

ANNUAL FINANCIAL REPORT
EAST SIDE ST. CHARLES PARISH
VOLUNTEER FIRE DEPARTMENT, INC.
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2017



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
East Side St. Charles Parish Volunteer Fire Department, Inc.
Destrehan, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of East Side St. Charles Parish Volunteer Fire Department, Inc., as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the East Side St. Charles Parish Volunteer Fire Department, Inc.'s basic financial statements as listed in the table of contents.

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.

Auditors' Responsibility

Our responsibility is to express opinions 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, the *Louisiana Governmental Audit Guide*, 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 auditors' 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.



To the Board of Directors of
East Side St. Charles Parish Volunteer Fire Department, Inc.
June 21, 2018

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of East Side St. Charles Parish Volunteer Fire Department, Inc., as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise East Side St. Charles Parish Volunteer Fire Department, Inc.'s basic financial statements. The schedule of compensation, benefits, and other payments to agency head is presented for purposes of additional analysis as required by Act 706 of the 2014 Louisiana Legislative Session and is not a required part of the basic financial statements.



To the Board of Directors of
East Side St. Charles Parish Volunteer Fire Department, Inc.
June 21, 2018

The schedule of compensation, benefits, and other payments to agency head is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits, and other payments to agency head is fairly stated, in all material respects, in relation to the basic 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 21, 2018, on our consideration of East Side St. Charles Parish Volunteer Fire Department, Inc.'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 East Side St. Charles Parish Volunteer Fire Department, Inc.'s internal control over financial reporting and compliance.

June 21, 2018
New Orleans, Louisiana

A handwritten signature in black ink, appearing to read "Ericksen Krentel".

Certified Public Accountants

REQUIRED SUPPLEMENTARY INFORMATION

EAST SIDE ST. CHARLES PARISH VOLUNTEER FIRE DEPARTMENT, INC.
DESTREHAN, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017

This section of the East Side St. Charles Parish Volunteer Fire Department Inc.'s (the Fire Department) annual financial report presents management's analysis of the Fire Department's financial performance for the year ended December 31, 2017. This analysis should be read in conjunction with the audited financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

1. The Fire Department's net position increased by \$251,144.
2. The general revenues of the Fire Department were \$710,052.
3. The total expenses of the Fire Department were \$458,908.

OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of two sections: Management's Discussion and Analysis and audited financial statements. The financial statements also include notes that provide additional detail of the information included in the financial statements.

BASIC FINANCIAL STATEMENTS

The financial statements of the Fire Department report information about the Fire Department using accounting methods similar to those used by private companies. These financial statements provide financial information about the activities of the Fire Department.

The Statement of Net Position presents information that includes all of the Fire Department's assets and liabilities with the difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Fire Department as a whole is improving or deteriorating.

The Statement of Activities presents information on how the Fire Department's net position changed as a result of current period operations.

The following presents condensed financial information of the Fire Department.

SUMMARY OF NET POSITION
AS OF DECEMBER 31, 2017 AND 2016

| | <u>ASSETS</u> | |
|---|------------------------------|------------------------------|
| | <u>December 31, 2017</u> | <u>December 31, 2016</u> |
| Current assets | \$ 2,210,869 | \$ 1,821,022 |
| Capital assets, net of accumulated depreciation | <u>2,186,494</u> | <u>2,309,342</u> |
| Total assets | <u>\$ 4,397,363</u> | <u>\$ 4,130,364</u> |

EAST SIDE ST. CHARLES PARISH VOLUNTEER FIRE DEPARTMENT, INC.
DESTREHAN, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017

SUMMARY OF NET POSITION (CONTINUED)
AS OF DECEMBER 31, 2017 AND 2016

| <u>LIABILITIES</u> | | |
|----------------------------------|---------------------|---------------------|
| Current liabilities | \$ <u>26,604</u> | \$ <u>10,749</u> |
| <u>NET POSITION</u> | | |
| Net investment in capital assets | \$ 2,186,494 | \$ 2,309,342 |
| Restricted for fire protection | <u>2,184,265</u> | <u>1,810,273</u> |
| Total net position | <u>\$ 4,370,759</u> | <u>\$ 4,119,615</u> |

Total assets increased by \$266,999 (6%). This increase is primarily due to an increase in cash resulting from increases in revenues with stable expenditures.

Total liabilities increased by \$15,855 (148%) due to an increase in accounts payable outstanding at year end.

Total net position increased by \$251,144 (6%) as a result of operations.

SUMMARY OF REVENUES, EXPENDITURES/EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

| | <u>December 31,</u> <u>2017</u> | <u>December 31,</u> <u>2016</u> |
|------------------------|------------------------------------|------------------------------------|
| General revenues | \$ 710,052 | \$ 631,787 |
| Fire protection | <u>(458,908)</u> | <u>(486,513)</u> |
| Change in net position | <u>\$ 251,144</u> | <u>\$ 145,274</u> |
| Ending net position | <u>\$ 4,370,759</u> | <u>\$ 4,119,615</u> |

The change in net position improved by \$105,870 due to an increase in general revenues.

EAST SIDE ST. CHARLES PARISH VOLUNTEER FIRE DEPARTMENT, INC.
DESTREHAN, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017

CAPITAL ASSETS

Following is a schedule of capital assets, net of accumulated depreciation:

| | <u>December 31,</u> <u>2017</u> | <u>December 31,</u> <u>2016</u> |
|--|------------------------------------|------------------------------------|
| Land | \$ 207,068 | \$ 207,068 |
| Vehicles | 2,758,008 | 2,758,008 |
| Equipment | 915,551 | 952,805 |
| Buildings and improvements | <u>1,972,924</u> | <u>1,909,915</u> |
| | 5,853,551 | 5,827,796 |
| Less accumulated depreciation | <u>(3,667,057)</u> | <u>(3,518,454)</u> |
| Total capital assets, net of accumulated depreciation | <u>\$ 2,186,494</u> | <u>\$ 2,309,342</u> |

There were several additions to capital assets in the year ended December 31, 2017. The decrease in net book value of fixed assets in 2017 is \$122,848 primarily due to current year depreciation expense. Major additions and disposals to fixed assets consisted of various types of firefighting equipment and building improvements and the disposal of fully depreciated equipment.

ECONOMIC FACTORS AND A LOOK AT NEXT YEAR

The Fire Department expects to continue to be funded through sales tax and ad valorem revenues remitted to it by the St. Charles Parish. In the fourth quarter of 2018, the ad valorem tax will be up for renewal with the citizens of St. Charles Parish. The Fire Department expects at this time that it will be renewed. If it is not, the current appropriation expires in 2020. The Fire Department's fleet is aging and the Fire Department expects its costs in maintenance and fire supplies to continue to rise. The Fire Department has large amounts held in cash that it plans to use to replace older equipment in 2018.

The Fire Department currently has a Class 3 fire rating which provides substantial reductions in property insurance for the citizens of Destrehan. The Fire Department is scheduled to be rated again in 2018. The Fire Department is committed to keeping insurance rates low and providing the highest level of emergency response.

CONTACTING THE FIRE DEPARTMENT'S MANAGEMENT

This report is designed to provide a general overview of the Fire Department and to demonstrate the Fire Department's accountability for its finances. If you have any questions about this report or need additional information, please contact Mr. Donald Peyton, East Side St. Charles Parish Volunteer Fire Department, Inc., P.O. Box 668, Destrehan, Louisiana 70047.

BASIC FINANCIAL STATEMENTS

EAST SIDE ST. CHARLES PARISH VOLUNTEER FIRE DEPARTMENT, INC.
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2017

ASSETS:

| | |
|---|----------------------|
| Cash | \$ 2,117,104 |
| Due from St. Charles Parish | 46,913 |
| Prepaid expenses | 46,852 |
| Capital assets, net of accumulated depreciation | <u>2,186,494</u> |
| Total assets | <u>4,397,363</u> |

LIABILITIES:

| | |
|-----------------------|-------------------|
| Accounts payable | <u>26,604</u> |
| Total liabilities | <u>26,604</u> |

NET POSITION:

| | |
|----------------------------------|--------------------------------|
| Net investment in capital assets | 2,186,494 |
| Restricted for fire protection | <u>2,184,265</u> |
| Total net position | <u><u>\$ 4,370,759</u></u> |

The accompanying notes are an integral part of this statement

EAST SIDE ST. CHARLES PARISH VOLUNTEER FIRE DEPARTMENT, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

FUNCTIONS/PROGRAMS**GOVERNMENTAL ACTIVITIES:**

| | |
|--|------------------|
| Public safety - fire protection | \$ 458,908 |
| Net (expense) from governmental activities | <u>(458,908)</u> |

GENERAL REVENUES:

| | |
|--------------------------|---------------------|
| Sales tax - 1/8 percent | 460,264 |
| Ad valorem tax | 193,760 |
| Fire insurance rebate | 55,032 |
| Other revenues | <u>996</u> |
| Total general revenues | <u>710,052</u> |
| Change in net position | 251,144 |
| Net position - beginning | <u>4,119,615</u> |
| Net position - ending | <u>\$ 4,370,759</u> |

The accompanying notes are an integral part of this statement

EAST SIDE ST. CHARLES PARISH VOLUNTEER FIRE DEPARTMENT, INC.
BALANCE SHEET
AS OF DECEMBER 31, 2017

ASSETS

| | |
|-----------------------------|-------------------------|
| Cash | \$ 2,117,104 |
| Due from St. Charles Parish | 46,913 |
| Prepaid expenses | <u>46,852</u> |
| Total assets | <u>\$ 2,210,869</u> |

LIABILITIES AND FUND BALANCE

LIABILITIES:

| | |
|-----------------------|-------------------|
| Accounts payable | <u>\$ 26,604</u> |
| Total liabilities | <u>26,604</u> |

FUND BALANCE:

| | |
|--|-------------------------|
| Nonspendable: prepaid expenses | 46,852 |
| Restricted for fire protection | <u>2,137,413</u> |
| Total fund balance | <u>2,184,265</u> |
| Total liabilities and fund balance | <u>\$ 2,210,869</u> |

The accompanying notes are an integral part of this statement

EAST SIDE ST. CHARLES PARISH VOLUNTEER FIRE DEPARTMENT, INC.
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2017

| | |
|--|---------------------|
| Fund balance - total governmental fund | \$ 2,184,265 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. | <u>2,186,494</u> |
| Net position of governmental activities | <u>\$ 4,370,759</u> |

