

R E P O R T

MARRERO-HARVEY VOLUNTEER
FIRE COMPANY NO. 1

DECEMBER 31, 2016 AND 2015

MARRERO-HARVEY VOLUNTEER
FIRE COMPANY NO. 1

REPORT INDEX

DECEMBER 31, 2016 AND 2015

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5 - 6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 13
SUPPLEMENTARY INFORMATION:	
Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer	14
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 <i>GOVERNMENT AUDITING STANDARDS</i>	15 - 16
SCHEDULE OF FINDINGS	17
STATUS OF PRIOR YEAR FINDINGS	18



Duplantier
Hrapmann
Hogan &
Maher, LLP

INDEPENDENT AUDITOR'S REPORT

William G. Stamm, CPA
Lindsay J. Calub, CPA, LLC
Guy L. Duplantier, CPA
Michelle H. Cunningham, CPA
Dennis W. Dillon, CPA
Grady C. Lloyd, III CPA

Heather M. Jovanovich, CPA
Terri L. Kitto, CPA

Michael J. O'Rourke, CPA
David A. Burgard, CPA
Clifford J. Giffin, Jr., CPA

A.J. Duplantier, Jr., CPA
(1919-1985)

Felix J. Hrapmann, Jr., CPA
(1919-1990)

William R. Hogan, Jr., CPA
(1920-1996)

James Maher, Jr., CPA
(1921-1999)

New Orleans

1615 Poydras Street,
Suite 2100
New Orleans, LA 70112
Phone: (504) 586-8866
Fax: (504) 525-5888

Northshore

1290 Seventh Street
Slidell, LA 70458
Phone: (985) 641-1272
Fax: (985) 781-6497

Houma

247 Corporate Drive
Houma, LA 70360
Phone: (985) 868-2630
Fax: (985) 872-3833

Napoleonville

5047 Highway 1
P.O. Box 830
Napoleonville, LA 70390
Phone: (985) 369-6003
Fax: (985) 369-9941

June 26, 2017

Board of Directors
Marrero-Harvey Volunteer Fire Company No. 1
808 MacArthur Avenue
Harvey, Louisiana 70058

Report on the Financial Statements

We have audited the accompanying financial statements of the Marrero-Harvey Volunteer Fire Company No. 1 (a Louisiana nonprofit organization) which comprise the statements of financial position as of December 31, 2016 and 2015, 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

www.dhmcpa.com

Members
American Institute of
Certified Public Accountants
Society of LA CPAs

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 Marrero-Harvey Volunteer Fire Company No. 1 as of December 31, 2016 and 2015, and the changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our 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 14 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2017, on our consideration of the Marrero-Harvey Volunteer Fire Company No. 1'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 the Marrero-Harvey Volunteer Fire Company No. 1's internal control over financial reporting and compliance.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
 STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015

ASSETS

	<u>2016</u>	<u>2015</u>
CURRENT ASSETS:		
Cash	\$ 4,629,656	\$ 4,125,959
Accounts receivable	-	20,000
Prepaid expenses	<u>29,071</u>	<u>19,580</u>
 Total current assets	 <u>4,658,727</u>	 <u>4,165,539</u>
 PROPERTY AND EQUIPMENT -		
Net of accumulated depreciation of \$2,182,252 and \$2,081,616)	 <u>2,225,329</u>	 <u>1,125,653</u>
 TOTAL ASSETS	 <u>\$ 6,884,056</u>	 <u>\$ 5,291,192</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 87,915	\$ 2,555
Accrued expenses	63,355	53,343
Accrued leave	<u>61,949</u>	<u>59,294</u>
 Total current liabilities	 <u>213,219</u>	 <u>115,192</u>
 NET ASSETS:		
Unrestricted	<u>6,670,837</u>	<u>5,176,000</u>
Total net assets	<u>6,670,837</u>	<u>5,176,000</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 6,884,056</u>	 <u>\$ 5,291,192</u>

See accompanying notes.

