

**DAVID CROCKETT STEAM VOLUNTEER  
FIRE COMPANY NUMBER ONE  
OPERATIONS FUND  
FINANCIAL REPORT**

**YEAR ENDED DECEMBER 31, 2017**

*Camnetar & Co., CPAs*  
a professional accounting corporation

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# *Camnetar & Co., CPAs*

a professional accounting corporation

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
David Crockett Steam Volunteer Fire Company Number One

### Report on the Financial Statements

We have audited the accompanying financial statements of the Operations Fund of David Crockett Steam Volunteer Fire Company Number One (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements of the operations fund based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements of the operations fund are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements of the operations fund. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements of the operations fund, 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 of the operations fund in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the financial statements of the operations fund referred to above present fairly, in all material respects, the financial position of David Crockett Steam Volunteer Fire Company Number One as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

Other Information

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2018, on our consideration of the David Crockett Steam Volunteer Fire Company Number One'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 David Crockett Steam Volunteer Fire Company Number One's internal control over financial reporting and compliance.

*Camnetar & Co.*

Camnetar & Co., CPAs  
a professional accounting corporation

Gretna, Louisiana  
June 30, 2018

## **FINANCIAL STATEMENTS**

**DAVID CROCKETT STEAM VOLUNTEER FIRE COMPANY NUMBER ONE**  
**STATEMENT OF FINANCIAL POSITION**  
**OPERATIONS FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**ASSETS**

CURRENT ASSETS

Cash and cash equivalents	\$	<u>837,438</u>
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Total current assets		837,438
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PROPERTY, PLANT AND EQUIPMENT, NET		615,688
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OTHER ASSETS

Certificates of deposits		177,949
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Deposits		<u>2,000</u>
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Total other assets		179,949
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TOTAL ASSETS	\$	<u><u>1,633,075</u></u>
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**LIABILITIES AND NET ASSETS**

CURRENT LIABILITIES

Insurance payable	\$	<u>4,897</u>
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Total current liabilities		4,897
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NET ASSETS

Unrestricted

Designated		79,272
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Undesignated		<u>1,548,906</u>
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Total net assets		<u>1,628,178</u>
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TOTAL LIABILITIES AND NET ASSETS	\$	<u><u>1,633,075</u></u>
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The accompanying notes are an integral part of these financial statements.

**DAVID CROCKETT STEAM VOLUNTEER FIRE COMPANY NUMBER ONE**  
**STATEMENT OF ACTIVITIES**  
**OPERATIONS FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

UNRESTRICTED NET ASSETS	
REVENUE	
City funding	\$ 1,017,541
State supplemental pay	103,250
Miscellaneous	113,030
Grant	-
Total revenue	1,233,821
EXPENSES	
Administrative	42,911
Firefighting	1,755,478
Total expenses	1,798,389
INCREASE IN UNRESTRICTED NET ASSETS	(564,568)
NET ASSETS-BEGINNING OF YEAR	2,192,746
NET ASSETS-END OF YEAR	\$ 1,628,178

The accompanying notes are an integral part of these financial statements.

**DAVID CROCKETT STEAM VOLUNTEER FIRE COMPANY NUMBER ONE**  
**STATEMENT OF CASH FLOWS**  
**OPERATIONS FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

CASH FLOWS FROM OPERATING ACTIVITIES	
Decrease in net assets	\$ (564,568)
Adjustment to reconcile change in net assets to net cash provided by operating activities	
Depreciation	68,320
Decrease in receivables	43,800
Increase in deposits	(2,000)
Increase in insurance payable	<u>874</u>
Net cash provided by operating activities	(453,574)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest reinvested in certificate of deposits	(1,139)
Purchases of property and equipment	<u>(60,223)</u>
Net cash used in investing activities	(61,362)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(514,936)
CASH AND CASH EQUIVALENTS - beginning of year	<u>1,352,374</u>
CASH AND CASH EQUIVALENTS - end of year	<u><u>\$ 837,438</u></u>

The accompanying notes are an integral part of these financial statements.

**DAVID CROCKETT STEAM VOLUNTEER FIRE COMPANY NUMBER ONE**  
**NOTES TO FINANCIAL STATEMENTS**  
**OPERATIONS FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

DESCRIPTION OF ACTIVITIES

David Crockett Steam Volunteer Fire Company Number One (a non-profit organization) was established to provide firefighting within the City of Gretna, Louisiana. In addition, the Organization provides fire code inspections for businesses within the city, as well as fire and rescue training for its members. David Crockett Steam Volunteer Fire Company Number One received the vast majority of its financial support from the City of Gretna. The financial statements do not include the separate fund to account for the social activities of the company; it only includes the operations fund.

A summary of the David Crockett Steam Volunteer Fire Company Number One's Operations Fund significant accounting policies applied in the preparation of the accompanying financial statements follows.

BASIS OF ACCOUNTING AND PRESENTATION

The financial statements are prepared on the accrual basis. Under that basis, revenues are recognized when earned and expenses are recognized when incurred.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958, information regarding financial position and activities is reported according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets and a statement of cash flows is required. As of December 31, 2017, David Crockett Steam Volunteer Fire Company Number One's operations fund had only unrestricted net assets.

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

COMPENSATED ABSENCES

A liability has not been recorded for accumulated vacation or sick leave because it is nonvesting.

**DAVID CROCKETT STEAM VOLUNTEER FIRE COMPANY NUMBER ONE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**OPERATIONS FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment consists of automobiles, building improvements, fire and office equipment, and furniture and fixtures with a useful life greater than 1 year are capitalized and carried at cost or estimated historical cost if acquisition cost is not available. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 5 to 40 years.

DONATED SERVICES

The value of donated services is not reflected in the accompanying financial a statement since there is no objective basis available by which to measure the value of such services. However, a substantial number of volunteers have donated significant amounts of their time to the Organization's firefighting activities.

INCOME TAXES

The fire company is exempt from income taxes under Internal Revenue Code section 501(c) (4) as a nonprofit organization and thus these financial statements contain no provision for income taxes.

ACCOUNTING FOR UNCERTAIN TAX POSITIONS UNDER FAXB ASC 740-10

Accounting standards provide detail guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in an enterprise's financial statements. Under accounting standards, an entity is required to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. Management has evaluated its significant tax position against certain criteria established by these accounting standards and believes there are no such tax positions requiring accounting recognition. The Company's federal and state tax returns are subject to examination by taxing authorities for the years ended December 31, 2017, 2016, and 2015.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents, for cash flow statement purposes, include investments in highly liquid debt instruments with maturities of three months or less, including amounts whose use is limited by board designation.

**DAVID CROCKETT STEAM VOLUNTEER FIRE COMPANY NUMBER ONE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
OPERATIONS FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION

Cash paid during the year for:	
Interest	\$ --
Taxes	\$ --

ON-BEHALF PAYMENTS

Supplemental pay which is paid directly to employees of the Fire Company by the State of Louisiana, Department of Public Safety, is recognized as revenue and salaries expense in the year in which paid. For the year ended December 31, 2017, the amount recognized as revenue and expenses was \$ 103,250.

USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and income and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 - CASH AND CASH EQUIVALENTS**

At December 31, 2017, the carrying amount of the David Crockett Steam Volunteer Fire Company Number One operations fund bank account was \$837,438 of which \$452,465 was in checking accounts and \$384,973 in money market and savings account. The following is a schedule of cash (book) balances:

	<u>Rate of Interest</u> <u>December 31, 2017</u>	<u>Reconciled Balance</u> <u>December 31, 2017</u>
Whitney		
Money market	1.07%	\$ 252,720
Iberia Bank		
Money market	0.05%	52,981
Savings	0.03%	79,272
Regions Bank		
Operations	---	452,465
		<u>\$ 837,438</u>

**Concentration of Credit Risk**

For the year ended December 31, 2017 cash balances were maintained at various financial institutions. The bank balances were \$1,050,611 of which \$810,202 was covered by federal depository insurance and \$240,409 was uninsured.

**DAVID CROCKETT STEAM VOLUNTEER FIRE COMPANY NUMBER ONE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**OPERATIONS FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 3 – CERTIFICATE OF DEPOSITS**

At December 31, 2017 the balance of David Crockett Fire Company Number One certificates of deposits was \$177,949. The certificates bear interest from .35 to 1.25% and have maturities ranging from six months to five years. These certificates were covered by federal depository insurance.

	Maturity	Rate of Interest <u>December 31, 2017</u>	Balance <u>December 31, 2017</u>
Certificates of Deposits			
Gulf Coast Bank	8/21/18	0.35%	\$ 100,260
Iberia Bank	11/9/2019	1.25%	<u>77,689</u>
Total non-current			<u>\$ 177,949</u>

**NOTE 4 – PROPERTY, PLANT AND EQUIPMENT**

The following is a summary of changes in the Property, Plant and Equipment during the year ended December 31, 2017:

	Balance <u>January 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>December 31, 2017</u>
<u>Non Depreciable Assets</u>				
Land	\$ 48,500	\$ -	\$ -	\$ 48,500
Non Depreciable, Total	<u>48,500</u>	<u>-</u>	<u>-</u>	<u>48,500</u>
<u>Depreciable Assets</u>				
Buildings & Improvements	813,236	-	-	813,236
Fire Fighting Equipment	1,742,613	37,663	(3,626)	1,776,650
Furniture & Fixtures	92,075	22,560	-	114,635
Accumulated Depreciation	<u>(2,072,639)</u>	<u>(68,320)</u>	<u>(3,626)</u>	<u>(2,137,333)</u>
Depreciable Assets, Net	<u>575,285</u>	<u>(8,097)</u>	<u>(7,252)</u>	<u>567,188</u>
Property Plant, and Equipment, Net	<u>\$ 623,785</u>	<u>\$ (8,097)</u>	<u>\$ (7,252)</u>	<u>\$ 615,688</u>

Depreciation expense for the year ended December 31, 2017 was \$68,320.

**DAVID CROCKETT STEAM VOLUNTEER FIRE COMPANY NUMBER ONE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**OPERATIONS FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 5 – DEPOSIT**

The Company incurred a fire truck rental deposit fee of \$2,000 with the intent of being reimbursed by the City of Gretna. The Company has not been reimbursed for this expense as of December 31, 2017.

**NOTE 6 - PENSION PLAN**

The Company has a defined contribution plan covering substantially all of its employees. The name of the plan is David Crockett Fire Company Number One Profit Sharing Plan & Trust, which is administered by David Crockett Steam Volunteer Fire Company Number One. The plan was established under provisions of various sections of the Internal Revenue Code. The plan provides for discretionary contributions by the employer based on employees' salary and elective contributions by the employees. The plan was established effective October 1, 1999. The employer contributions for 2017 were \$38,261 and the employee contributions for 2017 were \$9,859.

**NOTE 7 – FIRE FIGHTING EQUIPMENT LEASE**

The David Crockett Steam Volunteer Fire Co. Number One is being provided with firefighting equipment by the City of Gretna under a lease for \$1 per year. The Company is responsible for maintenance and to maintain insurance on the equipment being leased. The equipment remains the property of the City of Gretna and therefore is not presented in Property, Plant and Equipment.

**NOTE 8 – CONCENTRATION OF SUPPORT**

Substantially all of the Organization's public support is derived from funds provided by the City of Gretna. The Organization has a contract with the City of Gretna under which the Organization revenues amounted to \$1,017,541. Management is not aware of any plans on the part of the City of Gretna to terminate this contract.

**NOTE 9 – DATE OF MANAGEMENT'S REVIEW**

The Organization has evaluated subsequent events through June 30, 2018, the date which the financial statements were available to be issued.

**NOTE 10 – CONTINGENCIES AND COMMITMENTS**

**Litigation:** The Organization is a defendant in a lawsuit. The lawsuit is regarding payment of rents alleged to be owed on fire stations used by the organization. This suit has had no activity and the plaintiffs have not pursued any additional action since filing the initial claim. The organization has designated \$79,272, of net assets should an unfavorable judgment be rendered against the organization.