The accompanying notes are an integral part of this statement

EAST SIDE ST. CHARLES PARISH VOLUNTEER FIRE DEPARTMENT, INC.
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2017

REVENUES:

| | |
|-------------------------|----------------|
| Sales tax - 1/8 percent | \$ 460,264 |
| Ad valorem tax | 193,760 |
| Fire insurance rebate | 55,032 |
| Other revenues | <u>996</u> |
| Total revenues | <u>710,052</u> |

EXPENDITURES:

Current for fire protection:

Utilities:

| | |
|----------------------------|--------|
| Electricity, water and gas | 15,639 |
| Telephone | 6,307 |

Equipment:

| | |
|-------------|--------|
| Maintenance | 61,243 |
| Fuel | 4,966 |
| Insurance | 26,937 |

Buildings:

| | |
|-------------|--------|
| Insurance | 33,909 |
| Maintenance | 21,922 |

Firefighting expenditures:

| | |
|-----------------------|--------|
| Firefighting supplies | 15,918 |
| Fire prevention | 2,748 |
| Insurance | 7,442 |
| Training | 16,153 |

Miscellaneous:

| | |
|------------------------|--------------|
| Professional services | 22,296 |
| Office expenses | 4,419 |
| Meetings and other | 4,972 |
| Dues and subscriptions | <u>1,843</u> |

| | |
|----------------------------|---------|
| Total current expenditures | 246,714 |
|----------------------------|---------|

| | |
|-----------------|---------------|
| Capital outlays | <u>89,346</u> |
|-----------------|---------------|

| | |
|--------------------|----------------|
| Total expenditures | <u>336,060</u> |
|--------------------|----------------|

| | |
|----------------------------|---------|
| Net change in fund balance | 373,992 |
|----------------------------|---------|

| | |
|--------------------------|------------------|
| Fund balance - beginning | <u>1,810,273</u> |
|--------------------------|------------------|

| | |
|-----------------------|---------------------|
| Fund balance - ending | <u>\$ 2,184,265</u> |
|-----------------------|---------------------|

The accompanying notes are an integral part of this statement

EAST SIDE ST. CHARLES PARISH VOLUNTEER FIRE DEPARTMENT, INC.
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

| | |
|--|------------|
| Net change in fund balance - governmental fund | \$ 373,992 |
|--|------------|

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the difference between depreciation expense of \$212,194 and capital outlay of \$89,346 for the current period.

| | |
|--|------------------|
| | <u>(122,848)</u> |
|--|------------------|

| | |
|---|-------------------|
| Change in net position of governmental activities | <u>\$ 251,144</u> |
|---|-------------------|

The accompanying notes are an integral part of this statement

EAST SIDE ST. CHARLES PARISH VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The East Side St. Charles Parish Volunteer Fire Department, Inc. (Fire Department) receives funding from local and state government sources and must comply with the concomitant requirements of these funding source entities. However, the Fire Department is a "primary government" and is not included as a component unit of any other St. Charles Parish governmental "reporting entity" as defined in GASB pronouncements, since the entity is a non-profit corporation, and the board members have decision making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. The Fire Department includes all activities that are controlled by it as a quasi-public non-profit corporation organized to provide fire protection to the Parish of St. Charles. The Fire Department has no component units.

The accounting and reporting policies of the Fire Department conform to generally accepted accounting principles as applicable to governmental units.

Basis of Presentation

The Fire Department's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the Fire Department are discussed below.

The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, issued in June 1999, as amended by GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

Basic Financial Statements - Government-Wide Financial Statements (GWFS)

The Fire Department's basic financial statements include both government-wide (reporting the Fire Department as a whole) and fund financial statements (reporting the Fire Department's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Fire Department's fire protection activities and related general administrative services are classified as governmental activities. The Fire Department does not have any business-type activities.

EAST SIDE ST. CHARLES PARISH VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements - Government-Wide Financial Statements (GWFS)
(continued)

In the government-wide Statement of Net Position (Exhibit A), the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and liabilities. The Fire Department's net position is reported in two parts – net investment in capital assets and restricted for fire protection.

The government-wide Statement of Activities (Exhibit B) reports both gross and net cost of the Fire Department's function. The function is supported by general government revenues (primarily 1/8 percent sales tax and ad valorem tax). The Fire Department does not receive related program revenues and operating grants which would reduce gross expenses in the Statement of Activities.

This government-wide focus is on the sustainability of the Fire Department as an entity and the change in the Fire Department's net position resulting from current year's activities.

Basic Financial Statements – Fund Financial Statements (FFS)

The financial transactions of the Fire Department are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, reserves, fund equity, revenues and expenditures. The Fire Department's current operations require the use of only the following fund type:

Governmental Fund:

The focus of the governmental fund's measurement (in the fund statement) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. In general, fund balance represents the accumulated expendable resources, which may be used to finance future operations of the Fire Department.

General Fund

The General Fund is the principal fund of the Fire Department and is used to account for the operations of the Fire Department. General revenues are accounted for in this fund. General operating expenditures are paid from this fund.

EAST SIDE ST. CHARLES PARISH VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements and basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Accrual

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

The Fire Department records are maintained on the cash basis of accounting. However, the General Fund reported in the accompanying financial statements has been converted to a modified accrual basis of accounting utilizing the following practices in recording revenues and expenditures:

Revenues

Sales taxes are recorded in the month the taxes are collected by the St. Charles Parish School Board. Sales taxes become payable to the St. Charles Parish School Board on the first day of the month and become delinquent on the 20th day of the month following incurrence of the taxes by businesses.

An ad valorem issue is dedicated to the operations of the nine volunteer fire departments in St. Charles Parish. The tax millage expires in 2020. Each department is to receive one ninth of annual collections. Taxes levied in November each year are available for expenditures in the subsequent year.

Interest income on investments is recorded when the investments have matured and income is available.

EAST SIDE ST. CHARLES PARISH VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (continued)

Revenues (continued)

All other revenues are recorded when received.

The majority of the Fire Department's revenues are derived from the one-eighth of one percent sales tax and the ad valorem tax for operations.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Cash

The Fire Department is authorized under state law to deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, and the laws of the United States. The Fire Department may also invest in time certificates of deposit with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Under state law, these deposits must be secured by the fiscal agent bank. The market value of such pledged securities and federal deposit insurance must equal or exceed the amount on deposit with the fiscal agent.

Cash and deposits are categorized into three categories of credit risk.

Category 1 includes deposits covered by federal depository insurance or by collateral held by the Fire Department or its agent in the Fire Department's name.

Category 2 includes deposits covered by collateral held by the pledging financial institution's trust department, or its agent in the Fire Department's name.

Category 3 includes deposits covered by collateral held by the pledging financial institution, or its trust department or agent but not in the Fire Department's name, and deposits which are uninsured or uncollateralized.

At December 31, 2017, the carrying amount and the bank balances of deposits of the primary government are summarized as follows:

| | Bank Balances Category | | | Bank Balance |
|------|------------------------|--------------|------|-----------------|
| | 1 | 2 | 3 | |
| Cash | \$ 500,000 | \$ 1,582,968 | \$ - | \$ 2,082,968 |

EAST SIDE ST. CHARLES PARISH VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting

The Fire Department prepares a budget for its General Fund which is approved by its board of directors. Budgets are not, however, legally adopted nor required in the basic financial statement presentation.

Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Fire Department maintains a threshold level of \$1,000 or more for recording capital assets. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Capital assets are recorded in the Statement of Net Position and depreciation is recorded in the Statement of Activities. Since surplus assets are sold for an immaterial amount or scrapped when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets are depreciated using the straight-line method over the following useful lives:

| Description | Estimated Lives |
|--------------------------|--------------------|
| Equipment | 5 - 15 years |
| Fire protection vehicles | 5 - 15 years |
| Buildings and equipment | 10 - 40 years |

In the fund financial statements, fixed assets are accounted for as capital outlay expenditures of the fund upon acquisition.

Equity Classifications

In the government-wide financial statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.

EAST SIDE ST. CHARLES PARISH VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Classifications (Continued)

- b. Restricted net position - consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

Governmental fund equity is classified as fund balance. In the governmental fund financial statements, fund balances are classified as follows:

- a. Nonspendable – amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of state, local or federal awards or externally imposed conditions by grantors or creditors.
- c. Committed – amounts that can be used for specific purposes determined by formal action by an ordinance or resolution.
- d. Assigned – amounts that are designated by the formal action of the government's highest level of decision making authority.
- e. Unassigned – amounts not included in other classifications.

The Board of Directors, as the highest level of decision-making authority, can establish, modify or rescind a fund balance commitment. For assigned fund balance the Board of Directors authorizes management to assign amounts for a specific purpose.

When both restricted and unrestricted fund balances are available for use, it is the Fire Department's policy to use restricted resources first, then unrestricted as needed. When committed, assigned or unassigned fund balances are available for use, it is the Fire Department's policy to use committed resources first, then assigned resources and unassigned resources as they are needed.

EAST SIDE ST. CHARLES PARISH VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 certain estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Fire Department is exempt from federal income tax under Section 501(c)(4) of the Internal Revenue Code. It is exempt from Louisiana income tax under the authority of R.S. 47:121(7). The Fire Department's evaluation as of December 31, 2017 revealed no tax positions that would have a material impact on the financial statements. The 2014 through 2017 tax years remain subject to examination by the IRS. The Fire Department does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

Date of Management Review

Management has evaluated subsequent events through June 21, 2018, the date which the financial statements were available to be issued.

(2) SALES TAX REVENUE

Effective March 1, 1980, sales tax in the amount of one-eighth of one percent is collected by the St. Charles Parish School Board and administered by the Parish President. The sales tax is to be used for fire protection of the Parish of St. Charles. The funds are distributed monthly by the Parish President to the individual fire departments of the St. Charles Parish Firemen's Association, Inc.

For December 31, 2017, the sales tax is distributed on the following basis:

| | <u>Monthly Basis</u> | <u>Remaining Funds 1/1/17-12/31/17</u> |
|--|--------------------------|--|
| Bayou Gauche Volunteer Fire Dept., Inc. | \$ 2,500 | 3.78 % |
| Des Allemands Volunteer Fire Dept., Inc. | \$ 2,500 | 4.10 % |
| East Side St. Charles Volunteer Fire Dept., Inc. | \$ 2,500 | 22.72 % |
| Hahnville Volunteer Fire Dept., Inc. | \$ 2,500 | 7.00 % |
| Killona Volunteer Fire Dept., Inc. | \$ 2,500 | 1.47 % |
| Luling Volunteer Fire Dept., Inc. | \$ 2,500 | 30.85 % |
| Norco Area Volunteer Fire Dept., Inc. | \$ 2,500 | 9.81 % |
| Paradis Volunteer Fire Dept., Inc. | \$ 2,500 | 4.93 % |
| St. Rose Volunteer Fire Dept., Inc. | \$ 2,500 | 15.34 % |

EAST SIDE ST. CHARLES PARISH VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(3) DUE FROM PARISH

Revenue receivable at December 31, 2017 consists of the Fire Department's share of the 1/8th percent sales tax for the month of November 2017, collected on or before December 20, 2017 by the St. Charles Parish School Board and remitted by St. Charles Parish in January 2018.

An allowance for uncollectible receivables is not recorded by the Fire Department because it considers all receivables collectible at December 31, 2017.

(4) CAPITAL ASSETS

| | <u>Balance</u> <u>01/01/17</u> | <u>Additions</u> <u>2017</u> | <u>Retirements</u> <u>2017</u> | <u>Balance</u> <u>12/31/17</u> |
|--|-----------------------------------|---------------------------------|-----------------------------------|-----------------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 207,068 | \$ - | \$ - | \$ 207,068 |
| Total capital assets not being depreciated | <u>207,068</u> | <u>-</u> | <u>-</u> | <u>207,068</u> |
| Capital assets being depreciated: | | | | |
| Fire protection vehicles | 2,758,008 | - | - | 2,758,008 |
| Equipment | 952,805 | 26,337 | (63,591) | 915,551 |
| Buildings and improvements | <u>1,909,915</u> | <u>63,009</u> | <u>-</u> | <u>1,972,924</u> |
| Total capital assets being depreciated | <u>5,620,728</u> | <u>89,346</u> | <u>(63,591)</u> | <u>5,646,483</u> |
| Less: accumulated depreciation | <u>(3,518,454)</u> | <u>(212,194)</u> | <u>63,591</u> | <u>(3,667,057)</u> |
| Total capital assets being depreciated, net | <u>2,102,274</u> | <u>(122,848)</u> | <u>-</u> | <u>1,979,426</u> |
| Total capital assets, net | <u>\$ 2,309,342</u> | <u>\$ (122,848)</u> | <u>\$ -</u> | <u>\$ 2,186,494</u> |

Depreciation expense for the year ended December 31, 2017 was \$212,194.

(5) RISK MANAGEMENT

The Fire Department is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; injuries to firemen; and natural disasters. The Fire Department carries commercial insurance in amounts sufficient to insure itself against claims resulting from any of those risks.

EAST SIDE ST. CHARLES PARISH VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(6) LEASE COMMITMENTS

The Fire Department has entered into two operating leases for property with St. Charles Parish at no cost to the department as follows:

| <u>Location</u> | <u>Term</u> |
|--|---|
| 1. Parcel T-1A of Ormond Country Club | Twenty years commencing November 5, 2002 |
| 2. Fire Station, 13902 River Road, Destrehan including all improvements | Renewed for ten years commencing September 1, 2015 |

OTHER SUPPLEMENTARY INFORMATION

EAST SIDE ST. CHARLES PARISH VOLUNTEER FIRE DEPARTMENT, INC.
SCHEDULE OF COMPENSATION, BENEFITS,
AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2017

Chief Donald Peyton

No compensation, benefits, or other payments in 2017

\$ -

Total compensation, benefits, and other payments

\$ -



**INDEPENDENT AUDITORS' 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 of Directors of the
East Side St. Charles Parish Volunteer Fire Department, Inc.
Destrehan, 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 the governmental activities and each major fund of East Side St. Charles Parish Volunteer Fire Department, Inc. as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the East Side St. Charles Parish Volunteer Fire Department, Inc.'s basic financial statements and have issued our report thereon dated June 21, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered East Side St. Charles Parish Volunteer Fire Department, Inc.'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of East Side St. Charles Parish Volunteer Fire Department, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of East Side St. Charles Parish Volunteer Fire Department, Inc.'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.



To the Board of Directors of the
East Side St. Charles Parish Volunteer Fire Department, Inc.
June 21, 2018

However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as 2017-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the East Side St. Charles Parish Volunteer Fire Department, Inc.'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*.

East Side St. Charles Parish Volunteer Fire Department, Inc.'s Response to Findings

East Side St. Charles Parish Volunteer Fire Department, Inc.'s responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. East Side St. Charles Parish Volunteer Fire Department, Inc.'s responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

June 21, 2018
New Orleans, Louisiana

Certified Public Accountants

EAST SIDE ST. CHARLES PARISH VOLUNTEER FIRE DEPARTMENT, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2017

SECTION I SUMMARY OF AUDITORS' REPORTS

1. The Independent Auditors' Report expresses an unmodified opinion on the financial statements of East Side St. Charles Parish Volunteer Fire Department, Inc.
2. One significant deficiency in internal control relating to the audit of the financial statements is reported in the Independent Auditors' 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*.
3. No instances of noncompliance material to the financial statements of East Side St. Charles Parish Volunteer Fire Department, Inc., are reported in the Independent Auditors' 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*.
4. No management letter was issued for the year ended December 31, 2017.