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
 STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
UNRESTRICTED NET ASSETS:		
Unrestricted revenues:		
Firefighting contract	\$ 2,400,000	\$ 2,400,000
Operating subsidy/capital improvements	1,047,628	-
Insurance rebate	51,333	58,110
Donated firefighting services	59,760	66,567
Interest	2,160	1,910
Contributions and donations	7,611	3,971
Other income	82,219	84,460
Insurance proceeds	8,622	2,489
Gain on disposal of assets	-	7,559
Total unrestricted revenues	<u>3,659,333</u>	<u>2,625,066</u>
Expenses: (Pages 5 and 6)		
Program services - firefighting	1,956,704	1,825,059
Supporting activities - management and general	<u>207,792</u>	<u>247,849</u>
Total expenses	<u>2,164,496</u>	<u>2,072,908</u>
CHANGE IN UNRESTRICTED NET ASSETS	1,494,837	552,158
NET ASSETS - BEGINNING OF YEAR	<u>5,176,000</u>	<u>4,623,842</u>
NET ASSETS - END OF YEAR	<u>\$ 6,670,837</u>	<u>\$ 5,176,000</u>

See accompanying notes.

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>PROGRAM</u> <u>SERVICES</u>	<u>SUPPORTING</u> <u>ACTIVITIES</u>	
	<u>Firefighting</u>	<u>Management</u> <u>and General</u>	<u>Total</u>
EXPENSES:			
Accounting and legal	\$ -	\$ 15,016	\$ 15,016
Bad debt	-	-	-
Bank charges	-	534	534
Depreciation	113,619	12,624	126,243
Donated firefighting services	59,760	-	59,760
Dues and subscriptions	1,092	121	1,213
Firefighting supplies	29,652	-	29,652
Fuel	13,163	-	13,163
Insurance	332,252	36,917	369,169
Investigations	171	-	171
Licenses and taxes	-	-	-
Loss on disposal of assets	3,000	-	3,000
Maintenance	118,951	-	118,951
Meals and consumables	8,096	-	8,096
Medical	16,621	1,847	18,468
Miscellaneous	24,394	2,711	27,105
Office supplies	-	2,694	2,694
Operating supplies	11,577	-	11,577
Payroll taxes	94,581	10,509	105,090
Radio	7,699	-	7,699
Retirement	27,323	3,036	30,359
Salaries and wages	1,062,920	118,102	1,181,022
Telephone	4,678	520	5,198
Travel	-	144	144
Utilities	27,155	3,017	30,172
	<u> </u>	<u> </u>	<u> </u>
TOTAL	\$ <u>1,956,704</u>	\$ <u>207,792</u>	\$ <u>2,164,496</u>

See accompanying notes.

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>PROGRAM</u> <u>SERVICES</u>	<u>SUPPORTING</u> <u>ACTIVITIES</u>	
	<u>Firefighting</u>	Management <u>and General</u>	<u>Total</u>
EXPENSES:			
Accounting and legal	\$ -	\$ 17,863	\$ 17,863
Bad debt	-	42,657	42,657
Bank charges	-	592	592
Depreciation	111,203	12,356	123,559
Donated firefighting services	66,567	-	66,567
Dues and subscriptions	531	59	590
Firefighting supplies	23,623	-	23,623
Fuel	14,808	-	14,808
Insurance	326,066	36,230	362,296
Investigations	-	-	-
Licenses and taxes	-	115	115
Loss on disposal of assets	-	-	-
Maintenance	69,491	-	69,491
Meals and consumables	5,671	-	5,671
Medical	18,271	2,030	20,301
Miscellaneous	7,182	798	7,980
Office supplies	-	4,044	4,044
Operating supplies	25,041	-	25,041
Payroll taxes	89,270	9,919	99,189
Radio	2,582	-	2,582
Retirement	24,152	2,684	26,836
Salaries and wages	1,006,138	111,793	1,117,931
Telephone	4,031	448	4,479
Travel	-	2,880	2,880
Utilities	30,432	3,381	33,813
	<u> </u>	<u> </u>	<u> </u>
TOTAL	<u>\$ 1,825,059</u>	<u>\$ 247,849</u>	<u>\$ 2,072,908</u>

See accompanying notes.

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,494,837	\$ 552,158
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	126,243	123,559
Bad debt expense	-	42,657
(Gain) loss on sale of property and equipment	3,000	(7,559)
(Increase) decrease in operating assets:		
Accounts receivable	20,000	(20,000)
Prepaid expenses	(9,491)	21,043
Increase (decrease) in operating liabilities:		
Accounts payable	85,360	(20,556)
Accrued leave	2,655	8,807
Accrued expenses	10,012	(167)
Net cash provided by operating activities	<u>1,732,616</u>	<u>699,942</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(1,228,919)	(43,279)
Proceeds from sale of equipment	-	20,000
Net cash used in investing activities	<u>(1,228,919)</u>	<u>(23,279)</u>
NET INCREASE IN CASH	503,697	676,663
CASH - BEGINNING OF YEAR	<u>4,125,959</u>	<u>3,449,296</u>
CASH - END OF YEAR	<u>\$ 4,629,656</u>	<u>\$ 4,125,959</u>

See accompanying notes.

