

ANNUAL FINANCIAL REPORT
ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
FOR THE YEAR ENDED
DECEMBER 31, 2018



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
St. Rose Volunteer Fire Department, Inc.
St. Rose, Louisiana 70087

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of St. Rose Volunteer Fire Department, Inc., as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the St. Rose 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 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.



To the Board of Directors of the
St. Rose Volunteer Fire Department, Inc.
June 27, 2019

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

Opinions

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 St. Rose Volunteer Fire Department, Inc., as of December 31, 2018, 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 St. Rose 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 the
St. Rose Volunteer Fire Department, Inc.
June 27, 2019

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 27, 2019, on our consideration of St. Rose 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 the effectiveness of St. Rose Volunteer Fire Department, Inc.'s 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 St. Rose Volunteer Fire Department, Inc.'s internal control over financial reporting and compliance.

June 27, 2019
New Orleans, Louisiana


Certified Public Accountants

REQUIRED SUPPLEMENTARY INFORMATION

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2018

This section of the St. Rose 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, 2018. 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 decreased by \$31,441.
2. The general revenues of the Fire Department were \$602,115.
3. The total expenses of the Fire Department were \$633,556.

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, 2018 AND 2017

	<u>ASSETS</u>	
	<u>December 31,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>
Current assets	\$ 319,412	\$ 252,188
Capital assets, net of accumulated depreciation	<u>968,535</u>	<u>1,138,948</u>
Total assets	<u>\$ 1,287,947</u>	<u>\$ 1,391,136</u>

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2018

LIABILITIES

	<u>December 31,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>
Current liabilities	\$ 115,678	\$ 94,733
Long-term liabilities	<u>443,341</u>	<u>536,034</u>
Total liabilities	<u>\$ 559,019</u>	<u>\$ 630,767</u>

NET POSITION

Invested in capital assets, net of related debt	\$ 427,222	\$ 514,252
Restricted for fire protection	<u>301,706</u>	<u>246,117</u>
Total net position	<u>\$ 728,928</u>	<u>\$ 760,369</u>

Total assets decreased by \$103,189 or 7% primarily due to minimal capital asset additions and the depreciation expense in 2018.

Total liabilities decreased by \$71,748 or 11% primarily due to the scheduled principal payments on debt.

Total net position decreased by \$31,441 or 4% as a result of operations.

SUMMARY OF REVENUES, EXPENDITURES/EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>December 31,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>
General revenues	\$ 602,115	\$ 561,390
Capital grants	-	174,791
Fire protection	<u>(633,556)</u>	<u>(709,387)</u>
Change in net position	<u>\$ (31,441)</u>	<u>\$ 26,794</u>
Ending net position	<u>\$ 728,928</u>	<u>\$ 760,369</u>

The change in net position decreased from prior year by \$58,235. This is a result of the department not receiving capital grants in 2018.

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2018

CAPITAL ASSETS

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

	<u>December 31,</u> 2018	<u>December 31,</u> 2017
Land	\$ 123,857	\$ 123,857
Buildings and improvements	1,092,491	1,092,491
Equipment	1,271,709	1,271,709
Vehicles	<u>1,370,453</u>	<u>1,365,558</u>
Total	3,858,510	3,853,615
Less: accumulated depreciation	<u>(2,889,975)</u>	<u>(2,714,667)</u>
Total capital assets, net of accumulated depreciation	<u>\$ 968,535</u>	<u>\$ 1,138,948</u>

The major causes of changes in the capital asset accounts was the depreciation expense adjustments.

LONG-TERM DEBT

At December 31, 2018, the Fire Department has \$536,034 in long-term debt which consisted of two notes payable to Capital One and one installment agreement with US Bank. The Fire Department made principal payments of \$88,663 during the year.

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 St. Charles Parish. In the fourth quarter of 2018, the ad valorem tax was renewed by the citizens of St. Charles Parish, extending the appropriation through 2030. The Fire Department is working to replace older equipment and keep its current equipment running efficiently which could mean higher expenditures in the coming years.

