itemized receipts supporting $2,166 in travel expenses were not submitted to management for approval prior to reimbursement.
- Supporting documentation did not compare rates or methods of travel in accordance with company policy to ensure the most cost efficient method was utilized.

Management's Response: We have reviewed the supporting documentation related to the travel reimbursement and have noted that an original, itemized receipt was not included for the travel reimbursement, but that there were original travel quotes to support the reimbursement. The travel request was approved at our September 2017 board meeting, based upon the travel quotes provided. We will work to ensure that original, itemized receipts are received in the future for all travel related expenses. The travel reimbursement was to attend a Firehouse Software Education & Training Seminar in Dallas, TX. Our Standard Operating Guidelines currently state that the accepted method of travel shall be determined as to whichever is least expensive. This will be determined by considering and comparing all factors such as air travel, gas costs, mileage costs, meal costs, length of hotel accommodations, etc. Whichever method is deemed most affordable is what will be considered acceptable and approval of the membership will be needed to alter from the cheapest route and documentation will need to be provided for all methods of travel for comparison prior to approval. We will review our Training and Travel Expenses policies to determine if it is necessary to modify our policies and procedures to include different policies for out-of-state travel versus in-state travel. In some instances, where out-of-state travel is required to attend a conference, it may not be reasonable to expect an employee to drive and a comparison of driving versus flying may not be necessary.

Contracts

20) We obtained a listing of all contracts in effect during the fiscal period or, alternately, obtained the general ledger and sorted/filtered for contract payments. We also obtained management's representation that the listing or general ledger was complete.

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

21) Using the listing above, we selected 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). We obtained the related contracts and paid invoices and:

a) Determined whether there was a formal/written contract that supported the services arrangement and the amount paid.

b) Compared each contract's detail to the Louisiana Public Bid Law or Procurement Code. We determined whether each contract was subject to the Louisiana Public Bid Law or Procurement Code and:

i. If yes, we obtained/compared supporting contract documentation to legal requirements and determined whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).

ii. If no, we obtained supporting contract documentation and determined whether the entity solicited quotes as a best practice.

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

d) Selected the largest payment from each of the five contracts, obtained the supporting invoice, compared the invoice to the contract terms, and determined whether the invoice and related payment complied with the terms and conditions of the contract.

e) Obtained/reviewed contract documentation and board minutes and determined whether there was documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Results: No findings were noted as a result of applying the procedures above.

Payroll and Personnel

22) We obtained a listing of employees (and elected officials, if applicable) with their related salaries, and obtained management's representation that the listing was complete. We randomly selected five employees/officials, obtained their personnel files, and:

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

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

Results: No findings were noted as a result of applying the procedures above.

23) We obtained attendance and leave records and randomly selected one pay period in which leave has been taken by at least one employee. Within that pay period, we randomly selected one-third of employees/officials and:

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

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

c) Determined whether there was 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.

Results: No findings were noted as a result of applying the procedures above.

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

    Results: No findings were noted as a result of applying the procedures above.

25) We obtained supporting documentation (e.g. cancelled checks, EFT documentation) re-lating to payroll taxes and retirement contributions during the fiscal period. We deter-mined 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.

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

Ethics

This section is not applicable for non-profit organizations.

Debt Service

This section is not applicable for non-profit organizations.

Other

27) We inquired of management whether the entity had any misappropriations of public funds or assets. If so, we obtained/reviewed supporting documentation and determined whether the entity reported the misappropriation to the Legislative Auditor and the District Attorney of the parish in which the entity is domiciled.

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

28) We observed and determined whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

    Results: Upon applying the agreed-upon procedure above, we noted the Company did not have the notice required by R.S. 24:523.1 posted on its premises and website at December 31, 2017.

Management's Response: We were not aware of the requirement to have posted on our premises the notice required by R.S. 24:523.1. Upon notification that the notice was not posted on our premises, we immediately printed out the notice, and had the notice posted at each of our fire stations.

29) When the practitioner observed or otherwise identified any exceptions regarding management's representations in the procedures above, the practitioner reported the nature of each exception.

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

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana