

ANNUAL FINANCIAL REPORT
LULING VOLUNTEER FIRE DEPARTMENT, INC.
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2017



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of 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, 2017, 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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.
June 25, 2018

Opinion

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 6 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.
June 25, 2018

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2018, 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 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.

June 25, 2018
New Orleans, Louisiana

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

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, 2017

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, 2017. This analysis should be read in conjunction with the audited financial statements which follow this section.

FINANCIAL HIGHLIGHTS

1. The Fire Department's net position decreased by \$171,696.
2. The general revenues of the Fire Department were \$911,886.
3. The total expenses of the Fire Department were \$1,083,582.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

BASIC FINANCIAL STATEMENTS

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

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

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

The following presents condensed financial information of the Fire Department.

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

	<u>ASSETS</u>	
	<u>December 31,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
Current assets	\$ 660,982	\$ 1,381,379
Capital assets, net of accumulated depreciation	<u>3,455,913</u>	<u>2,236,665</u>
Total assets	<u>\$ 4,116,895</u>	<u>\$ 3,618,044</u>

LULING VOLUNTEER FIRE DEPARTMENT, INC.
LULING, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017

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

LIABILITIES

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Current liabilities	\$ 133,538	\$ 51,354
Long-term liabilities	<u>588,363</u>	<u>-</u>
Total liabilities	<u>\$ 721,901</u>	<u>\$ 51,354</u>

NET POSITION

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Net investment in capital assets	\$ 2,759,283	\$ 2,236,665
Restricted for fire protection	<u>635,711</u>	<u>1,330,025</u>
Total net position	<u>\$ 3,394,994</u>	<u>\$ 3,566,690</u>

Total assets increased by \$498,851 (14%) due to purchases of property and equipment, particularly two trucks which were purchased on capital lease during 2017.

Total liabilities increased by \$670,547 primarily due to the entity entering into a long-term capital lease during 2017.

Total net position decreased by \$171,696 (5%) as a result of operations.

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

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
General revenues	\$ 911,886	\$ 805,622
Fire protection	<u>(1,083,582)</u>	<u>(887,002)</u>
Change in net position	<u>\$ (171,696)</u>	<u>\$ (81,380)</u>
Ending net position	<u>\$ 3,394,994</u>	<u>\$ 3,566,690</u>

The change in net position decreased by \$90,316. This is primarily a result of increases in fire supply and salary and benefits expenditures.

LULING VOLUNTEER FIRE DEPARTMENT, INC.
LULING, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017

CAPITAL ASSETS

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

	<u>December 31,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>
Land	\$ 117,956	\$ 117,956
Fire protection vehicles under construction	896,630	-
Buildings and improvements	3,435,505	3,420,187
Equipment	1,883,530	1,719,295
Fire protection vehicles	<u>2,917,005</u>	<u>2,648,067</u>
 Total	 9,250,626	 7,905,505
Less: accumulated depreciation	<u>(5,794,713)</u>	<u>(5,668,840)</u>
 Net investment in capital assets	 <u>\$ 3,455,913</u>	 <u>\$ 2,236,665</u>

The major additions to capital assets during 2017 consisted of fire protection vehicles and various equipment.

ECONOMIC FACTORS AND A LOOK AT NEXT YEAR

The Fire Department expects to continue to be funded through sales tax and ad valorem revenues remitted to it by the St. Charles Parish. In the fourth quarter of 2018, the ad valorem tax will be up for renewal with the citizens of St. Charles Parish. The Fire Department expects at this time that it will be renewed. If it is not, the current appropriation expires in 2020. The Fire Department spent 2017 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.

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, 2017

ASSETS:

Cash and cash equivalents	\$ 468,392
Due from St. Charles Parish	62,806
Prepaid expenses	129,784
Capital assets, net of accumulated depreciation	<u>3,455,913</u>
 Total assets	 <u>4,116,895</u>

LIABILITIES

Accounts payable	16,000
Accrued payroll	6,032
Accrued interest	3,239
Notes payable:	
Due within one year	108,267
Due after one year	<u>588,363</u>
 Total liabilities	 <u>721,901</u>

NET POSITION:

Net investment in capital assets	2,759,283
Restricted for fire protection	<u>635,711</u>
 Total net position	 <u>\$ 3,394,994</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, 2017

FUNCTIONS/PROGRAMS**GOVERNMENTAL ACTIVITIES:**

Public safety - fire protection	\$ 1,083,582
Net (expense) from governmental activities	<u>(1,083,582)</u>

GENERAL REVENUES:

Sales tax - 1/8 percent	614,226
Ad valorem tax	193,760
Fire insurance rebate	66,150
Training center fees	30,208
Loss on disposal of assets	(75)
Other revenues	<u>7,617</u>
Total general revenues	<u>911,886</u>
Change in net position	(171,696)
Net position - beginning	<u>3,566,690</u>
Net position - ending	<u>\$ 3,394,994</u>

The accompanying notes are an integral part of this statement

LULING VOLUNTEER FIRE DEPARTMENT, INC.
BALANCE SHEET
AS OF DECEMBER 31, 2017

ASSETS

Cash and cash equivalents	\$ 468,392
Due from St. Charles Parish	62,806
Prepaid expenses	<u>129,784</u>
 Total assets	 <u>\$ 660,982</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 16,000
Accrued payroll	<u>6,032</u>
 Total liabilities	 <u>22,032</u>

FUND BALANCE

Nonspendable: prepaid expenses	129,784
Restricted for fire protection	<u>509,166</u>
 Total fund balance	 <u>638,950</u>
 Total liabilities and fund balance	 <u>\$ 660,982</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, 2017

Fund balance - total governmental fund	\$ 638,950
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.	3,455,913
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	(3,239)
Capital leases payable	<u>(696,630)</u>
Net position of governmental activities	<u>\$ 3,394,994</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, 2017

REVENUES:

Sales tax - 1/8 percent	\$ 614,226
Ad valorem tax	193,760
Fire insurance rebate	66,150
Training center fees	30,208
Other revenues	<u>7,617</u>
Total revenues	<u>911,961</u>

EXPENDITURES:

Current for fire protection:

Utilities:

Electricity	28,465
Telephone	11,435

Equipment:

Maintenance	109,508
Fuel	12,841
Insurance	26,925

Buildings:

Insurance	61,881
Maintenance	68,495

Personnel:

Training	42,779
Insurance	27,475
Salaries, benefits, and payroll taxes	215,499
Employee benefits	13,128

Firefighting supplies

97,464

Miscellaneous:

Professional services	18,327
Office expenses	67,397
Meetings and other	<u>16,296</u>

Total current expenditures 817,915

Capital outlays 1,481,751

Total expenditures 2,299,666

(Deficiency) of revenues over expenditures (1,387,705)

OTHER FINANCING SOURCES:

Proceeds from capital lease 696,630

Total other financing sources 696,630

Net change in fund balance (691,075)

Fund balance - beginning 1,330,025

Fund balance - ending \$ 638,950

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, 2017

Net change in fund balance - governmental fund	\$ (691,075)
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 \$262,428 was exceeded by capital outlays of \$1,481,751 in the current period.	1,219,323
In the Statement of Activities, the loss on the disposal of assets is reported, whereas in the governmental funds, the proceeds from the sale increases financial resources. The change in net position differs from the change in fund balance by the cost of the assets discarded \$136,630, net of related accumulated depreciation of \$136,555.	(75)
Proceeds from new capital leases are reported as other financing sources in governmental funds, but are treated as debt on the Statement of Net Assets and not as revenue in the government-wide presentation.	(696,630)
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>(3,239)</u>
Change in net position of governmental activities	<u>\$ (171,696)</u>

The accompanying notes are an integral part of this statement

LULING VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

(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, 2017

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The government-wide Statement of Net Position (Exhibit A) is reported on a full accrual, economic resource basis, which recognizes all long-term assets and liabilities as well as long-term debt and obligations. 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, 2017

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements and 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. Expenses are recognized when incurred.