SECTION II FINANCIAL STATEMENT FINDINGS

2017-001 Non-Compliance with Louisiana Laws Governing Public Funds

Criteria: Per Louisiana Revised Statute 39:1212, public funds of local depositing authorities should be deposited daily whenever practical.

Condition: During our audit, we noted that the Fire Department often took weeks to deposit sales tax collection and ad valorem checks from St. Charles Parish.

Effect: The Fire Department is not in compliance with Louisiana Revised Statute 39:1212.

Cause: The Fire Department is comprised of volunteers who are often not able to make deposits timely with the proper segregation of duties.

Recommendation: The Board of Directors should put policies and procedures in place to ensure deposits are made as soon as possible after receipt of public funds. The Board of Directors may wish to consider implementing a direct deposit or utilizing a bank lockbox to become compliant with the law without sacrificing its internal control structure.

Views of Responsible Officials: Management agrees with the finding and will implement procedures to become compliant with Louisiana Revised Statute 39:1212. See Management's Corrective Action Plan for further information.

EAST SIDE ST. CHARLES PARISH VOLUNTEER FIRE DEPARTMENT, INC.
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2017

SECTION I FINANCIAL STATEMENT FINDINGS

There were no findings related to the financial statements for the year ended December 31, 2016.

SECTION II MANAGEMENT LETTER ITEMS

2016-001 Investment of Excess Cash

The Fire Department retains cash in low to non-interest-bearing bank accounts. Only minimum balances required for day to day operations should be kept in these accounts and excess amounts should be invested on a short-term basis.

This issue has been resolved through management's intention to use its excess cash to upgrade the Fire Department's aging equipment.

EAST SIDE ST. CHARLES VOLUNTEER FIRE DEPARTMENT, INC.
MANAGEMENT'S CORRECTIVE ACTION PLANS
DECEMBER 31, 2017

June 21, 2018

Louisiana Legislative Auditor

East Side St. Charles Parish Volunteer Fire Department, Inc. respectfully submits the following corrective action plan for the year ended December 31, 2017.

Name and address of independent public accounting firm:

Ericksen Krentel LLP
4227 Canal Street
New Orleans, Louisiana 70119
Contact: Ronald H. Dawson, Jr.

Audit Period: 01/01/2017 to 12/31/2017

The finding from the December 31, 2017 Schedule of Findings and Responses are discussed below. The finding is numbered consistently with the number assigned in the Schedule of Findings and Responses.

SECTION II FINANCIAL STATEMENT FINDINGS

2017-001 Non-Compliance with Louisiana Laws Governing Public Funds

Recommendation: The Board of Directors should put policies and procedures in place to ensure deposits are made as soon as possible after receipt of public funds. The Board of Directors may wish to consider implementing a direct deposit or utilizing a bank lockbox to become compliant with the law without sacrificing its internal control structure.

Response: Management agrees with the finding and will implement procedures to become compliant with Louisiana Revised Statute 39:1212. Management will consider alternative cash receipt systems to expedite the process of depositing funds.

If there are any questions regarding this plan, please call President Jarad J. Charpentier at (504) 872-2630.

Sincerely,


Signature


Title



MANAGEMENT LETTER

To the Board of Directors of the
East Side St. Charles Parish Volunteer Fire Department, Inc.
Destrehan, Louisiana

In planning and performing our audit of the financial statements of East Side St. Charles Volunteer Fire Department, Inc. (the Fire Department), as of and for the year ended December 31, 2017, in accordance with auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, we considered the Fire Department's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fire Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fire Department's internal control.

However, during our audit, we became aware of a matter that is an opportunity for strengthening internal controls and operating efficiency. This letter summarizes our comments and suggestions regarding that matter. This letter does not affect our report dated June 21, 2018, on the financial statements of East Side St. Charles Volunteer Fire Department, Inc.

We will review the status of this comment during our next audit engagement. We have already discussed this comment and suggestion with various East Side St. Charles Volunteer Fire Department, Inc. personnel, and we will be pleased to discuss this comment in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendation.

2017-002 Board of Directors Meeting Minutes

While there was evidence that meetings were held by the board of directors, the Fire Department could not produce minutes that evidenced the actions of the board of directors. We recommend that meeting minutes be recorded electronically immediately after each meeting so that they can be easily referred to when needed.

This communication is intended solely for the information and use of the board of directors and others within East Side St. Charles Parish Volunteer Fire Department, Inc. and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this letter is distributed by the Legislative Auditor as a public document.

June 21, 2018
New Orleans, Louisiana

Certified Public Accountants

EAST SIDE ST. CHARLES PARISH VOLUNTEER FIRE DEPARTMENT, INC.
MANAGEMENT'S CORRECTIVE ACTION PLANS – MANAGEMENT LETTER ITEMS
FOR THE YEAR ENDED DECEMBER 31, 2017

June 21, 2018

Louisiana Legislative Auditor

East Side St. Charles Parish Volunteer Fire Department, Inc. respectfully submits the following corrective action plan for the year ended December 31, 2017.

Name and address of independent public accounting firm:

Ericksen Krentel LLP
4227 Canal Street
New Orleans, Louisiana 70119
Contact: Ronald H. Dawson, Jr.

