



THIBODAUX VOLUNTEER FIRE DEPARTMENT, INC.

Financial Statements and Independent Auditor's Report

As of and for the Year Ended November 30, 2017

T.S. KEARNS & CO.


(A Professional Corporation)
164 West Main Street, Thibodaux, LA 70301
South end of Canal Boulevard
(985) 447-8507 Fax (985) 447-4833
www.kearnscpa.com

THIBODAUX VOLUNTEER FIRE DEPARTMENT, INC.
Thibodaux, Louisiana

**Financial Statements and
Independent Auditor's Report**

As of and for the year ended November 30, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board
Thibodaux Volunteer Fire Department, Inc.
Thibodaux, Louisiana

We have audited the accompanying financial statements of Thibodaux Volunteer Fire Department, Inc. (a nonprofit organization), which comprise the statement of financial position as of November 30, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

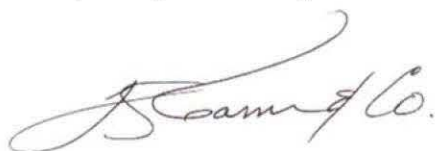
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Thibodaux Volunteer Fire Department, Inc. as of November 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting 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 accompanying schedules listed as supplemental information in the table of contents on page 18 through 21 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2018, on our consideration of the Thibodaux Volunteer Fire Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Thibodaux Volunteer Fire Department's internal control over financial reporting and compliance.



Thibodaux, Louisiana

May 25, 2018

Financial Section

THIBODAUX VOLUNTEER FIRE DEPARTMENT, INC.
Thibodaux, Louisiana

Statement of Financial Position
November 30, 2017

Assets**Current Assets:**

Cash	\$ 3,533,607
Certificates of Deposit	508,931
Receivables	3,600
Prepaid expense	2,209
Advances to Fire Companies	3,000
Total Current Assets	<u>4,051,347</u>

Long-Term Assets:

Certificates of Deposit	175,421
Advances to Fire Companies	26,000
Property and Equipment (Net)	6,786,018
Land	1,230,748
Total Long-Term Assets	<u>8,218,187</u>

Total Assets	<u><u>\$ 12,269,534</u></u>
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Liabilities and Net Assets**Current Liabilities:**

Accounts Payable	\$ 41,631
Total Current Liabilities/Total Liabilities	<u>41,631</u>

Net Assets:

Temporarily restricted	1,648,885
Unrestricted	10,579,018
Total Net Assets	<u>12,227,903</u>
Total Liabilities and Net Assets	<u><u>\$ 12,269,534</u></u>

The accompanying notes are an integral part of the financial statements.

THIBODAUX VOLUNTEER FIRE DEPARTMENT, INC.
Thibodaux, Louisiana

Statement of Activities
For the Year Ended November 30, 2017

	Unrestricted	Temporarily Restricted	Total
Revenues and Other Support:			
Firemen's Fair, Net Proceeds (See Schedule 1)	\$ 902,907	\$ 2,702	\$ 905,609
Interest Earnings	5,606		5,606
Rental Income	10,690		10,690
Private grants & cash donations	202,950	31,987	234,937
Miscellaneous	7,232		7,232
Promotional discount received	177,210		177,210
Local Governments		338,777	338,777
Property Tax		630,095	630,095
Satisfaction of Restrictions	935,904	(935,904)	-
	2,242,498	67,657	2,310,156
Total Revenue and Other Support			
Expenses:			
Program Service - Fire Protection:			
Operation and Maintenance of Fire Equipment (See Schedule 3)	239,683		239,683
Utilities - Fire Stations	101,760		101,760
Fire Training and Prevention	36,221		36,221
Other Fire Fighting Equipment and Related Expenses	70,065		70,065
Rental Expenses	15,784		15,784
Donation Expense - Surplus Equipment	25,500		25,500
Supporting Services:			
General and Administrative (See Schedule 4)	873,718		873,718
	1,362,731	-	1,362,731
Total Expenses			
Increase (Decrease) in Net Assets	879,768	67,657	947,425
Net Assets, Beginning of Year	9,284,431	1,996,047	11,280,478
Net Assets, End of Year	\$ 10,164,199	\$ 2,063,704	\$ 12,227,903

The accompanying notes are an integral part of the financial statements.

THIBODAUX VOLUNTEER FIRE DEPARTMENT, INC.
Thibodaux, Louisiana

Statement of Cash Flows
For the Year Ended November 30, 2017

Cash Flows From Operating Activities:	
Increase (Decrease) In Net Assets	\$ 947,425
Adjustments To Reconcile Increase In Net Assets To Net Cash Provided By Operating Activities:	
Expenses not requiring cash:	
Depreciation	543,240
FMV of capital assets donated	25,500
Loss on disposal of capital assets	69,335
Revenue not providing cash:	
Promotional Discount on capital assets	(177,210)
(Increase) Decrease In Operating Assets:	
Receivable from Fire Companies, net	3,000
Prepaid expenses	2,210
Other receivables	(130)
Increase (Decrease) In Operating Liabilities:	
Accounts Payable	<u>9,175</u>
Net Cash Provided (Used) By Operating Activities	1,422,544
Cash Flows From Investing Activities:	
Maturity of Certificates of Deposit	642,852
Purchase of Certificates of Deposit	(642,852)
Interest reinvested in Certificates of Deposit	(560)
Proceeds from sales of capital assets	2,750
Purchase of Property and Equipment	<u>(1,775,193)</u>
Net Cash Provided (Used) By Investing Activities	<u>(1,773,003)</u>
Cash Flows From Financing Activities:	
Net proceeds from line of credit	<u>-</u>
Net Cash Provided (Used) By Financing Activities	<u>-</u>
Net Increase (Decrease) in Cash	<u>(350,459)</u>
Cash at Beginning of Year	<u>3,884,066</u>
Cash at End of Year	<u>\$ 3,533,607</u>

The accompanying notes are an integral part of the financial statements.