The Fire Department has maintained its Class 3 Property Insurance Association of Louisiana fire rating which provides the citizens of St. Rose substantial reductions in property insurance. The Fire Department is scheduled to be rated again in 2020. 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. Jeffrey Fabacher, St. Rose Volunteer Fire Department, Inc., P.O. Box 399, St. Rose, Louisiana 70087.

BASIC FINANCIAL STATEMENTS

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2018

ASSETS:

Cash	\$ 264,845
Due from Parish	26,566
Prepaid expenses	28,001
Capital assets, net of accumulated depreciation	<u>968,535</u>
 Total assets	 <u>1,287,947</u>

LIABILITIES:

Accounts payable	17,706
Accrued interest payable	5,279
Noncurrent liabilities:	
Due within one year	92,693
Due after one year	<u>443,341</u>
 Total liabilities	 <u>559,019</u>

NET POSITION:

Net investment in capital assets	427,222
Restricted for fire protection	<u>301,706</u>
 Total net position	 <u>\$ 728,928</u>

The accompanying notes are an integral part of this statement

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

<u>Function/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Capital Grants and Contributions</u>	
<u>Governmental activities:</u>			
Public safety - fire protection	\$ 633,556	\$ -	\$ (633,556)
		General revenues:	
			Sales tax - 1/8 cent 341,254
			Ad valorem tax 214,663
			Fire insurance rebate 31,768
			State supplemental pay 12,000
			Other revenues 2,430
		Total general revenues	602,115
		Change in net position	(31,441)
		Net position - beginning	760,369
		Net position - ending	\$ 728,928

The accompanying notes are an integral part of this statement

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
BALANCE SHEET
AS OF DECEMBER 31, 2018

ASSETS

Cash	\$ 264,845
Due from Parish	26,566
Prepaid expenses	<u>28,001</u>
 Total assets	 <u>\$ 319,412</u>

LIABILITIES AND FUND BALANCE

LIABILITIES:

Accounts payable	<u>\$ 17,706</u>
 Total liabilities	 <u>17,706</u>

FUND BALANCE

Nonspendable: prepaid expenses	28,001
Restricted for fire protection	<u>273,705</u>
 Total fund balance	 <u>301,706</u>
 Total fund balance and liabilities	 <u>\$ 319,412</u>

The accompanying notes are an integral part of this statement

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2018

Fund balance - total governmental fund	\$	301,706
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.		968,535
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities (both current and long-term) are reported in the Statement of Net Position.		
Accrued interest payable		(5,279)
Notes payable		<u>(536,034)</u>
Net position of governmental activities	\$	<u><u>728,928</u></u>

The accompanying notes are an integral part of this statement

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018

REVENUES:

Sales tax - 1/8 cent	\$ 341,254
Ad valorem tax	214,663
Fire insurance rebate	31,768
Other revenues	<u>14,430</u>
Total revenues	<u>602,115</u>

EXPENDITURES:

Current for fire protection:

Utilities:

Electricity, water and gas	16,376
Telephone	14,883

Equipment:

Maintenance	58,395
Fuel	10,805
Insurance	20,420

Buildings:

Insurance	24,478
Maintenance	13,041
Supplies	3,565

Firefighting expenditures:

Fire fighting supplies	17,377
Fire prevention	7,955
Personnel insurance	13,993
Training	33,190

Miscellaneous:

Accounting and auditing	12,758
Salaries, benefits, and related expenses	172,268
Office expenses	7,097
Meetings and other	11,940
Dues and subscriptions	<u>11,823</u>

 Total current expenditures 450,364

Capital outlays 4,895

Debt repayment:

Debt retirement	88,663
Interest expense	<u>23,848</u>

 Total debt repayment expenditures 112,511

 Total expenditures 567,770

Excess of revenues over expenditures 34,345

OTHER FINANCING SOURCES:

