

ANNUAL FINANCIAL REPORT  
LULING VOLUNTEER FIRE DEPARTMENT, INC.  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2018



**ERICKSEN KRENTEL**<sup>LLP</sup>  
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of the  
Luling Volunteer Fire Department, Inc.  
Luling, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of Luling 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 Luling 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.

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



To the Board of Directors of the  
Luling Volunteer Fire Department, Inc.  
August 14, 2019

### ***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 Luling 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 to 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 Luling 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.

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.



To the Board of Directors of the  
Luling Volunteer Fire Department, Inc.  
August 14, 2019

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 14, 2019, on our consideration of Luling 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 Luling 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 Luling Volunteer Fire Department, Inc.'s internal control over financial reporting and compliance.

August 14, 2019  
New Orleans, Louisiana

  
Certified Public Accountants

**REQUIRED SUPPLEMENTARY INFORMATION**

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

This section of the Luling Volunteer Fire Department (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 \$44,152.
2. The general revenues of the Fire Department were \$977,796.
3. The total expenses of the Fire Department were \$1,021,948.

**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><b>ASSETS</b></u>	
	<u>December 31,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>
Current assets	\$ 798,992	\$ 660,982
Capital assets, net of accumulated depreciation	<u>3,216,074</u>	<u>3,455,913</u>
Total assets	<u>\$ 4,015,066</u>	<u>\$ 4,116,895</u>

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

SUMMARY OF NET POSITION  
AS OF DECEMBER 31, 2018 AND 2017

LIABILITIES

	<u>December 31,</u> 2018	<u>December 31,</u> 2017
Current liabilities	\$ 187,148	\$ 133,538
Long-term liabilities	<u>477,076</u>	<u>588,363</u>
Total liabilities	<u>\$ 664,224</u>	<u>\$ 721,901</u>

NET POSITION

	<u>December 31,</u> 2018	<u>December 31,</u> 2017
Net investment in capital assets	\$ 2,624,975	\$ 2,759,283
Restricted for fire protection	<u>725,867</u>	<u>635,711</u>
Total net position	<u>\$ 3,350,842</u>	<u>\$ 3,394,994</u>

Total assets decreased by \$101,829 or 2% as a result of operations. This is primarily due to the non-cash depreciation expense.

Total liabilities decreased by \$57,677 or 8% primarily due to the scheduled capital lease payments during 2018.

Total net position decreased by \$44,152 or 1% 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> 2018	<u>December 31,</u> 2017
General revenues	\$ 977,796	\$ 911,886
Fire protection	<u>(1,021,948)</u>	<u>(1,083,582)</u>
Change in net position	<u>\$ (44,152)</u>	<u>\$ (171,696)</u>
Ending net position	<u>\$ 3,350,842</u>	<u>\$ 3,394,994</u>



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

The change in net position increased by \$127,544. This is primarily a result of increases in general revenues and a reduction in fire protection expenses.

**CAPITAL ASSETS**

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

	<u>December 31,</u> 2018	<u>December 31,</u> 2017
Land	\$ 117,956	\$ 117,956
Fire protection vehicles under construction	903,622	896,630
Buildings and improvements	3,435,505	3,435,505
Equipment	1,903,339	1,883,530
Fire protection vehicles	<u>2,959,251</u>	<u>2,917,005</u>
Total	9,319,673	9,250,626
Less: accumulated depreciation	<u>(6,103,599)</u>	<u>(5,794,713)</u>
Net investment in capital assets	<u>\$ 3,216,074</u>	<u>\$ 3,455,913</u>

The major additions to capital assets during 2018 consisted of fire protection vehicles and various equipment.

**LONG-TERM DEBT**

At December 31, 2018, the fire Department has \$588,363 in long-term debt which consisted of one installment agreement with US Bancorp. The Fire Department made scheduled lease payments of \$108,267 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 the 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 spent 2018 and several prior years upgrading its equipment and vehicles. While the Fire Department does not expect to purchase any new fire apparatus in the coming year, it will need to replace certain firefighting equipment and make upgrades to its training academy.

The Fire Department currently operates with a Class 3 fire rating (PIAL) which provides substantial reductions in property insurance to the citizens of Luling. 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.

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

**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. Dean Bergeron, Luling Volunteer Fire Department, 67 St. Anthony Street, Luling, Louisiana 70070.