THIBODAUX VOLUNTEER FIRE DEPARTMENT, INC.
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
November 30, 2017

INTRODUCTION

The Thibodaux Volunteer Fire Department, Inc. (Fire Department) was formally incorporated on February 4, 1987, as a non-profit corporation in Thibodaux, Louisiana. As incorporated, it is the continuation of an association that has been in existence for many years in the City of Thibodaux. The purpose of the Fire Department, and its predecessor organization, is to supervise, control, and otherwise coordinate the efforts of the eight volunteer fire companies which service the citizens of Thibodaux, Louisiana, and beginning in 1989, the area included in Lafourche Parish Fire Protection District No. 4 (District No. 4).

The Fire Department owns fire stations, firefighting trucks, emergency units, and other firefighting equipment used by the Department and the eight fire companies. The Fire Department coordinates all training and fund raising activities, and pays for the operating expenses of all firefighting and emergency equipment for all eight fire companies.

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed are described to enhance the usefulness of the financial statements to the reader. The financial statements of the Thibodaux Volunteer Fire Department, Inc. (a nonprofit organization) have been prepared on the accrual basis; therefore, certain revenues and the related assets are recognized when awarded rather than when received and certain expenses are recognized when the obligation is incurred rather than when paid. These policies have been consistently applied in the preparation of the financial statements. The corporation has no capital stock. The following is a summary of certain significant accounting policies:

A. Reporting Entity

Management of the Fire Department consists of a Board of Directors made up of volunteer firemen who have been elected by the membership of the various fire companies. After being elected by the fire companies' membership, the board members are appointed by Thibodaux City Council. The Mayor of Thibodaux is an ex-officio member of the Board of Directors. The City of Thibodaux also receives a tax millage used to support the Fire Department. Because of these factors, the Fire Department is considered to be a component unit of the City of Thibodaux and is reported as such on the City's financial reports.

THIBODAUX VOLUNTEER FIRE DEPARTMENT, INC.
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NOTES TO FINANCIAL STATEMENTS
November 30, 2017

B. Basis of Presentation

The financial statements are presented in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit organizations*, which requires the Organization to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the organization is required to present a statement of cash flows.

C. Capital Assets

All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded as support at their estimated fair value on the date donated. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. It is the Fire Department's policy to capitalize expenditures for these items in excess of \$1,000. Depreciation is provided over the estimated useful life of fixed assets computed using the straight-line method as follows:

Buildings and improvements	12 - 40 years
Equipment	7 - 20 years
Furniture & fixtures	7 years
Vehicles	5 - 25 years

D. Income Taxes

The Internal Revenue Service has notified the Fire Department that it is substantially exempt from Income taxes under internal Revenue Code Section 501 (c)(3). Donors may deduct contributions made to the Fire Department under Internal Revenue Code Section 170. Accordingly, no provision for income taxes is made in the financial statements.

E. Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period

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NOTES TO FINANCIAL STATEMENTS
November 30, 2017

in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

F. Cash, Cash Equivalents, and Certificates of Deposit

For purposes of the statements of cash flows, cash and cash equivalents include certificates of deposit and securities with maturities of three months or less when purchased. The Fire Department considers all demand deposits to be cash equivalents.

Investment policies are governed by state statutes.

Certificates of Deposits with original maturities of one year or less are classified as current assets. Certificates with original maturities in excess of one year are reported as long term assets.

G. Net Assets

In accordance with SFAS No. 117, the Fire Department reports net assets as unrestricted, temporarily restricted, and permanently restricted. The Fire Department currently has no permanently restricted net assets. Temporarily restricted net assets consist of funds acquired from ad valorem taxes, fire insurance rebates, donations with restrictions, and support from local governments which are to be used for the purchase and maintenance of firefighting equipment.

H. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

THIBODAUX VOLUNTEER FIRE DEPARTMENT, INC.
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NOTES TO FINANCIAL STATEMENTS
November 30, 2017

I. Subsequent Events

The subsequent events of the organization were evaluated through the date of the financial statements were available to be issued (May 25, 2018).

NOTE 2. CASH AND CERTIFICATES OF DEPOSIT

At November 30, 2017, the Fire Department had cash (book balances) totaling \$3,533,607, and certificates of deposits totaling \$684,352. The combined bank balance at November 30, 2017, was \$4,220,937. Of the bank balances, \$1,287,115 was covered by federal depository insurance and \$3,183,822 is covered by collateral held by the pledging financial institution's trust or its agent in the Fire Department's name. There are no unsecured funds.

The Fire Department is required to hold the ad valorem tax in a separate bank account to be used for the purchase and maintenance of fire-fighting equipment. The monies collected and expended for the raffle fundraiser must also be held in a separate bank account with any profits being transferred to the operating account. These accounts are maintained separately, as required.