Modified Accrual

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

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

Revenues

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

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

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, 2017

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (continued)

Revenues (continued)

All other revenues are recorded when received.

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

Expenditures

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

Cash

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

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

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

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

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

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

	<u>Bank Balances Category</u>			<u>Bank</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Balance</u>
Cash	<u>\$ 279,201</u>	<u>\$ _____</u>	<u>\$ 542,886</u>	<u>\$ 822,087</u>

LULING VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting

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

Capital Assets

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

Capital assets are recorded in the Statement of Net Position and depreciation is recorded in the Statement of Activities. Since surplus assets are sold for an immaterial amount or scrapped when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. 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, fixed assets are accounted for as capital outlay expenditures of the fund upon acquisition.

Equity Classifications

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

- a. Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.
- 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, 2017

(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, 2017 revealed no tax positions that would have a material impact on the financial statements. The 2014 through 2017 tax years remain subject to examination by the IRS. The Fire Department does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

LULING VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Date of Management Review

Management has evaluated subsequent events through June 25, 2018, the date which the financial statements were available to be issued.

(2) SALES TAX REVENUE

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

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

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

(3) DUE FROM ST. CHARLES PARISH

Revenue receivable at December 31, 2017 consists of the Fire Department's share of the 1/8th percent sales tax for the month of November 2017, collected on or before December 20, 2017 by the St. Charles Parish School Board and remitted by St. Charles Parish in January 2018. An allowance for uncollectible receivables is not recorded by the Fire Department because it considers all receivables collectible at December 31, 2017.

LULING VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(4) CAPITAL ASSETS

	<u>Balance</u> <u>01/01/17</u>	<u>Additions</u> <u>2017</u>	<u>Retirements</u> <u>2017</u>	<u>Balance</u> <u>12/31/17</u>
Capital assets not being depreciated:				
Land	\$ 117,956	\$ -	\$ -	\$ 117,956
Fire protection vehicles under construction	<u>-</u>	<u>896,630</u>	<u>-</u>	<u>896,630</u>
Total capital assets not being depreciated	<u>117,956</u>	<u>896,630</u>	<u>-</u>	<u>1,014,586</u>
Capital assets being depreciated:				
Fire protection vehicles	2,648,067	268,938	-	2,917,005
Equipment	1,719,295	300,360	(136,125)	1,883,530
Buildings	<u>3,420,187</u>	<u>15,823</u>	<u>(505)</u>	<u>3,435,505</u>
Total capital assets being depreciated	<u>7,787,549</u>	<u>585,121</u>	<u>(136,630)</u>	<u>8,236,040</u>
Less: accumulated depreciation	<u>(5,668,840)</u>	<u>(262,428)</u>	<u>136,555</u>	<u>(5,794,713)</u>
Total capital assets being depreciated, net	<u>2,118,709</u>	<u>322,693</u>	<u>(75)</u>	<u>2,441,327</u>
Total capital assets, net	<u>\$ 2,236,665</u>	<u>\$ 1,219,323</u>	<u>\$ (75)</u>	<u>\$ 3,455,913</u>

Depreciation expense for the year ended December 31, 2017 was \$262,428.

LULING VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(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:

	Balance 1/1/17	Additions	Reductions	Balance 12/31/17	Due Within One Year
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	\$ -	\$ 696,630	\$ 108,267
Total capital leases	\$ -	\$ 696,630	\$ -	\$ 696,630	\$ 108,267

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

Year Ending	Principal	Interest	Total
2018	\$ 108,267	\$ 19,436	\$ 127,703
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
Thereafter	124,236	3,467	127,703
	\$ 696,630	\$ 69,588	\$ 766,218

Assets held under capital leases at December 31, 2017 are included in property and equipment as fire protection vehicles being constructed. The book value of assets under capital lease was \$896,630 at December 31, 2017. The assets are not being depreciated as of December 31, 2017.