## **BASIC FINANCIAL STATEMENTS**

**LULING VOLUNTEER FIRE DEPARTMENT, INC.**  
**STATEMENT OF NET POSITION**  
AS OF DECEMBER 31, 2018

**ASSETS:**

Cash and cash equivalents	\$ 610,195
Due from St. Charles Parish	50,814
Prepaid expenses	137,983
Capital assets, net of accumulated depreciation	<u>3,216,074</u>
 Total assets	 <u>4,015,066</u>

**LIABILITIES**

Accounts payable	67,793
Accrued payroll	5,332
Accrued interest	2,736
Noncurrent liabilities:	
Due within one year	111,287
Due after one year	<u>477,076</u>
 Total liabilities	 <u>664,224</u>

**NET POSITION:**

Net investment in capital assets	2,624,975
Restricted for fire protection	<u>725,867</u>
 Total net position	 <u>\$ 3,350,842</u>

**The accompanying notes are an integral part of this statement**

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

**FUNCTIONS/PROGRAMS****GOVERNMENTAL ACTIVITIES:**

Public safety - fire protection	\$ 1,021,948
Net (expense) from governmental activities	<u>(1,021,948)</u>

**GENERAL REVENUES:**

Sales tax - 1/8 percent	655,955
Ad valorem tax	214,663
Fire insurance rebate	60,249
Training center fees	25,150
Other revenues	<u>21,779</u>
Total general revenues	<u>977,796</u>
Change in net position	(44,152)
Net position - beginning	<u>3,394,994</u>
Net position - ending	<u>\$ 3,350,842</u>

**The accompanying notes are an integral part of this statement**

**LULING VOLUNTEER FIRE DEPARTMENT, INC.**  
**BALANCE SHEET**  
AS OF DECEMBER 31, 2018

**ASSETS**

Cash and cash equivalents	\$ 610,195
Due from St. Charles Parish	50,814
Prepaid expenses	<u>137,983</u>
 Total assets	 <u>\$ 798,992</u>

**LIABILITIES AND FUND BALANCE**

**LIABILITIES**

Accounts payable	\$ 67,793
Accrued payroll	<u>5,332</u>
 Total liabilities	 <u>73,125</u>

**FUND BALANCE**

Nonspendable: prepaid expenses	137,983
Restricted for fire protection	<u>587,884</u>
 Total fund balance	 <u>725,867</u>
 Total liabilities and fund balance	 <u>\$ 798,992</u>

**The accompanying notes are an integral part of this statement**

**LULING 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	\$	725,867
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.		3,216,074
Long term liabilities are not due and payable in the current period and, therefore are not reported in the governmental funds. Interest on capital leases 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		(2,736)
Capital leases payable		<u>(588,363)</u>
Net position of governmental activities	\$	<u>3,350,842</u>

**The accompanying notes are an integral part of this statement**

**LULING 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 percent	\$ 655,955
Ad valorem tax	214,663
Fire insurance rebate	60,249
Training center fees	25,150
Other revenues	<u>21,779</u>
Total revenues	<u>977,796</u>

**EXPENDITURES:**

## Current for fire protection:

## Utilities:

Electricity	30,427
Telephone	13,949

## Equipment:

Maintenance	106,750
Fuel	17,804
Insurance	30,148

## Buildings:

Insurance	66,169
Maintenance	57,007

## Personnel:

Training	24,664
Insurance	35,811
Salaries and payroll taxes	188,815
Employee benefits	7,744

## Firefighting supplies

34,973

## Miscellaneous:

Professional services	5,100
Office expenses	62,198
Meetings and other	<u>13,766</u>

    Total current expenditures 695,325

Capital outlays 69,047

## Debt repayment:

Debt retirement	108,267
Interest expense	<u>18,240</u>

    Total debt repayment expenditures 126,507

    Total expenditures 890,879

Net change in fund balance 86,917

Fund balance - beginning 638,950

Fund balance - ending \$ 725,867

**The accompanying notes are an integral part of this statement**



**LULING 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	\$ 86,917
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 \$308,886 exceeded capital outlays by \$69,047 in the current period.	(239,839)
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.	108,267
Under the modified accrual basis of accounting used in the governmental funds, interest on capital leases is not recognized until due, rather than as it accrues.	<u>503</u>
Change in net position of governmental activities	<u>\$ (44,152)</u>

**The accompanying notes are an integral part of this statement**

**LULING VOLUNTEER FIRE DEPARTMENT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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

**Reporting Entity**

The Luling 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.

**LULING 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 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.

**LULING 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.

Training center fees are paid by other St. Charles Parish volunteer fire departments for use of the Fire Department's training facility. These fees are recorded when received.