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

ORGANIZATION:

Marrero-Harvey Volunteer Fire Company No. 1 (the fire company) was established to provide firefighting and rescue services to a designated area of the Eighth Fire Protection District (a separate entity) of Jefferson Parish, Louisiana. In addition, the fire company provides fire code inspections for businesses within its district, as well as firefighting and rescue training for its members. The fire company maintains three fire stations and has approximately twenty-three paid employees and ten volunteers. The fire company's main source of revenue comes from Jefferson Parish. The contract was adopted by Jefferson Parish Council on May 25, 2005, by resolution number 103561. On May 31, 2014, the fire protection contract with Jefferson Parish expired and a new fire protection contract has not yet been signed with the Parish. The fire company is currently providing fire protection services to Jefferson Parish on a month-to-month basis.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

Basis of Accounting and Financial Statement Presentation:

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

The fire company's statements are presented in accordance with the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-205 *Presentation of Financial Statements for Not-for-Profit Entities*. Under ASC 958, the fire company is required 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. As of December 31, 2016 and 2015, the fire company had only unrestricted net assets.

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

Contributions and Donated Services:

In accordance with 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.

ASC 958-605 provides that the value of donated services should be recognized in financial statements, if the services require specialized skills are provided by persons possessing those skills, and the services would be purchased if they were not donated.

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Contributions and Donated Services: (Continued)

The fire company's volunteer firefighters undergo extensive specialized training, and the firefighting services would have to be purchased if the services were not provided by volunteers. Accordingly, donated firefighting services are recognized in the financial statements at estimated fair value.

Income Taxes:

The fire company is exempt from income taxes under Internal Revenue Code Section 501(c)(4) as a nonprofit organization. Accordingly, the financial statements do not reflect a provision for income taxes. The fire company's Federal Return of Organization Exempt from Income Tax (Form 990) for 2016, 2015, 2014, and 2013 are subject to examination by the IRS, generally for three years after they were filed.

Cash:

For purposes of the statement of cash flows, the fire company has defined cash as cash in banks, money market accounts, and certificates of deposit with original maturities of three months or less.

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 historical cost, if acquisition cost is not available. Depreciation is provided for in amounts sufficient to relate the cost of depreciable property and equipment to operations over their estimated useful lives using the straight-line method. Estimated useful lives of property and equipment are as follows:

Vehicles	7 - 15 years
Furniture and fixtures	5 - 10 years
Firefighting equipment	7 - 25 years
Buildings and improvements	10 - 30 years

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
 NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Accrued Leave:

Annual Leave

Employees earn and accumulate annual leave at various rates, depending on their years of service. The maximum amount of annual leave that may be accumulated in one year is 360 hours. A maximum of 216 hours of annual leave can be carried over to the next calendar year. Upon termination, employees are compensated for up to 576 hours of unused annual leave at the employee's hourly rate of pay at the time of termination.

The liability for accrued annual leave was \$61,949 and \$59,294 as of December 31, 2016 and 2015, respectively.

Sick Leave

Operators scheduled to work 50 or more hours per week earn sick leave. However, upon termination of employment for any reason, the employee will not be paid for any sick leave.

2. CASH:

At December 31, 2016 and 2015, the fire company maintained cash balances and savings accounts in several local banks. The bank balances and book balances as of December 31, 2016 and 2015, were as follows:

	2016		2015	
	Book Balances	Bank Balances	Book Balances	Bank Balances
Checking accounts	\$4,447,382	\$4,450,858	\$3,943,764	\$3,948,133
Savings accounts	182,274	182,274	182,195	182,182
Total cash	\$4,629,656	\$4,633,132	\$4,125,959	\$4,130,315

The fire company's bank balances were entirely covered by FDIC insurance or pledged securities held by Capital One Bank in the name of the Marrero-Harvey Volunteer Fire Company No. 1 at December 31, 2016 and 2015, respectively.