Insurance proceeds 15,173

 Total other financing sources 15,173

Net change in fund balance 49,518

Fund balance - beginning 252,188

Fund balance - ending \$ 301,706

The accompanying notes are an integral part of this statement

ST. ROSE 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, 2018

Net change in fund balance - governmental fund	\$	49,518
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 amount by which depreciation expense of \$175,308 exceeded capital outlays of \$4,895 in the current period.		(170,413)
Repayments of note principal are reported as financing uses in governmental funds and thus contribute to the reduction in fund balance. In the Statement of Net Position, however, repayment of debt decreases the long-term liabilities and does not affect the Statement of Activities.		88,663
Under the modified accrual basis of accounting used in the governmental funds, interest on long-term debt is not recognized until due, rather than as it accrues.		<u>791</u>
Change in net position of governmental activities	\$	<u>(31,441)</u>

The accompanying notes are an integral part of this statement

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

Reporting Entity

The St. Rose 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.

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

(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 did 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.

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

(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 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 2030. 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.

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

(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, 2018, 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	\$ 250,000	\$ -	\$ 17,381	\$ 267,381

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

(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. Capital assets are depreciated using the straight-line method for 5 to 15 years for equipment and vehicles and 10 to 40 years for fire stations and other buildings.

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.
- 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.

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Classifications (Continued)

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.

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, 2018 revealed no tax positions that would have a material impact on the financial statements. The 2015 through 2018 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.

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

(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.

Date of Management Review

Management has evaluated subsequent events through June 27, 2019, 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.

As of December 31, 2018, the sales tax is distributed on the following basis:

	<u>Monthly Basis</u>	<u>Remaining Funds 1/1/18-12/31/18</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 %

(3) DUE FROM PARISH

Revenue receivable at December 31, 2018 consists of the Fire Department's share of the 1/8th percent sales tax for the month of November 2018, collected on or before December 20, 2018 by the St. Charles Parish School Board and remitted by St. Charles Parish in January 2019.

An allowance for uncollectible receivables is not recorded by the Fire Department because it considers all receivables collectible at December 31, 2018.

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

(4) CAPITAL ASSETS

	<u>Balance</u> <u>01/01/18</u>	<u>Additions</u> <u>2018</u>	<u>Retirements</u> <u>2018</u>	<u>Balance</u> <u>12/31/18</u>
Capital assets not being depreciated:				
Land	\$ 123,857	\$ -	\$ -	\$ 123,857
Total capital assets not being depreciated	<u>123,857</u>	<u>-</u>	<u>-</u>	<u>123,857</u>
Capital assets being depreciated:				
Fire protection vehicles	1,365,558	4,895	-	1,370,453
Equipment	1,271,709	-	-	1,271,709
Buildings	<u>1,092,491</u>	<u>-</u>	<u>-</u>	<u>1,092,491</u>
Total capital assets being depreciated	<u>3,729,758</u>	<u>-</u>	<u>-</u>	<u>3,734,653</u>
Less: accumulated depreciation	<u>(2,714,667)</u>	<u>(175,308)</u>	<u>-</u>	<u>(2,889,975)</u>
Total capital assets being depreciated, net	<u>1,015,091</u>	<u>(170,413)</u>	<u>-</u>	<u>844,678</u>
Total capital assets, net	<u>\$ 1,138,948</u>	<u>\$ (170,413)</u>	<u>\$ -</u>	<u>\$ 968,535</u>

Depreciation expense for the year ended December 31, 2018 was \$175,308.