**LULING 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:

	<u>Bank Balances Category</u>			
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Bank Balance</u>
Cash	<u>\$ 268,000</u>	<u>\$ -</u>	<u>\$ 431,199</u>	<u>\$ 699,199</u>

**LULING 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. In the fund financial statements, capital 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.
- 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.

**LULING 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.

**LULING 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 August 14, 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 %



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

**(3) DUE FROM ST. CHARLES 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.

**(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>
<b>Capital assets not being depreciated:</b>				
Land	\$ 117,956	\$ -	\$ -	\$ 117,956
Construction in progress	<u>896,630</u>	<u>6,992</u>	<u>-</u>	<u>903,622</u>
Total capital assets not being depreciated	<u>1,014,586</u>	<u>6,992</u>	<u>-</u>	<u>1,021,578</u>
<b>Capital assets being depreciated:</b>				
Fire protection vehicles	2,917,005	42,246	-	2,959,251
Equipment	1,883,530	19,809	-	1,903,339
Buildings	<u>3,435,505</u>	<u>-</u>	<u>-</u>	<u>3,435,505</u>
Total capital assets being depreciated	<u>8,236,040</u>	<u>62,055</u>	<u>-</u>	<u>8,298,095</u>
Less: accumulated depreciation	<u>(5,794,713)</u>	<u>(308,886)</u>	<u>-</u>	<u>(6,103,599)</u>
Total capital assets being depreciated, net	<u>2,441,327</u>	<u>(246,831)</u>	<u>-</u>	<u>2,194,496</u>
Total capital assets, net	<u>\$ 3,455,913</u>	<u>\$ (239,839)</u>	<u>\$ -</u>	<u>\$ 3,216,074</u>

Depreciation expense for the year ended December 31, 2018 was \$308,886.

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

**(5) LEASE OBLIGATIONS**

In 2017, the Fire Department entered into a lease agreement to purchase two custom fire apparatuses. This agreement is accounted for as a capital lease. Descriptions of the capital leasing activities of the Fire Department are as follows:

	<u>Balance</u> <u>1/1/18</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/18</u>	<u>Due Within</u> <u>One Year</u>
Capital lease payable to U.S. Bancorp Government Leasing and Finance, Inc. Interest accrues at 2.79%. Due in annual installments of \$127,703 after an initial payment of \$200,000. Matures on October 25, 2023. Secured by two fire apparatuses.	\$ 696,630	\$ -	\$ (108,267)	\$ 588,363	\$ 111,287
Total capital leases	<u>\$ 696,630</u>	<u>\$ -</u>	<u>\$ (108,267)</u>	<u>\$ 588,363</u>	<u>\$ 111,287</u>

Future minimum lease payments under non-cancelable capital leases are:

<u>Year</u> <u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	111,287	16,416	127,703
2020	114,392	13,311	127,703
2021	117,584	10,119	127,703
2022	120,864	6,839	127,703
2023	<u>124,236</u>	<u>3,467</u>	<u>127,703</u>
	<u>\$ 588,363</u>	<u>\$ 50,152</u>	<u>\$ 638,515</u>

Assets held under capital leases at December 31, 2018 are included in property and equipment as fire protection vehicles being constructed. The book value of assets under capital lease was \$903,622 at December 31, 2018. The assets are not being depreciated as of December 31, 2018.

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

**(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.

**(7) RETIREMENT PLAN**

Luling Volunteer Fire Department, Inc. maintains a defined contribution profit sharing plan, the Luling Volunteer 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. The Fire Department may make a profit sharing contribution at its discretion. Employer contributions for the year ended December 31, 2018 totaled \$2,499. The Plan has no forfeitures for the year ended December 31, 2018.

**OTHER SUPPLEMENTARY INFORMATION**

Schedule "A-1"

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

	<u>Fire Chief Craig Petit</u>
Reimbursements	\$ _____ -
Total compensation, benefits, and other payments	<u>\$ _____ -</u>



**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  
Luling Volunteer Fire Department, Inc.  
Luling, 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 Luling 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 Luling Volunteer Fire Department, Inc.’s basic financial statements and have issued our report thereon dated August 14, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Luling 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 Luling Volunteer Fire Department, Inc.’s internal control. Accordingly, we do not express an opinion on the effectiveness of Luling 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  
Luling Volunteer Fire Department, Inc.  
August 14, 2019

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Luling 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 one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2018-001.