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

3. PROPERTY AND EQUIPMENT:

Below is a summary of activity in the fire company's property and equipment accounts during the years ended December 31, 2016 and 2015:

	2016				
	<u>Balance</u> <u>1/1/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Completed</u> <u>Construction</u>	<u>Balance</u> <u>12/31/16</u>
Land	\$ 89,218	\$ -	\$ -	\$ -	\$ 89,218
Buildings	908,110	-	-	-	908,110
Vehicles	1,608,546	54,724	(28,607)	-	1,634,663
Firefighting equipment	555,322	90,608	-	-	645,930
Furniture and fixtures	46,073	-	-	-	46,073
Vehicle work in progress	-	1,000,000	-	-	1,000,000
Construction in progress	-	83,587	-	-	83,587
	3,207,269	1,228,919	(28,607)	-	4,407,581
Accumulated depreciation	(2,081,616)	(126,243)	25,607	-	(2,182,252)
Net property and equipment	\$ 1,125,653	\$1,102,676	\$ (3,000)	\$ -	\$ 2,225,329
	2015				
	<u>Balance</u> <u>1/1/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Completed</u> <u>Construction</u>	<u>Balance</u> <u>12/31/15</u>
Land	\$ 89,218	\$ -	\$ -	\$ -	\$ 89,218
Buildings	908,110	-	-	-	908,110
Vehicles	1,776,285	31,261	199,000	-	1,608,546
Firefighting equipment	579,536	10,620	34,834	-	555,322
Furniture and fixtures	44,675	1,398	-	-	46,073
Vehicle work in progress	-	-	-	-	-
Construction in progress	-	-	-	-	-
	3,397,824	43,279	233,834	-	3,207,269
Accumulated depreciation	(2,179,450)	(123,559)	(221,393)	-	(2,081,616)
Net property and equipment	\$ 1,218,374	\$ (80,280)	\$ 12,441	\$ -	\$ 1,125,653

Depreciation expense totaled \$126,243 and \$123,559 during the years ended December 31, 2016 and 2015, respectively.

Jefferson Parish owns the Station 81 building which the fire company has been allowed to use at no cost under a verbal agreement with no established termination date. Jefferson Parish also owns the 2011 Pierce Pumper E-818 and the Pierce Pumper S-819. The fire company uses the trucks as part of the contract with Jefferson Parish.

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

3. PROPERTY AND EQUIPMENT: (Continued)

On September 30, 2016, the fire company entered into a Cooperative Endeavor Agreement with the Eighth Fire Protection District of Jefferson Parish, Louisiana, for the purchase of a Pierce-Arrow XT 105-foot ladder truck to be used for firefighting services to and to provide fire prevention and protection services to benefit the citizens of Jefferson Parish. The Eighth Fire Protection District of Jefferson Parish provided \$1,000,000 for the purchase of the ladder truck. A balance of \$94,902 is due when the ladder truck is delivered to the fire company. The ladder truck had not yet been delivered to the fire company as of December 31, 2016.

4. DONATED SERVICES:

Volunteer firefighters of the fire company responded to 1,272 and 1,203 calls for service during 2016 and 2015, respectively. The value of these volunteer services is computed using the minimum hourly pay for the fire company's paid personnel during the year, multiplied by an average response duration of 1.25 and 1.25 hours during 2016 and 2015, respectively, with the result multiplied by the number of volunteers per call. The minimum hourly pay was \$11.50 and \$10.50 per hour for 2016 and 2015, respectively. The hours provided by officers approximated 2,444 and 2,496 at an hourly rate of \$11.50 and \$10.50 for 2016 and 2015, respectively. The hours provided by captains and assistant chiefs approximated 1,560 and 2,340 at an hourly rate of \$11.50 and \$10.50 for 2016 and 2015, respectively. The total resulting values for volunteer firefighting services of \$59,760 and \$66,567 for the years ended December 31, 2016 and 2015, respectively, is reported as revenue and firefighting expense.

This value should be recognized as the minimum value of volunteer services, as it includes only the time volunteers were actually responding to calls for assistance. No value has been placed on overtime or downtime maintenance. The actual cost of replacing the fire company's volunteers with paid firefighters would be significantly higher.

All members of the Board of Directors serve without compensation.

5. ECONOMIC DEPENDENCY, JEFFERSON PARISH FIRE PROTECTION CONTRACT:

Substantially all of the fire company's public support is derived from funds provided by Jefferson Parish. The fire company receives one-third of certain ad valorem taxes assessed within the Eighth Fire Protection District of Jefferson Parish, as well as additional funding from sales tax and fire insurance rebates. The amount received and used for operations under this contract totaled \$2,400,000 and \$2,400,000 for the years ended December 31, 2016 and 2015, respectively. The amounts received and used for capital improvements and operating subsidy under this contract totaled \$1,047,628 and \$-0- for the years ended December 31, 2016 and 2015, respectively.