(5) LONG-TERM DEBT

	<u>Balance at</u> <u>01/01/18</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>12/31/18</u>	<u>Due Within</u> <u>One Year</u>
Note payable to Capital One Bank, interest at 4.85%, 120 payments of \$3,569 with a final payment on March 1, 2023, secured by real estate.	\$ 197,804	\$ -	\$ (33,859)	\$ 163,945	\$ 35,562
Note payable to Capital One Bank, interest at 5.25%, principal and interest due in 84 monthly installments of \$2,659 with a final payment on August 22, 2021, secured by vehicle.	105,945	-	(26,910)	79,035	28,378

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

(5) LONG-TERM DEBT (CONTINUED)

	<u>Balance at</u> <u>01/01/18</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>12/31/18</u>	<u>Due Within</u> <u>One Year</u>
Installment purchase agreement with U.S. Bancorp Government Leasing and Finance, interest at 3.08%, principal and interest due in 10 annual installments ending on July 1, 2027.	<u>320,947</u>	<u>-</u>	<u>(27,893)</u>	<u>293,054</u>	<u>28,753</u>
Total	<u>\$ 624,696</u>	<u>\$ -</u>	<u>\$ (88,663)</u>	<u>\$ 536,034</u>	<u>\$ 92,693</u>

Following is a summary of future principal and interest requirements:

<u>Year</u> <u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	92,693	19,818	112,511
2020	96,891	15,620	112,511
2021	90,518	11,245	101,763
2022	72,694	7,914	80,608
2023	43,081	5,404	48,485
Thereafter	<u>140,157</u>	<u>10,956</u>	<u>151,113</u>
	<u>\$ 536,034</u>	<u>\$ 70,957</u>	<u>\$ 606,992</u>

Assets held under capital leases at December 31, 2018 are included in property and equipment as fire protection vehicles. The book value and accumulated depreciation of assets under capital lease was \$320,947 and \$48,142, respectively, at December 31, 2018. Depreciation expense related to the assets under capital lease was \$32,095 for the year ended December 31, 2018.

Interest costs incurred and expensed for the year ended December 31, 2018 were \$23,057.

(6) 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.

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

(7) RETIREMENT PLAN

St. Rose Volunteer Fire Department, Inc. maintains a defined contribution profit sharing plan, the St. Rose Fire Department 401(k) Profit Sharing Plan and Trust, for the benefit of the employees of the Fire Department. Employees must be 21 years of age and have one year of service to participate. Participants are immediately 100% vested in all elective deferrals, matching contributions, and profit sharing contributions. Participants can contribute up to 90% of their compensation. Employee contributions for the year ended December 31, 2018 was \$6,070. The Fire Department may make a profit sharing contribution at its discretion. The Fire Department currently matches 100% of the first 5% of employees' salary deferrals. Employer contributions for the year ended December 31, 2018 totaled \$6,070. The Plan has no forfeitures for the year ended December 31, 2018.

OTHER SUPPLEMENTARY INFORMATION

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Fire Chief Paul Hymel</u>
No compensation, benefits, or other payments were received.	\$ _____ -
Total compensation, benefits, and other payments	\$ _____ -

**OTHER REPORTING REQUIRED BY
GOVERNMENT AUDITING STANDARDS**



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

To the Board of Directors of the
St. Rose Volunteer Fire Department, Inc.
St. Rose, Louisiana 70087

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 St. Rose Volunteer Fire Department, Inc. as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the St. Rose Volunteer Fire Department, Inc.'s basic financial statements and have issued our report thereon dated June 27, 2019.

Internal Control over Financial Reporting

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



To the Board of Directors of the
St. Rose Volunteer Fire Department, Inc.
June 27, 2019

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the St. Rose 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*.

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 27, 2019
New Orleans, Louisiana

Certified Public Accountants

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2018

SECTION I SUMMARY OF AUDIT RESULTS

1. The Independent Auditor's Report expresses an unmodified opinion on the financial statements of St. Rose Volunteer Fire Department, Inc.
2. No significant deficiencies or material weaknesses in internal control relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of St. Rose Volunteer Fire Department, Inc. were reported in the 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*.
4. No management letter was issued for the year ended December 31, 2018.

SECTION II FINANCIAL STATEMENTS FINDINGS

There were no findings related to the financial statements for the year ended December 31, 2018.