### **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.

August 14, 2019  
New Orleans, Louisiana

  
Certified Public Accountants

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

**SECTION I SUMMARY OF AUDITOR'S REPORTS**

1. The Independent Auditor's Report expresses an unmodified opinion on the financial statements of Luling 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. One instance of noncompliance material to the financial statements of Luling Volunteer Fire Department, Inc., 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*.
4. A management letter was issued for the year ended December 31, 2018.

**SECTION II FINANCIAL STATEMENT FINDINGS**

**2018-001 Non-Compliance with Louisiana's Financial Reporting Laws**

Criteria: According to Louisiana Revised Statutes 24:513 and 24:514, the Fire Department is required to provide an annual financial report to the Louisiana Legislative Auditor no later than six months after its year end.

Condition: The Fire Department failed to comply with these laws, submitting the required report approximately one month after the required deadline.

Effect: The Fire Department is not in compliance with Louisiana Revised Statutes 24:513 and 24:514.

Cause: The Fire Department did not have the proper procedures in place to ensure compliance with these laws.

Recommendation: The Board of Directors should put policies and procedures in place to ensure that required annual reports are filed in a timely manner.

Views of Responsible Officials: Management agrees with the finding and will implement procedures to become compliant with Louisiana Revised Statutes 24:513 and 24:514. See Management's Corrective Action Plan for further information.



**LULING VOLUNTEER FIRE DEPARTMENT, INC.**  
**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**SECTION I – FINANCIAL STATEMENTS FINDINGS**

There were no financial findings for the year ended December 31, 2017.

**SECTION II – MANAGEMENT LETTER ITEMS**

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

**LULING VOLUNTEER FIRE DEPARTMENT, INC.**  
**MANAGEMENT'S CORRECTIVE ACTION PLANS - FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

August 14, 2019

Louisiana Legislative Auditor

Luling Volunteer Fire Department, Inc., Inc. respectfully submits the following corrective action plan for the year ended December 31, 2018.

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: 01/01/2018 to 12/31/2018

The findings from the December 31, 2018 Schedule of Findings and Responses are discussed below. The findings are numbered consistently with the numbers assigned in the Schedule of Findings and Responses.

**SECTION II FINANCIAL STATEMENT FINDINGS**

**2018-001 Non-Compliance with Louisiana's Financial Reporting Laws**

**Recommendation:** The Board of Directors should put policies and procedures in place to ensure that required annual reports are filed in a timely manner.

**Response:** Management agrees with the finding and will implement procedures to become compliant with Louisiana Revised Statutes 24:513 and 24:514.

If there are any questions regarding this plan, please call Mr. Dean Bergeron at (504) 463-4446.

Sincerely,

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

LOUISIANA LEGISLATIVE AUDITOR  
STATEWIDE AGREED-UPON PROCEDURES  
LULING VOLUNTEER FIRE DEPARTMENT  
LULING, 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  
Luling Volunteer Fire Department

We have performed the procedures enumerated below, which were agreed to by Luling 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.

August 14, 2019  
New Orleans, Louisiana

  
Certified Public Accountants

**LULING VOLUNTEER FIRE DEPARTMENT**  
**LULING, 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.

**LULING VOLUNTEER FIRE DEPARTMENT**  
**LULING, 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 purchasing, disbursements, receipts, payroll/personnel, and travel and expense reimbursement listed above. The entity's written policies and procedures address all functions of budgeting except for amending the budget; however, per Attorney General opinions, volunteer fire departments are not subject to the local government budget act. The entity's written policies and procedures do not address the contracting functions above. The entity is organized as a 501(c)(4) and is therefore not subject to the ethics or debt service requirements noted above.

**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. 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 included evidence that they were prepared within two months of the related statement closing date. Bank reconciliations do not include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation. There were no reconciling items outstanding for more than 12 months from the statement closing date.

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

COLLECTIONS

3. **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. There was only one deposit site.

4. **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:** Only one employee is responsible for cash collections. The person who is responsible for collecting is also responsible for making bank deposits that were prepared by another person, but the entity has a formal process to reconcile its cash collections by a person who is not responsible for cash collection.

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

**Results:** The entity maintains insurance policies that cover employee theft.

**LULING VOLUNTEER FIRE DEPARTMENT  
LULING, LOUISIANA  
AGREED-UPON PROCEDURES (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2018**

6. **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:** The entity does not issue receipts for cash collection that are sequentially pre-numbered. The entity does not retain all records regarding collections. The deposit slips traced to the actual deposit per the bank statement. Entity documentation does not require capture of the date of collection; furthermore, the deposit date exceeded one week of the check date. The actual deposit per the bank statement traced to the general ledger.