NOTE 3. PROPERTY AND EQUIPMENT

At November 30, 2017, the Fire Department had the following property and equipment balances:

	Balance at 11/30/16	Additions	Removals	Balance at 11/30/17
Property and equipment not being depreciated:				
Land	\$ 1,230,748	\$ -	\$ -	\$ 1,230,748
Assets not placed in service	-	-	-	-
Construction in progress	324,611	1,086,369	(1,403,250)	7,730
Total property and equipment not being depreciated	<u>1,555,359</u>	<u>1,086,369</u>	<u>(1,403,250)</u>	<u>1,238,478</u>

THIBODAUX VOLUNTEER FIRE DEPARTMENT, INC.
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
November 30, 2017

	<u>Balance at 11/30/2016</u>	<u>Additions</u>	<u>Removals</u>	<u>Balance at 11/30/2017</u>
Property and equipment being depreciated:				
Fire trucks, emergency units, and other vehicles	4,219,518	1,013,203	(343,195)	4,889,526
Firefighting equipment	1,108,498	831,693	(284,795)	1,655,396
Office and other equipment	250,262	-	-	250,262
Building & Improvements				
Warehouse – Central Stn.	506,611	3,600	(32,810)	477,401
Training center	944,431	69,347	-	1,013,778
B.C.H. building	139,020	-	-	139,020
Fire station improvements	2,797,278	-	(5,763)	2,791,515
Fair ground improvements	1,051,882	348,330	(6,500)	1,393,712
Rental units	103,700	-	-	103,700
Total property and equipment being depreciated	<u>11,121,200</u>	<u>2,266,173</u>	<u>(673,063.00)</u>	<u>12,714,310</u>
Less: Accumulated Depreciation	<u>(5,971,006)</u>	<u>(543,240)</u>	<u>578,228.00</u>	<u>(5,936,018)</u>
Total property and equipment being depreciated, net	<u>5,150,194</u>	<u>1,722,933</u>	<u>(94,835.00)</u>	<u>6,778,292</u>
Total property and equipment, net	<u>\$ 6,705,553</u>	<u>\$ 2,809,302</u>	<u>\$ (1,498,085)</u>	<u>\$ 8,016,770</u>

Depreciation expense for the current fiscal year is \$543,240.

NOTE 4. SUPPORT - LOCAL GOVERNMENTS

In 2017, support from the City of Thibodaux, Fire Protection District No. 4, and Parish of Lafourche consists of following Items:

Insurance subsidies (City of Thibodaux)	\$ 24,979
Utilities subsidies (City of Thibodaux)	101,760
Other (City of Thibodaux)	22,656
Fire insurance rebates (Lafourche Parish)	72,882
Fire Protection District #4 (see note 7)	<u>116,500</u>
	<u>\$ 338,777</u>

THIBODAUX VOLUNTEER FIRE DEPARTMENT, INC.
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
November 30, 2017

Insurance subsidies - Amounts expended by the City of Thibodaux for insurance during the Fire Department's fiscal year, to provide coverage for Fire Department equipment and members of the fire companies. Included are premiums for fire truck and emergency unit liability insurance, general liability insurance, and workman's compensation for volunteer firemen. Policy coverage does not extend longer than 12 months. Amounts paid by the City are considered revenue to the Fire Department, and insurance expense includes these amounts.

Utility subsidies - Amounts expended by the City of Thibodaux for the utility bills on the fire companies' firehouses. Amounts paid by the City are considered revenue to the Fire Department, and utility expenses include these amounts.

Part of the Fire Department's purpose is to adequately protect and maintain all firefighting type equipment. The cost of insurance and utilities is an integral part of such maintenance and protection. Therefore, these costs are reflected on the Department's records as insurance premiums and utilities even though they were paid by the City of Thibodaux.

Fire insurance rebates - A state tax is assessed on fire insurance policies issued in the State of Louisiana. Some of these funds the State remits to the various parishes of the state with instructions on how much the Parish is to remit to each city or fire district to support firefighting.

Other support - The city paid for the miscellaneous radio service agreements, security detail, and repairs and maintenance on behalf of the Fire Department. This miscellaneous other support totaled \$22,656. The City also contributed \$2,702 to the Fire Department in connection with the Firemen's Fair for various items and to help offset other fair expenses. This \$2,702 is included on Schedule 1 in the Fair Income.

Property and equipment - The city paid for and owns equipment and other property used by the fire department. During its fiscal year ended November 30, 2017, the City of Thibodaux expended \$72,102 for this purpose.

NOTE 5. PROPERTY TAXES

The Fire Department received \$630,095 of support from the City of Thibodaux in the form of property taxes during fiscal year ended November 30, 2017. Two mills were approved by the voters of Thibodaux for a period of ten years. In October 2011, this ten year period was renewed commencing December 2013. In March 2007, the

THIBODAUX VOLUNTEER FIRE DEPARTMENT, INC.
Thibodaux, Louisiana

NOTES TO FINANCIAL STATEMENTS
November 30, 2017

voters approved five additional mills for a period of ten years bringing the total millage authorized by the voters to seven. Through the normal property reassessment process, the voter approved property taxes are assessed, for the 2016 tax roll, at 1.83 mills instead of 2 mills and 4.57 mills instead of 5 mills.

NOTE 6. TAX ABATEMENTS

The City of Thibodaux enters into property tax abatement agreements with local businesses under the Restoration Tax Abatement Program was created by Act 445 of the 1983 Legislature, and revised by Act 783 of 1984, Article VII, Part II, Section 21 (H) of the Louisiana Constitution and Louisiana R.S. 47: 4311-4319, to authorize the Board of Commerce and Industry, with the approval of the Governor and the local governing authority and in accordance with procedures and conditions provided by law, to enter into a contract granting property owners who propose the expansion, restoration, improvement or development of an existing structure or structures in a downtown development district, historic district, or economic development district, established in accordance with law, the right to pay ad valorem taxes based upon the assessed valuation of property prior to the commencement of the expansion, restoration, improvement or development.

For the fiscal year ended November 30, 2017, the City's property tax abatements which represent the Fire Department's portion of the forfeited tax revenue are immaterial to the Fire Department's financial statements.