ST. ROSE VOLUNTEER FIRE DEPARTMENT, INC.
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018

SECTION I – FINANCIAL STATEMENTS FINDINGS

2017-001 Recording of Transactions Involving Debt

It was noted that the issuance of new debt and the related capital asset purchase was not recorded in the accounting records of the Fire Department. We recommend that management should review the Fire Department's accounting procedures with its outside accountant and the board of directors to ensure that it records all transactions subject to the audit in the future.

This issue has been resolved through the Fire Department properly recording debt transactions and purchases of capital assets.

2017-002 Commingling of Public and Private Funds

It was noted that the Fire Department has certain insignificant items were purchased for the Fire Department's private fund on the Fire Department's credit card which is funded with public funds. The amount was later reimbursed to the public funds. We recommend Fire Department should strengthen its policies and procedures related to the use of credit cards to ensure that no private expenses are paid for from public funds.

This issue has been resolved through the Fire Department strengthening its policies and procedures related to the use of credit cards to ensure that no private expenses are paid for from public funds.

SECTION II – MANAGEMENT LETTER ITEMS

There were no management letter items for the year ended December 31, 2017.

LOUISIANA LEGISLATIVE AUDITOR
STATEWIDE AGREED-UPON PROCEDURES
ST. ROSE VOLUNTEER FIRE DEPARTMENT
SAINT ROSE, LOUISIANA
FOR THE YEAR ENDED
DECEMBER 31, 2018



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS



INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
St. Rose Volunteer Fire Department

We have performed the procedures enumerated below, which were agreed to by St. Rose 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, 2018. 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 27, 2019
New Orleans, Louisiana


Certified Public Accountants

ST. ROSE VOLUNTEER FIRE DEPARTMENT
ST. ROSE, LOUISIANA
AGREED-UPON PROCEDURES
FOR THE YEAR ENDED DECEMBER 31, 2018

WRITTEN POLICIES AND PROCEDURES

1. **Procedures:** Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - 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. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or 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).
 - 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 of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
 - 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.

ST. ROSE VOLUNTEER FIRE DEPARTMENT
ST. ROSE, LOUISIANA
AGREED-UPON PROCEDURES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018

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

Results: The entity's written policies and procedures completely address the functions of disbursements, receipts, and payroll/personnel listed above. Only the monitoring aspect of the budgeting controls are addressed. 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. The credit card policies and procedures do not address documentation requirements, required approval, or monitoring of card usage. None of the functions of contracting or travel and expense reimbursement are addressed by the entity's written policies and procedures. Ethics and debt service are not applicable to the entity.

BANK RECONCILIATIONS

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

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

3. **Procedures:** Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: Bank reconciliations were prepared for each month selected. There was no evidence of approval of each reconciliation. There was no evidence of research for insignificant reconciling items that were older than twelve months.

ST. ROSE VOLUNTEER FIRE DEPARTMENT
ST. ROSE, LOUISIANA
AGREED-UPON PROCEDURES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018

COLLECTIONS

4. **Procedures:** Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

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

5. **Procedures:** For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.
- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Results: There are no cash registers as the entity only accepts checks. 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. The entity has a formal process to reconcile its significant cash collections to the general ledger by a person who is not responsible for cash collections.

6. **Procedures:** Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Results: Employees who have access to cash are covered by an insurance policy for theft.

ST. ROSE VOLUNTEER FIRE DEPARTMENT
ST. ROSE, LOUISIANA
AGREED-UPON PROCEDURES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018

7. **Procedures:** Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.. Obtain supporting documentation for each of the 10 deposits and:
- a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Results: We randomly selected two deposit dates for both of the bank accounts selected for procedures #3 under "Bank Reconciliations" above. We obtained supporting documentation for all of the deposits and observed that the documentation addresses the requirements above except that entity documentation does not require the entity to capture the date that payments are received; however, deposits tested occurred within one week of the check date.