Audit Period: 01/01/2017 to 12/31/2017

The comment from the December 31, 2017 management letter is discussed below. The comment is numbered consistently with the number assigned in the management letter.

SECTION III MANAGEMENT LETTER ITEMS

2017-002 Board of Directors Meeting Minutes

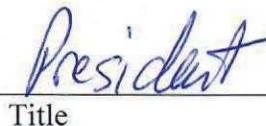
Recommendation: We recommend that meeting minutes be recorded electronically immediately after each meeting so that they can be easily referred to when needed.

Response: The Fire Department agrees with the recommendation and will ensure its future minutes are stored in several locations that allow them to be easily accessed.

If there are any questions regarding this plan, please call President Jarad J Charpentier at (504) 872-2630.

Sincerely


Signature


Title

LOUISIANA LEGISLATIVE AUDITOR
STATEWIDE AGREED-UPON PROCEDURES
EAST SIDE ST. CHARLES
VOLUNTEER FIRE DEPARTMENT
DESTREHAN, LOUISIANA
FOR THE YEAR ENDED
DECEMBER 31, 2017



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS



INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
East Side St. Charles Parish Volunteer Fire Department

We have performed the procedures enumerated below, which were agreed to by East Side St. Charles Parish Volunteer Fire Department (the 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 year ended December 31, 2017. The Fire Department's management is responsible for those C/C areas identified in the SAUPs. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are attached in Schedule "1."

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*. 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.

This report is intended solely for the information and use of the specified parties and is not intended to be and should not be used by anyone other than those specified parties. 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.

June 21, 2018
New Orleans, Louisiana

A handwritten signature in black ink, appearing to read "Ericksen Krentel".

Certified Public Accountants

EAST SIDE ST. CHARLES VOLUNTEER FIRE DEPARTMENT, INC.
DESTREHAN, LOUISIANA
STATEWIDE AGREED-UPON PROCEDURES
DECEMBER 31, 2017

WRITTEN POLICIES AND PROCEDURES

1. **Procedures:** 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.

EAST SIDE ST. CHARLES VOLUNTEER FIRE DEPARTMENT, INC.
DESTREHAN, LOUISIANA
AGREED-UPON PROCEDURES (CONTINUED)
DECEMBER 31, 2017

Results: The entity's written policies and procedures completely address the functions of budgeting, disbursements, receipts and credit cards listed above. For purchasing controls, the adding of vendors to the vendor list is not addressed and controls to ensure compliance with public bid law is not applicable. None of the functions of contracting are addressed by the entity's written policies and procedures. Payroll, ethics, and debt service are not applicable to the entity.

BOARD (OR FINANCE COMMITTEE, IF APPLICABLE)

2. **Procedures:** 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.
 - 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.
 - 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.

Results: The Fire Department was unable to produce the board of directors' meeting minutes for the fiscal period.

BANK RECONCILIATIONS

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

Results: Obtained a listing of client bank accounts from management and management's representation that the listing was complete.

EAST SIDE ST. CHARLES VOLUNTEER FIRE DEPARTMENT, INC.
DESTREHAN, LOUISIANA
AGREED-UPON PROCEDURES (CONTINUED)
DECEMBER 31, 2017

4. **Procedures:** 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;
 - 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
 - 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.

Results: Bank reconciliations were prepared for every month. There was no evidence of approval of each reconciliation. There were no items outstanding for over 6 months as of the end of 2017.

COLLECTIONS

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

Results: Obtained a listing of cash/check/money order (cash) collection locations and management's representation that the listing was complete.

6. **Procedures:** 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:

EAST SIDE ST. CHARLES VOLUNTEER FIRE DEPARTMENT, INC.
DESTREHAN, LOUISIANA
AGREED-UPON PROCEDURES (CONTINUED)
DECEMBER 31, 2017

- 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.
- 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.
- 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.
 - 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.

Results: The entity maintains insurance policies that cover employee theft. The person responsible for receiving checks is not responsible for recording the transaction or reconciling the bank account; however, they may be responsible for depositing the checks at the bank. There are no cash registers as the entity only accepts checks. The entity has a formal process to reconcile its significant check collections to the general ledger by a person who is not responsible for cash collections. For the receipts tested, there were nearly three weeks between receipt and deposit at the bank. Check collections tested were completely supported by documentation.

7. **Procedures:** 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.

EAST SIDE ST. CHARLES VOLUNTEER FIRE DEPARTMENT, INC.
DESTREHAN, LOUISIANA
AGREED-UPON PROCEDURES (CONTINUED)
DECEMBER 31, 2017

Results: The entity has a process to determine completeness of all collections by a person who is not responsible for collections.

DISBURSEMENTS – GENERAL (EXCLUDING CREDIT CARD/DEBIT CARD/FUEL CARD/P-CARD PURCHASES OR PAYMENTS)

8. **Procedures:** 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.

Results: Obtained a listing of entity disbursements from management and management's representation that the listing was complete.

9. **Procedures:** 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.
- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; (2) a receiving report showing receipt of goods purchased, or electronic equivalent; and (3) an approved invoice.

Results: Purchases of equipment were initiated using a purchase order system, when applicable. Purchase orders and invoices were approved by a person who did not initiate the purchase. Payments for purchases of equipment were not processed without an approved purchase order and an approved invoice.