LULING VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(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. Employee contributions for the year ended December 31, 2017 was \$4,670. The Fire Department may make a profit sharing contribution at its discretion. Employer contributions for the year ended December 31, 2017 totaled \$4,172. The Plan has no forfeitures for the year ended December 31, 2017.

LULING VOLUNTEER FIRE DEPARTMENT, INC.
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Fire Chief Craig Petit</u>
Reimbursements	<u>\$ 33</u>
Total compensation, benefits, and other payments	<u>\$ 33</u>

OTHER SUPPLEMENTARY INFORMATION



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

To the Board of Directors of the
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, 2017, 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 June 25, 2018.

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.
June 25, 2018

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 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 25, 2018
New Orleans, Louisiana

A handwritten signature in black ink, appearing to read "Ericksen Krentel", with a horizontal line extending from the end of the signature.

Certified Public Accountants

LULING VOLUNTEER FIRE DEPARTMENT, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2017

SECTION I SUMMARY OF AUDITORS' REPORTS

1. The Independent Auditors' Report expresses an unmodified opinion on the financial statements of 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 Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Luling Volunteer Fire Department, Inc., are reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
4. No management letter was issued for the year ended December 31, 2017.

SECTION II FINANCIAL STATEMENT FINDINGS

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

LULING VOLUNTEER FIRE DEPARTMENT, INC.
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2017

SECTION I – FINANCIAL STATEMENTS FINDINGS

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

SECTION II – MANAGEMENT LETTER ITEMS

2016-001 Investment of Excess Cash

We noted that the Fire Department maintained large amounts of cash in low or noninterest bearing accounts. We recommended that the department invest amounts not needed for operations on a short-term basis.

This issue has been resolved by the Fire Department using its cash to purchase new fire apparatuses.

LOUISIANA LEGISLATIVE AUDITOR
STATEWIDE AGREED-UPON PROCEDURES
LULING VOLUNTEER FIRE DEPARTMENT
LULING, LOUISIANA
FOR THE YEAR ENDED
DECEMBER 31, 2017



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS



INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
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, 2017. The Fire Department's management is responsible for those C/C areas identified in the SAUPs. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

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

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties and is not intended to be and should not be used by anyone other than those specified parties. The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

June 25, 2018
New Orleans, Louisiana

Certified Public Accountants

**LULING VOLUNTEER FIRE DEPARTMENT
LULING, LOUISIANA
AGREED-UPON PROCEDURES
FOR THE YEAR ENDED DECEMBER 31, 2017**

WRITTEN POLICIES AND PROCEDURES

1. **Procedures:** Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) Budgeting, including preparing, adopting, monitoring, and amending the budget.
 - b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) Disbursements, including processing, reviewing, and approving.
 - d) Receipts, including receiving, recording, and preparing deposits.
 - e) Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - g) Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.
 - h) Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
 - i) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
 - j) Debt Service, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

**LULING VOLUNTEER FIRE DEPARTMENT
LULING, LOUISIANA
AGREED-UPON PROCEDURES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017**

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.

BOARD (OR FINANCE COMMITTEE, IF APPLICABLE)

2. **Procedures:** Obtain and review the board/committee minutes for the fiscal period, and:
- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
 - c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Results: The board met monthly in accordance with its by-laws. Minutes referenced or included budget to actual comparisons. Minutes also referenced non-budgetary financial information.

BANK RECONCILIATIONS

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

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

LULING VOLUNTEER FIRE DEPARTMENT
LULING, LOUISIANA
AGREED-UPON PROCEDURES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

4. **Procedures:** Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
- a) Bank reconciliations have been prepared;
 - b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
 - c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

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

COLLECTIONS

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

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

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

**LULING VOLUNTEER FIRE DEPARTMENT
LULING, LOUISIANA
AGREED-UPON PROCEDURES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017**

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
 - Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

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

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

LULING VOLUNTEER FIRE DEPARTMENT
LULING, LOUISIANA
AGREED-UPON PROCEDURES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

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

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

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

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

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

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; (2) a receiving report showing receipt of goods purchased, or electronic equivalent; and (3) an approved invoice.