The revenue received from insurance rebates totaled \$51,333 and \$58,110 for 2016 and 2015, respectively. The amount received is based on the number of homes within the fire district.

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

6. RETIREMENT PLAN:

The fire company has a contributory retirement plan covering all paid employees with at least one year of service. Eligible employees must contribute 3% of their gross salary to be eligible for employer matching contributions. The fire company contributes 3% of participating employees' annual salaries. The retirement expense for the plan for the years ended December 31, 2016 and 2015, was \$30,359 and \$26,836, respectively.

7. EXPENSES PAID BY OTHERS:

The full-time firefighters of the fire company receive supplemental pay from the State of Louisiana under the provisions of L.R.S. 33:2002. The amount of pay received 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 fire company, the funds are not included in these financial statements.

8. 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.

9. DATE OF MANAGEMENT'S REVIEW:

The fire company has evaluated subsequent events through June 26, 2017, the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
 TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED DECEMBER 31, 2016

Agency head name: Don Robertson, Fire Chief

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 96,572
Benefit-insurance	15,350
Benefits-retirement	2,643
Car allowance	-
Vehicle provided by government	-
Per diem	177
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
	<u>\$ 114,742</u>



Duplantier
Hrapmann
Hogan &
Maher, LLP

William G. Stamm, CPA
Lindsay J. Calub, CPA, LLC
Guy L. Duplantier, CPA
Michelle H. Cunningham, CPA
Dennis W. Dillon, CPA
Grady C. Lloyd, III CPA

Heather M. Jovanovich, CPA
Terri L. Kitto, CPA

Michael J. O'Rourke, CPA
David A. Burgard, CPA
Clifford J. Giffin, Jr., CPA

A.J. Duplantier, Jr., CPA
(1919-1985)
Felix J. Hrapmann, Jr., CPA
(1919-1990)
William R. Hogan, Jr., CPA
(1920-1996)
James Maher, Jr., CPA
(1921-1999)

New Orleans
1615 Poydras Street,
Suite 2100
New Orleans, LA 70112
Phone: (504) 586-8866
Fax: (504) 525-5888

Northshore
1290 Seventh Street
Slidell, LA 70458
Phone: (985) 641-1272
Fax: (985) 781-6497

Houma
247 Corporate Drive
Houma, LA 70360
Phone: (985) 868-2630
Fax: (985) 872-3833

Napoleonville
5047 Highway 1
P.O. Box 830
Napoleonville, LA 70390
Phone: (985) 369-6003
Fax: (985) 369-9941

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

June 26, 2017

To the Board of Directors
Marrero-Harvey Volunteer Fire Company No. 1

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Marrero-Harvey Volunteer Fire Company No. 1 (a Louisiana nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 26, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Marrero-Harvey Volunteer Fire Company No. 1'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 Marrero-Harvey Volunteer Fire Company No. 1's internal control. Accordingly, we do not express an opinion on the effectiveness of the Marrero-Harvey Volunteer Fire Company No. 1's internal control.

www.dhhmcpa.com

Members
American Institute of
Certified Public Accountants
Society of LA CPAs

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 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 Marrero-Harvey Volunteer Fire Company No. 1'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

In addition, we noted other matters involving internal control and operating efficiencies that we have reported to management of the Marrero-Harvey Volunteer Fire Company No. 1 in a separate letter dated June 26, 2017.

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 Marrero-Harvey Volunteer Fire Company No. 1'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 Marrero-Harvey Volunteer Fire Company No. 1'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

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2016

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of the Marrero-Harvey Volunteer Fire Company No. 1 for the year ended December 31, 2016, was unmodified.