10. **Procedures:** 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.

Results: The person responsible for processing payments can add vendors to the vendor list; however, all invoices must be approved and all checks are signed by two people.

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11. **Procedures:** 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.

Results: Persons with signatory authority could have responsibility for initiating purchases, but not recording purchases; however, all checks require dual-signatures.

12. **Procedures:** 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.

Results: Unused checks are stored in a locked location.

13. **Procedures:** 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.

Results: Not applicable.

CREDIT CARDS/DEBIT CARDS/FUEL CARDS/P-CARDS

14. **Procedures:** 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.

Results: Obtained a list of all active cards, including card numbers and the names of the persons who maintained possession of the cards and management's representation that the listing is complete.

15. **Procedures:** 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.

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

Results: There was evidence that the monthly statement for the Fire Department's fuel card was reviewed and approved, in writing, by someone other than the authorized card holder. No finance charges or late fees were assessed on the selected statements.

16. **Procedures:** 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).
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization).
 - 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.
 - 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.

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Results: The Department does not require its firefighters to keep receipts for use of the fuel card; however, fuel card statements require odometer tracking and are reviewed and approved monthly by management. Each transaction complied with entity documentation policies and public bid law is not applicable to the entity. No transactions appeared to conflict with Article 7, Section 14 of the Louisiana Constitution.

TRAVEL AND EXPENSE REIMBURSEMENT

17. **Procedures:** 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.

Results: Obtained from management a listing of all travel and related expense reimbursements, by person, during the fiscal period and management's representation that the listing was complete.

18. **Procedures:** 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.

Results: The entity's written policies and procedures over travel and expense reimbursements do not exceed any rates set by the U.S. General Services Administration.

19. **Procedures:** 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.]

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- 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.

Results: No expenses tested exceeded GSA rates for travel and meals. Each expense tested was supported by original itemized receipts and documentation of the business purpose. Each expense tested was approved in writing by someone not receiving the reimbursement or expending the funds.

CONTRACTS

20. **Procedures:** 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.

Results: Obtained a listing of all contracts in effect during the fiscal period and management's representation that the listing was complete.

21. **Procedures:** 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

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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).

Results: Each contract tested had a formal/written contract that supports the services arrangement and the amounts paid. Public Bid Law is not applicable to the entity. No contracts tested were amended. All invoices tested complied with the written contracts.

PAYROLL AND PERSONNEL

22. **Procedures:** 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.

Results: Not applicable. The entity did not have paid employees for the year ended December 31, 2017.

23. **Procedures:** 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:

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DECEMBER 31, 2017

- 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.

Results: Not applicable. The entity did not have paid employees for the year ended December 31, 2017.

24. **Procedures:** 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.

Results: Not applicable. The entity did not have paid employees for the year ended December 31, 2017.

25. **Procedures:** 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.

Results: Not applicable. The entity did not have paid employees for the year ended December 31, 2017.

OTHER

26. **Procedures:** 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

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AGREED-UPON PROCEDURES (CONTINUED)
DECEMBER 31, 2017

reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Results: No misappropriations of public funds or assets noted.

27. **Procedures:** 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.

Results: Notice is posted on the website and premises of the entity.

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

Results: No exceptions noted.

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CORRECTIVE ACTION PLAN – AGREED-UPON PROCEDURES
DECEMBER 31, 2017

June 21, 2018

Louisiana Legislative Auditor

The East Side St. Charles Parish Volunteer Fire Department respectfully submits the following corrective action plan for items identified pursuant to the Statewide Agreed-Upon Procedures Engagement prescribed by you.

Name and address of independent public accounting firm:

Ericksen Krentel LLP
4227 Canal Street
New Orleans, LA 70119

Engagement Period: January 1, 2017 – December 31, 2017

The exceptions from the Statewide Agreed-Upon Procedures Report are discussed below:

Written Policies and Procedures

Exceptions: For purchasing controls, the adding of vendors to the vendor list is not addressed and controls to ensure compliance with public bid law is not applicable. None of the functions of contracting are addressed by the entity's written policies and procedures.

Board (or Finance Committee, if applicable)

Exceptions: The Fire Department was unable to produce the board of directors' meeting minutes for the fiscal period.

Bank Reconciliations

Exceptions: There was no evidence of approval of each reconciliation.

Collections

Exceptions: The person responsible for receiving checks may be responsible for depositing the checks at the bank. Entity documentation does not require the entity to capture the date that payments are received. Payments tested appeared to be deposited approximately three weeks after receipt.

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CORRECTIVE ACTION PLAN – AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2017 – DECEMBER 31, 2017

Disbursements – General (Excluding Credit Card/Fuel Card/P-Card Purchases or Payments)

Exceptions: Not all invoices had evidenced written approval by someone who did not initiate the purchase; however, each written check requires two signatures. The person responsible for processing payments can add vendors to the vendor list; however, all invoices must be approved and all checks are signed by two people. Persons with signatory authority could have responsibility for initiating purchases, but not recording purchases; however, all check require dual signatures.

Management's Response to Exceptions: Management has noted and agrees with the above exceptions. Management will consider the effects of such exceptions and the need to enhance key controls or compensating controls in the identified areas.

If there are any questions regarding this plan, please call President Jarad J. Charpentier at (504) 872-2630.

Sincerely,


Signature


Title