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

7. **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. Only one location processes payments.

8. **Procedures:** For each location selected under #7 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:



**LULING VOLUNTEER FIRE DEPARTMENT**  
**LULING, LOUISIANA**  
**AGREED-UPON PROCEDURES (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

- 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:** Although the person responsible for processing payments has access to the vendor list, all invoices must be approved and two people sign checks.

9. **Procedures:** For each location selected under #7 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. 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 #8, as applicable.

**Results:** All disbursements matched the related original invoice/billing statement. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase. Entity documentation requires more than one approval when purchases exceed a threshold greater than a specified amount. Although the person responsible for processing payments has access to the vendor list, all invoices must be approved and two people sign checks. There is no indication on who is responsible to mail the signed checks.

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

10. **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:

**LULING VOLUNTEER FIRE DEPARTMENT**  
**LULING, LOUISIANA**  
AGREED-UPON PROCEDURES (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2018

- 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:** The actual cost per meal is reimbursed per the entity's written policies and procedures; however, there are thresholds for breakfast, lunch, and dinner reimbursements that are in excess of GSA rates. Mileage rates are set at IRS rates, but the entity reimbursed using rates that were both lower and higher than the IRS rates. Each reimbursement included support documentation for the business/public purpose and other requirements in the written policy and was reviewed and approved in writing by someone other than the person receiving reimbursement.

**PAYROLL AND PERSONNEL**

11. **Procedures:** Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

**Results:** Obtained a listing of employees. One instance noted in which an employee's personnel file with the approved pay rate was unable to be located by management.

12. **Procedures:** Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
  - a) Observe that 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.)

**LULING VOLUNTEER FIRE DEPARTMENT  
LULING, LOUISIANA  
AGREED-UPON PROCEDURES (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2018**

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

**Results:** Daily attendance and leave were not properly documented for all employees tested. For all employees tested it was noted that there was no record kept tracking time of leave or supervisor's approval of the daily attendance.

13. **Procedures:** Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

**Results:** There were 2 terminations noted in 2018. For all employees tested, it was noted that there was no record kept tracking time of leave or supervisor's approval of the daily attendance. One instance noted in which management was unable to locate an employee's timesheet for the period.

14. **Procedures:** Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

**Results:** Employee and employer portions of payroll taxes are handled by a third-party payroll processor. It was noted the Department's payroll taxes were properly filed and submitted timely.

**LULING VOLUNTEER FIRE DEPARTMENT**  
**LULING, LOUISIANA**  
CORRECTIVE ACTION PLAN – AGREED-UPON PROCEDURES  
DECEMBER 31, 2018

August 14, 2019

Louisiana Legislative Auditor

The Luling 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:** The entity's written policies and procedures address all functions of budgeting except for amending the budget. The entity's policies and procedures do not address the contracting functions.

**Bank Reconciliations**

**Exceptions:** Bank reconciliations do not include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.

**Collections**

**Exceptions:** The person responsible for receiving cash may be responsible for depositing the cash at the bank. The entity does not issue receipts for cash collection that are sequentially pre-numbered. The entity does not retain all records regarding collections. Entity documentation does not require the entity to capture the date that payments are received.

**LULING VOLUNTEER FIRE DEPARTMENT**  
**LULING, LOUISIANA**  
CORRECTIVE ACTION PLAN – AGREED-UPON PROCEDURES (CONTINUED)  
JANUARY 1, 2018 – DECEMBER 31, 2018

**Non-Payroll Disbursements – (Excluding Credit Card Purchases/Payments, Travel Reimbursements, and Petty Cash Purchases)**

**Exceptions:** Although the person responsible for processing payments has access to the vendor list, all invoices must be approved, and two people sign checks.

**Travel and Travel-Related Expense Reimbursements (Excluding Card Transactions)**

**Exceptions:** The actual cost per meal is reimbursed per the entity's written policies and procedures; however, there are thresholds for breakfast, lunch, and dinner reimbursements that are in excess of GSA rates. Mileage rates are set at IRS rates, but the entity reimbursed using rates that were lower and higher.

**Payroll and Personnel**

**Exceptions:** The entity does not maintain aggregated written leave records on its employees or note the supervisor's approval of the employee's timesheets. One instance noted where management was unable to locate an employee's personnel file. Another instance noted where management was unable to locate an employee's time sheet for the pay period selected.

**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 Craig Petit, Fire Chief, at 985-785-6194.

Sincerely,

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title