NOTE 7. COOPERATIVE AGREEMENTS

Lafourche Parish Fire Protection District No. 4

On May 19, 1989, the Fire Department contracted with the Lafourche Parish Fire Protection District No.4, a district adjacent to, but outside, the city limits of Thibodaux, for the Fire Department to coordinate and supervise firefighting and emergency service in that fire district. The contract is for a period of ten years and is automatically renewed for an additional ten years unless both parties mutually elect to terminate the renewal option within 90 days of renewal. Under the agreement, the Fire Department helps organize and train the volunteers needed to operate a fire company in the district. The fire company located in the District is allowed all benefits allowed to other fire companies directed by the Fire Department.

THIBODAUX VOLUNTEER FIRE DEPARTMENT, INC.
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NOTES TO FINANCIAL STATEMENTS
November 30, 2017

Under the term of the cooperative agreement, the Fire Department pays for gasoline and maintenance of these fire trucks and other firefighting equipment and pays for maintenance of the building housing the fire trucks and equipment in the District. During the period ended November 30, 2017, the Fire Department incurred expenses of \$19,673 in connection with the Bowie Fire Company, the company located in District No. 4 (See supplemental schedule 3).

A millage is presently being collected by Fire District No.4 from the District's residences. It is anticipated Fire District No.4 will continue to collect this millage. As per the co-operative agreement contract, millage amounts and fire insurance rebates collected by District No.4 are to be contributed to the Thibodaux Volunteer Fire Department, Inc. During the year ended November 30, 2017, \$116,500 was received from Fire District No. 4.

Home Hook and Ladder Company No. 1

On June 23, 2009, the Fire Department entered into an agreement with Home Hook and Ladder Company No. 1 (Hooks), one of the eight volunteer fire companies that are supervised by the Fire Department. The agreement states that the Fire Department will allow Hooks to occupy the fire station, owned by the Fire Department and located on Canal Boulevard, in exchange for providing fire protection services to the City of Thibodaux.

\$121,209 has been paid, in previous years, by Hooks to the Fire Department for consideration of this agreement. The figure was determined by a mutually agreed upon percentage of the total cost of construction of the new fire station.

The term of the agreement shall be for as long as Hooks is an officially recognized fire company of the Fire Department. In the event that Hooks is no longer an officially recognized fire company of the Fire Department, then this agreement shall terminate and Hooks shall vacate the premises immediately upon notice by the Fire Department.

NOTE 8. FIREMEN FAIR NET PROCEEDS

The Fire Department's operating funds consisted of net proceeds it received from a four-day fair it sponsors during the spring each year. The success of the fair depends on the state of the local economy and the weather.

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The fair revenue consists of proceeds from the sale of tickets for rides, games, food and drink, raffles, and from auctioned items, solicited donations, and other miscellaneous events. The 2017 revenues and expenses of the fair were as follows:

Revenue (Supplemental Schedule 1)	\$ 1,257,416
Expense (Supplemental Schedule 1)	<u>(351,807)</u>
Net fair proceeds	<u>\$ 905,609</u>

This year, the Fire Department's net fair proceeds were approximately 39% of its operating revenues.

If the net proceeds from this fundraiser would decrease significantly, the amount of funds the Fire Department receives would be significantly reduced which would have an adverse effect on operations. Management is not aware of any events that will adversely affect the amount of funds raised by this event in the future.

NOTE 9. HURRICANE RELIEF DONATIONS

In a response to the hurricanes which devastated the southern United States during the 2017 Hurricane Season, the Fire Department collected donations for food and supplies to be delivered to the affected region. These donations were temporarily restricted as to purpose and were reported as such on the Statement of Activities. Also, at year-end, there remained an unused balance of \$10,806 which is included as temporarily restricted net assets on the Statement of Financial Position.

NOTE 10. DONATED ASSETS, MATERIALS AND SERVICES

The Fire Department received during the year ended November 30, 2017, and during prior periods, numerous donated items, such as minor amounts of building material and used office equipment and furniture. However, formal records are not maintained of all the minor items received or their value. Further, by its very nature, the Fire Department receives benefit from the volunteer services of numerous citizens particularly in the operation of the fair and actual firefighting by trained individuals.

The value of these donated services, the material, and the furniture and fixtures, on which no record was kept, has not been reflected on the Fire Department's records. The values are not included inasmuch as there is no objective method available to

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NOTES TO FINANCIAL STATEMENTS
November 30, 2017

measure the value of these items.

However, in accordance with policy, the donation of capital assets with a value of \$1,000 or more are capitalized and depreciated over the estimated useful life. During fiscal year ended November 30, 2017, the Department received a capital asset donation from a local vendor. \$632,376 of air packs and accessories was purchased from this vendor in the current year. As an incentive for the purchase, the vendor contributed cylinders and other firefighting supplies with a value of \$177,210. This donation is reported as a Promotional Discount Received on the Statement of Activities for the current fiscal year. \$40,665 was expensed as non-depreciable equipment with the remaining \$136,545 reported as additional capitalized fixed assets.

NOTE 11. ADVANCES TO FIRE COMPANIES

On November 11, 2004, the Board of Directors signed a promissory note of \$68,000 to the VCH Fire Company, one of eight volunteer fire companies that staff and maintain fire trucks and equipment owned by the Fire Department. The advance was made in connection with the VCH Fire Company's building a new fire station owned by the VCH Fire Company.

\$3,000 is repaid each year on the note. At November 30, 2017, the Fire Department had \$29,000 in advances receivable from VCH. This amount is unsecured.

NOTE 12. NOTE PAYABLE

The Fire Department has no long-term or short-term debt except for operating accounts payables to vendors. Additionally, there is no unused lines of credit outstanding.

NOTE 13. RELATED PARTY TRANSACTIONS

FASB ASC 850 requires disclosure in the financial statements of material related party transactions. These transactions include both monetary transactions as well as those to which no amounts were ascribed.