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

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

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

**LULING VOLUNTEER FIRE DEPARTMENT
LULING, LOUISIANA
AGREED-UPON PROCEDURES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

Results: Persons with signatory authority could have responsibility for initiating purchases, but not recording purchases.

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

Results: Unused checks are stored in a locked location.

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

Results: Not applicable.

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

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

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

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

LULING VOLUNTEER FIRE DEPARTMENT
LULING, LOUISIANA
AGREED-UPON PROCEDURES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

- a) Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:
- b) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
- c) Report whether finance charges and/or late fees were assessed on the selected statements.

Results: Obtained monthly statements and selected the monthly statement with the largest dollar activity for each card. The monthly statements tested were approved by someone other than the authorized card holder. Neither finance charges nor late fees were assessed on the selected statements.

16. **Procedures:** Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).
 - a) For each transaction, report whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased).
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization).
 - b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

LULING VOLUNTEER FIRE DEPARTMENT
LULING, LOUISIANA
AGREED-UPON PROCEDURES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

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

Results: Each transaction was supported by an itemized receipt and the documentation of the business/public purpose. Each transaction complied with entity documentation and public bid law is not applicable to the entity. No transactions appeared to conflict with Article 7, Section 14 of the Louisiana Constitution.

TRAVEL AND EXPENSE REIMBURSEMENT

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

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

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

Results: The entity's written policies and procedures have breakfast, lunch, and dinner rates established that are in excess of GSA rates. Mileage rates are set at IRS rates.

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

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

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AGREED-UPON PROCEDURES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

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

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

CONTRACTS

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

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

21. **Procedures:** Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:
- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

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AGREED-UPON PROCEDURES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017**

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

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

PAYROLL AND PERSONNEL

- 22. **Procedures:** Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
 - a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
 - b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

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LULING, LOUISIANA
AGREED-UPON PROCEDURES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

Results: Obtained a listing of employees with their related salaries and management's representation that the listing was complete. Payments were made in strict accordance with the terms and conditions of the applicable pay rate structures. Changes to hourly pay rates/salaries were approved by the board of directors.

23. **Procedures:** Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:
- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
 - c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Results: Daily attendance and leave were documented by all employees tested. Each timesheet tested was approved by supervisors. The entity does not maintain aggregated written leave records on its employees.

24. **Procedures:** Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Results: No termination payments were made in 2017.

25. **Procedures:** Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

LULING VOLUNTEER FIRE DEPARTMENT
LULING, LOUISIANA
AGREED-UPON PROCEDURES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

Results: Employee and employer portions of payroll taxes are handled by a third-party payroll processor. Retirement contributions appear to have been made timely to the entity's 401(k) plan.

OTHER

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

Results: No misappropriations of public funds or assets noted.

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

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

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

Results: No exceptions noted.

LULING VOLUNTEER FIRE DEPARTMENT
LULING, LOUISIANA
CORRECTIVE ACTION PLAN – AGREED-UPON PROCEDURES
DECEMBER 31, 2017

June 25, 2018

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, 2017 – December 31, 2017

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

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

Exceptions: The person responsible for processing payments can add vendors to the vendor list; however, all invoices must be approved and all checks are signed by two people. Persons with signatory authority could have responsibility for initiating purchases, but not recording purchases; however, all checks must be signed by two people.

LULING VOLUNTEER FIRE DEPARTMENT
LULING, LOUISIANA
CORRECTIVE ACTION PLAN – AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2017 – DECEMBER 31, 2017

TRAVEL AND EXPENSE REIMBURSEMENT

Exceptions: The entity's written policies and procedures have breakfast, lunch, and dinner rates established that are in excess of GSA rates.

PAYROLL AND PERSONNEL

Exceptions: The entity does not maintain aggregated written leave records on its employees.

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