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

3. Compliance
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

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2016

SUMMARY OF PRIOR YEAR FINDINGS:

None Noted



Duplantier
Hrapmann
Hogan &
Maher, LLP

June 26, 2017

William G. Stamm, CPA
Lindsay J. Calub, CPA, LLC
Guy L. Duplantier, CPA
Michelle H. Cunningham, CPA
Dennis W. Dillon, CPA
Grady C. Lloyd, III CPA

Board of Directors
Marrero-Harvey Volunteer Fire Company No. 1
808 MacArthur Avenue
Harvey, LA 70058

Heather M. Jovanovich, CPA
Terri L. Kitto, CPA

Michael J. O'Rourke, CPA
David A. Burgard, CPA
Clifford J. Giffin, Jr., CPA

A.J. Duplantier, Jr., CPA
(1919-1985)

Felix J. Hrapmann, Jr., CPA
(1919-1990)

William R. Hogan, Jr., CPA
(1920-1996)

James Maher, Jr., CPA
(1921-1999)

New Orleans
1615 Poydras Street,
Suite 2100
New Orleans, LA 70112
Phone: (504) 586-8866
Fax: (504) 525-5888

Northshore
1290 Seventh Street
Slidell, LA 70458
Phone: (985) 641-1272
Fax: (985) 781-6497

Houma
247 Corporate Drive
Houma, LA 70360
Phone: (985) 868-2630
Fax: (985) 872-3833

Napoleonville
5047 Highway 1
P.O. Box 830
Napoleonville, LA 70390
Phone: (985) 369-6003
Fax: (985) 369-9941

In planning and performing our audit of the financial statements of the Marrero-Harvey Volunteer Fire Company No. 1 (the Company) as of and for the year ended December 31, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

However, during our audit we became aware of a matter that is an opportunity for strengthening internal controls and operating efficiencies. The section below summarizes our comments and suggestions regarding this matter. This letter does not affect our report dated June 26, 2017, on the financial statements of the Marrero-Harvey Volunteer Fire Company No. 1.

2016-01 BANK RECONCILIATION REVIEW AND APPROVAL

Criteria

There is proper segregation of duties in place over the accounting process.

Condition

The bookkeeper's responsibilities include: check preparation, banking, and preparing the monthly bank reconciliations. During our audit, it was determined that the bookkeeper prepares the monthly bank reconciliations, but it was noted that there was no formal or written indication of any management of Board review/approval of the bank statements or the bank reconciliations.

www.dhhmcpa.com

Members
American Institute of
Certified Public Accountants
Society of LA CPAs

2016-01 BANK RECONCILIATION REVIEW AND APPROVAL (Continued)

Cause:

While we understand that the bookkeeper is the only paid office employee, this situation is a weakness in internal controls and could potentially expose the Marrero-Harvey Volunteer Fire Company No. 1 to unacceptable risks.

Effect

Unauthorized payments could go undetected.

Recommendation

We recommend that management open the bank statements and review them for any unusual checks or other transactions before giving them to the bookkeeper to perform the monthly bank reconciliations. Management's review of the bank statement will ensure that unusual items are investigated on a timely basis. We also recommend that the bank reconciliations be signed and dated by the employee preparing them and that the bank reconciliations be signed by management or the Board as an indication of approval. Doing so would take little additional time and might even prevent time from being wasted by inadvertent reviews of reconciliations that had already been reviewed.

Management's Response and Corrective Action Plan

Although the Marrero-Harvey Volunteer Fire Company No. 1 did not formally document the review and approval of the monthly bank statements and bank reconciliations, the monthly bank statements and bank reconciliations were presented at the Company's monthly membership meetings for review.

In addition to the monthly review of the bank statements and bank reconciliations at the monthly membership meetings, the Company will also have the President formally review and approve the monthly bank statements and bank reconciliations for all bank accounts. The President will sign off each month on the bank statements and bank reconciliations to indicate his review and approval. The Company will also have the bookkeeper sign and date each bank reconciliation as a sign of completion prior to having the President review the bank statements and bank reconciliations.

This communication is intended solely for the information and use of management, the Marrero-Harvey Volunteer Fire Company No. 1, and others within the Company, and is not intended to be, and should not be, used by anyone other than these specified parties.

SUMMARY OF PRIOR YEAR FINDINGS:

2015-01 BANK RECONCILIATION REVIEW AND APPROVAL

Condition

The bookkeeper's responsibilities include: check preparation, banking, and preparing the monthly bank reconciliations. During our audit, it was determined that the bookkeeper prepares the monthly bank reconciliations, but it was noted that there was no formal or written indication of any management of Board review/approval of the bank statements or the bank reconciliations.

Status

See current year finding 2016-01.

Very truly yours,

DUPLANTIER, HRAPMANN, HOGAN & MAHER, LLP



Lindsay J. Calub, CPA
Partner

LJC/bo