During the year, a material amount, \$20,917, of purchases were made from a

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company whose president is also a voting member of the Fire Department Board of Directors. These purchases were made during the normal course of Fire Department business and consisted primarily of items for the fair auction. Management asserts that all transactions were conducted at arm's length. At year end, there were no amounts payable to this company.

During the year, one voting board member was employed by a company which provides services to the Fire Department. Additionally, this board member is also the technician providing the services to the Department. A material amount, \$27,594, was paid to this company by the Fire Department Tax Account during this fiscal year. While this board member has no management control in the Company, he does have an economic interest by virtue of his employment. These services were obtained during the normal course of Fire Department business. Management asserts that all transactions were conducted at arm's length. At year end, the Fire Department had \$4,901 in payables to this company.

NOTE 14. RISK MANAGEMENT

The Fire Department is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries and illness; and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage during the year ended November 30, 2017.

NOTE 15. LITIGATION AND CLAIMS

At November 30, 2017, the Thibodaux Volunteer Fire Department, Inc. had no litigation or claims pending.

Supplemental Information

THIBODAUX VOLUNTEER FIRE DEPARTMENT, INC.
Thibodaux, Louisiana

Fair Revenue and Expenses
For the Year Ended November 30, 2017

Fair Revenue

Food and Game Ticket Sales	\$ 421,102
Rides	140,526
Concession and Game Fees	15,000
Advertising Fee	5,000
Fundraising	23,633
Auction	483,392
Booster Club	75,480
Pool Square and 5K Run/Walk	6,465
Other	84,115
Support From City of Thibodaux - Tax	<u>2,702</u>
Total Fair Revenue	<u>\$ 1,257,416</u>

Fair Expenses

General Fair Expenses (See Schedule 2)	\$ 306,239
Fundraising	5,044
Pool Square and 5K Run/Walk	5,175
Publicity	20,694
Booster Club	14,655
Other expenses	<u>-</u>
Total Fair Expenses	<u>351,807</u>
Excess of Fair Revenue Over Expenses	<u><u>\$ 905,609</u></u>

THIBODAUX VOLUNTEER FIRE DEPARTMENT, INC.
Thibodaux, Louisiana

General Fair Expenses
For the Year Ended November 30, 2017

General Fair Expenses

Food and Food Related Items	\$	126,339
Security		2,280
Bands and Sound System - Parade and Fair		60,650
Parade		3,437
Operation		72,935
Auction		37,800
Sponsorship expense		<u>2,797</u>
Total General Fair Expenses	\$	<u><u>306,239</u></u>

THIBODAUX VOLUNTEER FIRE DEPARTMENT, INC.
Thibodaux, Louisiana

Operation and Maintenance Expenses of Fire Fighting Equipment
For the Year Ended November 30, 2017

Expense Classification	Cost Centers												Totals
	1	2	3	4	5	6	7	8	9	10	11	12	
Gas, Oil, Etc.	\$ 411	\$ 475	\$ 1,005	\$ 293	\$ 241	\$ 497	\$ 523	\$ 6,793	\$ 492	\$ 367	\$ 659	\$ 985	\$ 12,741
Truck and Vehicle Maintenance	7,270	6,109	9,779	5,359	3,921	4,700	3,288	6,447	3,231	6,199	7,333	2,044	65,681
Fair Proceeds	11,119	12,181	11,947	8,967	10,277	10,420	10,572	0	500	500	9,753	0	86,236
Station Maintenance	387	0	393	405	393	393	388	0	0	0	393	1,718	4,470
Truck House Repairs	0	0	0	0	95	0	0	0	0	0	1,097	0	1,192
Equipment Expense	194	201	1,524	0	59	172	238	8,930	255	43,818	325	7,763	63,478
Pagers	0	0	0	0	0	0	0	57	0	0	0	0	57
Radio Expense	0	0	0	0	0	0	110	0	0	0	0	0	110
Batteries	54	0	304	0	43	0	0	1,009	0	70	113	0	1,592
Miscellaneous Expense	0	0	0	0	0	0	0	0	619	3,022	0	0	3,640
Compressor & Bottle Maintenance	0	0	0	0	0	0	0	0	0	486	0	0	486
Totals	<u>\$ 19,435</u>	<u>\$ 18,966</u>	<u>\$ 24,952</u>	<u>\$ 15,024</u>	<u>\$ 15,029</u>	<u>\$ 16,182</u>	<u>\$ 15,119</u>	<u>\$ 23,236</u>	<u>\$ 5,096</u>	<u>\$ 54,462</u>	<u>\$ 19,673</u>	<u>\$ 12,510</u>	<u>\$ 239,683</u>

Cost Center Description:

- 1 - Thibodaux Fire Company #1
- 2 - Protector Fire Company #2
- 3 - Home Hook and Ladder Company #1
- 4 - Vigilant Chemical and Hose Company
- 5 - North Thibodaux Fire Company
- 6 - South Thibodaux Fire Company
- 7 - West Thibodaux Fire Company
- 8 - Fire Chief's Account
- 9 - Rescue 1
- 10 - Command Center (Includes Hose Tender; Air 1; SCBA)
- 11 - Bowie Fire Company (See Note F)
- 12 - Acadia Station

THIBODAUX VOLUNTEER FIRE DEPARTMENT, INC.
Thibodaux, Louisiana

General and Administrative Service Expenses
For the Year Ended November 30, 2017

General and Administrative:

Insurance	\$ 144,777
Depreciation	537,993
Accounting, Secretary, Treasurer	13,300
Legal and Professional fees	8,623
Conventions and Meetings	13,718
Building Repair and Maintenance	35,360
Telephone	7,666
Office Supplies and Expense	1,937
Miscellaneous	16,530
Grass Cutting	16,353
Information Technology & Internet Service	8,127
Loss on disposition of capital assets	<u>69,335</u>
Total General and Administrative	<u><u>\$ 873,718</u></u>

Reports by Management

THIBODAUX VOLUNTEER FIRE DEPARTMENT, INC.
Thibodaux, Louisiana

Summary Schedule of Prior Audit Findings
For the Year Ended November 30, 2017

Section I - Internal Control and Compliance material to the financial statements

There were no findings required to be reported in the prior year.