**NON-PAYROLL DISBURSEMENTS (EXCLUDING CREDIT CARD
PURCHASES/PAYMENTS, TRAVEL REIMBURSEMENTS, AND PETTY CASH
PURCHASES)**

8. **Procedures:** Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

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

ST. ROSE VOLUNTEER FIRE DEPARTMENT
ST. ROSE, LOUISIANA
AGREED-UPON PROCEDURES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018

9. **Procedures:** For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
- b) At least two employees are involved in processing and approving payments to vendors.
- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Results: The written policies and procedures adequately address that two employees should be involved in initiating a purchase request, approving a purchase, placing an order/making the purchase, and processing and approving payments to vendors. There are no written policies and procedures indicating who is responsible for adding/modifying vendor files.

10. **Procedures:** For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete.

Results: Obtained the entity's non-payroll disbursement transaction population and management's representation that the population is complete.

11. **Procedures:** Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.
- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) or segregation of duties tested under #9, as applicable.

Results: All disbursement documentation tested matched the related original invoice/billing statement. In some cases, there was only one employee initiating and approving purchase requests.

ST. ROSE VOLUNTEER FIRE DEPARTMENT
ST. ROSE, LOUISIANA
AGREED-UPON PROCEDURES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018

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

12. **Procedures:** Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, 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.

13. **Procedures:** Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) 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.]
- b) Report whether finance charges and/or late fees were assessed on the selected statements.

Results: For four transactions, the authorized card holder did not obtain approval of their transactions from someone other than the card holder. Neither finance charges nor late fees were assessed on the selected statements.

14. **Procedures:** Using the monthly statements or combined statements selected under #11 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Results: Each transaction except for one was supported by an itemized receipt and all transactions included the documentation of the business/public purpose. Each transaction complied with entity documentation and public bid law is not applicable to the entity. Two of the transactions selected were for meal charges and did not include documentation of the individuals participating in the meals.

ST. ROSE VOLUNTEER FIRE DEPARTMENT
ST. ROSE, LOUISIANA
AGREED-UPON PROCEDURES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018

TRAVEL AND TRAVEL-RELATED EXPENSE REIMBURSEMENTS (EXCLUDING
CARD TRANSACTIONS)

15. **Procedures:** Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: There appears to be no travel and travel-related expense reimbursements during 2018.

St. Rose Volunteer Fire Department

P.O. Box 399

St. Rose, LA 70087

ST. ROSE VOLUNTEER FIRE DEPARTMENT
ST. ROSE, LOUISIANA
CORRECTIVE ACTION PLAN – AGREED-UPON PROCEDURES
DECEMBER 31, 2018

June 27, 2019

Louisiana Legislative Auditor

The St. Rose 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, 2018 – December 31, 2018

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

Written Policies and Procedures

Exceptions: Only the monitoring aspect of the budgeting controls are addressed. 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. The credit card policies and procedures do not address documentation requirements, required approval, or monitoring of card usage. None of the functions of contracting or travel and expense reimbursement are addressed by the entity's written policies and procedures.

Bank Reconciliations

Exceptions: There was no evidence of approval of each reconciliation. There was no evidence of research for insignificant reconciling items that were older than twelve months.

Collections

Exceptions: The person responsible for receiving cash may be responsible for depositing the cash at the bank. Entity documentation does not require the entity to capture the date that payments are received.

MASTERY IS OUR GOAL

ST. ROSE VOLUNTEER FIRE DEPARTMENT
CORRECTIVE ACTION PLAN – AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2018 – DECEMBER 31, 2018

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. In some cases, the person who initiated the purchase request also approved the request. 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 members of management. Persons with signatory authority could have responsibility for initiating purchases, but not recording purchases.

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

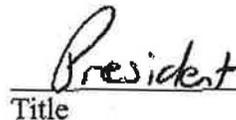
Exceptions: For four transactions, the authorized card holder did not obtain approval of their transactions from someone other than the card holder. For one transaction, there was a missing receipt. For two meal charges, there was no documentation of the individuals participating in the meals.

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 contact Jeffery Fabacher, President, at 504-467-9536.

Sincerely,


Signature


Title