Section II - Management Letter

No management letter was issued in the prior year.

THIBODAUX VOLUNTEER FIRE DEPARTMENT, INC.
Thibodaux, Louisiana

Corrective Action Plan for Current Year Audit Findings
For the Year Ended November 30, 2017

Section I – Internal Control and Compliance Material to the Financial Statements:

Ref. No.: 1117-01

Description of Finding

Violation of La. R.S. 38:2211, et seq., the Louisiana Public Bid Law - Noncompliance

The Board received bids to contract for the construction of a new fire truck. The lowest bid was from Rosenbauer America, L.L.C. The dealer is Bonaventure Company, Inc. The second lowest bid was from E-One Incorporated. The Truck Committee recommended accepting the bid from Rosenbauer America, L.L.C. The TVFD's attorney recommended that the lowest responsible bid from Rosenbauer America, L.L.C. be accepted. The Board voted to accept the second lowest bid from E-One Incorporated on October 19, 2017. On October 20, 2017 the TVFD's attorney resigned as a result of the Board failing to respect his legal advice. Based on the facts present in the minutes of the Board meeting, by voting to accept the bid from E-One Incorporated, the Board violated La. R.S. 38:2211, et seq., the Louisiana Public Bid Law.

Corrective Action Plan

A majority of Board Members voted to accept the second lowest bid because in their opinion the lowest bid vendor did not meet the specifications required. If this scenario should present itself again in the future, the majority will vote to hire a consultant to review the bids and make a recommendation to the Board before a vote is taken to accept a bid.

Name of Contact Person

Ron Bourgeois, President

Anticipated Completion Date

Prior to any vote to accept a bid for the construction of a new fire truck in which a majority of Board Members disagree with the Truck Committee and/or legal counsel.

THIBODAUX VOLUNTEER FIRE DEPARTMENT, INC.
Thibodaux, Louisiana

Corrective Action Plan for Current Year Audit Findings
For the Year Ended November 30, 2017

Section I – Internal Control and Compliance Material to the Financial Statements (continued):

Ref. No.: 1117-02

Description of Finding

Violation of R.S. 42:1120.4, pertaining to recusal from voting - Noncompliance

One Board Member works for Sunbelt Fire, Inc., an E-One Incorporated dealer. Sunbelt Fire, Inc. offers sales and service in the areas of new fire trucks, fire truck parts, fire equipment, and breathing air. This Board Member provides services to the TVFD as an employee of Sunbelt Fire, Inc. This Board Member voted against accepting the bid from Rosenbauer America, L.L.C, who is a competitor of E-One Incorporated. This member did abstain from voting to accept the bid from E-One Incorporated. When a Board Member does not abstain from voting on a matter that is pertinent to his employer and his economic interest, it is a violation of R.S. 42:1120.4, pertaining to recusal from voting by certain appointed members of boards and commissions. Also, R.S. 42:1123(35) states that the volunteer fireman “shall not participate on behalf of his agency in any capacity regarding such contract, subcontract, or other transaction.”

Corrective Action Plan

The President of the TVFD will remind all Board Members that they must abstain from voting on any matter that is pertinent to his employer and/or his economic interest.

Name of Contact Person

Ron Bourgeois, President

Anticipated Completion Date

This will be stated at the next Board meeting and will be included in the minutes of that meeting.

THIBODAUX VOLUNTEER FIRE DEPARTMENT, INC.
Thibodaux, Louisiana

Corrective Action Plan for Current Year Audit Findings
For the Year Ended November 30, 2017

Section I – Internal Control and Compliance Material to the Financial Statements (continued):

Ref. No.: 1117-03

Description of Finding

Violation of R.S. 42:1111, R.S. 42:1112 and/or R.S. 42:1113, Payment from nonpublic sources, Participation in certain transactions involving the governmental entity, and/or Prohibited contractual arrangements; exceptions; reports - Noncompliance

It may also be a violation of R.S. 42:1111, R.S. 42:1112 and/or R.S. 42:1113 for the Board Member who is employed by Sunbelt Fire, Inc. to also provide services to the TVFD as an employee of Sunbelt Fire, Inc.

Corrective Action Plan

The Board will request an opinion from the Louisiana Board of Ethics regarding this finding and will adhere to their opinion.

Name of Contact Person

Ron Bourgeois, President

Anticipated Completion Date

November 30, 2018

THIBODAUX VOLUNTEER FIRE DEPARTMENT, INC.
Thibodaux, Louisiana

Corrective Action Plan for Current Year Audit Findings
For the Year Ended November 30, 2017

Section I – Internal Control and Compliance Material to the Financial Statements (continued):

Ref. No.: 1117-04

Description of Finding

Violation of the R.S. 42:12, et seq., Open Meetings Law - Noncompliance

One Board Member communicated, by telephone, with about three other Board Members to discuss and educate them about the bid specifications of the two competing fire truck construction companies which are Rosenbauer America, L.L.C. and E-One Incorporated. As stated in A.G. Opinion 14-0065, “The purpose of the Open Meetings Law, as described by La. R.S. 42:12, is to ensure that public business is performed in an an open and public manner and citizens are advised of and aware of the performance of public officials and the deliberations and decisions that go into the making of public policy”. This may have been a violation of the R.S. 42:12, et seq., Open Meetings Law.

Corrective Action Plan

The President of the TVFD will request that all Board Members read the pdf titled “Open Meetings Law FAQ” found on the Louisiana Legislative Auditors website, www.lla.la.gov. The President will also remind all Board Members that discussions regarding any vote or potential vote, and all important discussions of the TVFD’s operations or of the making of public policy must be reserved and set aside for open meetings only.

Name of Contact Person

Ron Bourgeois, President

Anticipated Completion Date

This will be stated at the next Board meeting and will be included in the minutes of that meeting.

Section II – Management Letter:

There was no management letter issued in the current year.

**Special Reports of
Certified Public Accountants**



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

To the Board
Thibodaux Volunteer Fire Department, Inc.
Thibodaux, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Thibodaux Volunteer Fire Department, Inc. (a nonprofit organization), which comprise the statement of financial position as of November 30, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 25, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Thibodaux Volunteer Fire Department'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 the Thibodaux Volunteer Fire Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 Thibodaux Volunteer Fire Department's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Corrective Action Plan for Current Year Findings as items 1117-01, 1117-02, 1117-03, and 111-.04.

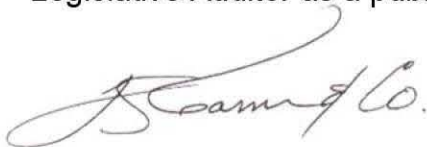
Thibodaux Volunteer Fire Department Inc.'s Response to Findings

The Thibodaux Volunteer Fire Department, Inc.'s response to the findings identified in our audit is described in the accompanying Corrective Action Plan for Current Year Findings under the section Corrective Action Plan. The Fire Department's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or 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.

This report is intended solely for the information and use of the Board of Directors, management, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



Thibodaux, Louisiana
May 25, 2018



THIBODAUX VOLUNTEER FIRE DEPARTMENT, INC.

**Independent Accountant's Report
On Applying Agreed-Upon Procedures**

Year Ended November 30, 2017

T.S. KEARNS & CO.
CPA

(A Professional Corporation)
164 West Main Street, Thibodaux, LA 70301
South end of Canal Boulevard
(985) 447-8507 Fax (985) 447-4833
www.kearnscpa.com



INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To: Thibodaux Volunteer Fire Department, Inc.
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Thibodaux Volunteer Fire Department, Inc. (Fire Department) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period December 1, 2016 to November 30, 2017. The Fire Department's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated exceptions are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving
 - d) ***Receipts***, including receiving, recording, and preparing deposits
 - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- 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. Note: Ethics requirements are not applicable to nonprofits.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Inquired of management as to written policies; however, the Fire Department has no written policies for the financial/business functions above.

Board (or Finance Committee, if applicable)

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

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

The managing board has met with a quorum at least monthly during the year ended November 30, 2017.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

The Treasurer provides the board with various financial information as well as compiled financial statements prepared by an external CPA at each meeting. These financial statements include a year-to-date budget-to-actual comparison. However, review or discussion of the budget-to-actual comparisons are not referenced in the minutes.

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

The minutes reference non-budgetary financial information for at least one meeting during the fiscal period.

Bank Reconciliations

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

Obtained list of all accounts and received management's representation in a separate letter. However, for the purposes of these Statewide Agreed-Upon Procedures, the Tax Account is the only account required to be subject to these procedures.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

For the Tax Account, bank statements were prepared monthly.

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

The Fire Department outsources the bank reconciliation function to an external CPA who prepares the bank reconciliations monthly. The Treasurer reviews the bank reconciliations each month and vouches to the balance in the manual check register. He initials the check register when this is done. However, the bank reconciliation itself does not include evidence of this review.

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

Inspected documents for items outstanding for more than 6 months. In our observation, we did not note any checks outstanding for more than 6 months as of the end of the fiscal period.

Collections

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

Obtained the listing of cash/check/money order (cash) collections from management and received management's representation in a separate letter.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement. For each cash collection location selected:*

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

The Treasurer is responsible for collecting checks from the PO Box, completing the deposit slip, and making the deposit. The Treasurer is bonded. He codes the revenue account and writes the deposit slip. The transaction is recorded by the external CPA who also prepares the bank reconciliation.

There are no cash drawers. The Tax Account only receives checks.

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

The external CPA prepares the bank reconciliation and at that time, reconciles cash collections to the general ledger, on a monthly basis. He does not take part in the cash collections nor deposits.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

For the highest week of cash collections for the Tax Account, there was one deposit. The check was dated February 8, 2017 and was mailed to the Fire Department. It was deposited February 21, 2017. While the exact date of the receipt of the check is unknown, it stands to reason that the deposit was not made within one day of collection. However, it appears to have been deposited within two weeks of receipt.

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

All cash collections during this period tested are supported by documentation.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Inquired of management as to a specific process to determine completeness. For the Tax Account, the board Treasurer reviews monthly the budgeted amount of taxes to be collected and compares to actual collections.

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

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

Obtained the general ledger for the Tax Account which includes all disbursements for the year and obtained management's representations in a separate letter..

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

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

Selected 25 disbursements which constituted at least one-third of the dollar disbursement population. Inquired of management as to requisition/purchase orders and how invoices are approved. The Fire Department does utilize a purchase order system for purchases

and disbursements. Of the 25 disbursements selected, there were 16 disbursements which did not have a purchase order attached to the invoice for payment.

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

Inquired of management as to purchase approval process. Of the 25 disbursements selected, there were seven disbursements which had a purchase order attached to the invoice. Of these seven purchase orders, there were zero purchase orders which were approved by the person who did not initiate the purchase.

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

Inquired of management and observed approved invoices. Management approves invoices after they are received, and indicates proper general ledger coding. The board is also provide a list of disbursements for review and approval. Therefore, all invoices are approved before payment is made. Of the 25 disbursements selected, 16 disbursements were processed for payment without a purchase order. The Fire Department does not utilize receiving reports as the majority of the purchases were for services; therefore, receiving reports would not apply. All 25 disbursements had an approved invoice.

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

Inquired of management as to separation of duties. The Treasurer initiates new vendors when invoices are prepared for payment. At that time, he would authorize the external CPA to create the new vendor in the system and write the check for the invoice. However, the Fire Department has no written policy or procedure for this function.

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

Inquired of management as to the procedure. The President, Fire Chief, and Treasurer have signatory authority over the tax account. Only the Fire Chief and Treasurer have the ability to issue purchase orders. None of these persons record purchases. However, the Fire Department has no written policy or procedure for this function.

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

Inquired of external CPA as to procedure. Unused checks are kept in a cabinet in the external CPA's office. His office door is closed and locked when he leaves. The required check signers do not have system access to print checks.

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

Signature stamps are not used.

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

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

Inquired of management as to procedure and obtained management's representation in a separate letter. The Fire Department does not use credit cards, debit cards, nor P-cards. However, a fuel account is maintained at three local fuel companies for the purpose of fueling Fire Department vehicles. Two of these companies do not offer fuel cards. Authorized signors simply sign for fuel. For the company which issues fuel cards, the cards are issues to Fire Department units and kept in the vehicle at all times..

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

For the purpose of this test, all three fuel companies used by the Fire Department will be included in testing.

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

Obtained all monthly statements for the fuel companies. Selected a statement from each company with the largest dollar activity.

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]

Each fuel company provides detailed fuel charge statements which are mailed to the Fire Department monthly. The Treasurer reviews each statement for reasonableness in the

amount of fuel consumption and grade of fuel purchased and also checks for PO and receipt attachment, this is not recorded in writing.

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

Neither finance charges nor late fees were assessed on the selected statement.

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

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

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

17 transactions were inspected from the monthly statements – 6 transactions did not have an invoice attached.

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

The statement identifies each vehicle which is being filled with diesel. All vehicles are fire department vehicles which have a public purpose. No exceptions.

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

17 transactions were inspected from the monthly statements – 3 transactions did not have purchase orders attached.

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

Compared the transaction detail to the Louisiana Public Bid Law requirements. The Fire Department's annual purchase of fuel did not meet the threshold which requires a bid or quote under Public Bid Law.

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

No exceptions noted.

Travel and Expense Reimbursement

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

Obtained the general ledger for Tax Account and management's representations in a separate letter. There were no travel and related expense reimbursements paid from the tax account during the fiscal year.

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

The Fire Department does not have written travel and expense reimbursement policies. I reviewed the travel and related general ledger expense accounts. The Tax Account does not pay for these types of expenditures and they are very rare to occur at all within the Fire Department as a whole. Therefore, testing this area is not necessary.

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

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.
- b) Report whether each expense is supported by:
 - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)
- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

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

Not applicable.

Contracts

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

Inquired of management as to existence of contracts during the fiscal period and obtained management's representation in a separate letter. Management stated that there are no contract payments made from the tax account during the fiscal year.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:
- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
 - b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
 - c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
 - d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
 - e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Not applicable.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
 - a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
 - b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.
23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:
 - a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
 - c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.
24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.
25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

The Fire Department consists solely of unpaid volunteers. There is no payroll. This section does not apply.

Ethics (excluding nonprofits)

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

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

Not applicable.

Debt Service (excluding nonprofits)

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

The Fire Department did not issue debt during the year.

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

The Fire Department had no outstanding debt during fiscal period.

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

The Fire Department did not receive tax millages related to debt service during the fiscal period.

Other

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

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

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

Inquired of management. The report fraud notice is posted at the Central Station; however, it is not posted on the Fire Department's website.

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

No exceptions noted.

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.



T.S. Kearns & Co., CPA
Thibodaux, LA 70301
May 29, 2018

Thibodaux Volunteer Fire Department, Inc.

OFFICE OF THE FIRE BOARD

Thibodaux Fire Co. No. 1 (1858)
Protector Fire Co. No. 2 (1867)
Home Hook and Ladder Fire Co. (1874)
Vigilant Chemical & Hose Fire Co. (1885)

P.O. BOX 1421
THIBODAUX, LA
70302

North Thibodaux Fire Co. No. 1 (1949)
South Thibodaux Fire Co. (1958)
West Thibodaux Fire Co. (1965)
Bowie Fire Co. No. 1 (1989)

5/30/18

Brandy Kearns

T.S. Kearns & Co., CPA

164 W Main Street

Thibodaux, LA 70301

RE: Managements response to 2017 State AUPs

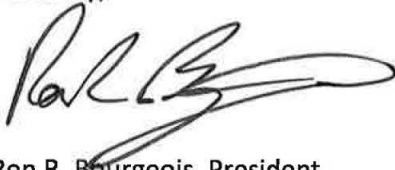
Ms. Kearns,

Please accept this letter as a formal response to the exceptions noted during your performance of the Statewide Agreed Upon Procedures for the fiscal year ended November 30, 2017.

We will work toward developing written policies where needed and consider additional procedures and processes to ensure a more effective and efficient handling of all transactions.

If you have any questions, please contact Ron Bourgeois at 985-637-3759.

Sincerely,



Ron R. Bourgeois, President