**OTHER SUPPLEMENTARY INFORMATION**

**DAVID CROCKETT STEAM VOLUNTEER FIRE COMPANY NUMBER ONE**  
**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS**  
**TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**  
**Year Ended December 31, 2017**

Agency Head Name: Mark Cambre Jr.

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits- Insurance	-
Benefits- Retirement	-
Benefits- other (phone allowance)	-
Travel and dues	-
Registration fees	-
Conference Travel	-
	<u>\$ -</u>

**COMPLIANCE AND INTERNAL CONTROL SECTION**

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## 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  
David Crockett Steam Volunteer Fire Company Number One

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 operations fund financial statements of David Crockett Steam Volunteer Fire Company Number One (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements of the operations fund, and have issued our report thereon dated June 30, 2018.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the operational fund, we considered David Crockett Steam Volunteer Fire Company Number One's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the operations fund financial statements, but not for the purpose of expressing an opinion on the effectiveness of the David Crockett Steam Volunteer Fire Company Number One's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether David Crockett Steam Volunteer Fire Company Number One's operations fund 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*.

We noted certain matters that we reported to management in a separate letter dated June 30, 2018.

### **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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Camnetar & Co.*

*Camnetar & Co., CPAs*  
a professional accounting corporation

Gretna, Louisiana  
June 30, 2018

**DAVID CROCKETT STEAM VOLUNTEER FIRE COMPANY NUMBER ONE  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

We have audited the financial statements of the Operations Fund of the David Crockett Steam Volunteer Fire Company Number One as of and for the year ended 2017 and have issued our report thereon dated June 30, 2018. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2017 resulted in an unqualified opinion.

**Section I Summary of Auditor's Reports**

**Report on Internal Control and Compliance Material to the Financial Statements**

**Internal Control**

Material Weaknesses     Yes     No    Significant Deficiencies     Yes     No

**Compliance**

Compliance Material to Financial Statements                     Yes     No

Was a management letter issued?     Yes     No

**Section II Financial Statement Findings**

**A. Issues of Non Compliance**

NONE

**B. Significant Deficiencies**

NONE

**DAVID CROCKETT STEAM VOLUNTEER FIRE COMPANY NUMBER ONE  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Section I Internal Control and Compliance Material to the Financial Statements**

NONE

**Section II Management Letter**

2016-1 Unsecured cash –Recommendation that the company request pledged securities or transfer the unsecured amount to several banks to be FDIC insured. (Partially Resolved)

**DAVID CROCKETT STEAM VOLUNTEER FIRE COMPANY NUMBER ONE  
MANAGEMENT CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Section I Internal Control and Compliance Material to the Financial Statements**

NONE

**Section II Management Letter**

2017-1 Unsecured cash – At December 31, 2017, there was a substantial amount of cash which was uninsured and/or had no pledged securities. We recommend that the company request pledged securities or transfer the unsecured amount to several banks to be FDIC insured.

Management's Response:

Management agrees and will ask bank to provide pledged securities or request approval from the board to transfer the unsecured amount of cash to several bank accounts to be FDIC insured. We opened a new bank account in 2016 to remediate this issue but didn't transfer enough cash to be compliant. We didn't open any new bank accounts in 2017 since the City of Gretna reduced its funding and we believed we would be compliant.

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## **INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES**

David Crockett Steam Volunteer Fire Company Number One  
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the David Crockett Steam Volunteer Fire Company Number One (Fire Company) and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. The entity's management is responsible for those C/C areas identified in the SAUPs.

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*. 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 as follows:

### ***Written Policies and Procedures***

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1. 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.

*Inquired of management as to written policies; the Fire Company has no written policies for the financial/business functions above.*

**Management's Response**

*The Fire Company will work toward developing written policies and procedures where needed to ensure a more effective and efficient handling of transactions.*

***Board (or Finance Committee, if applicable)***

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- 2. 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.

*The managing board has met with a quorum at least monthly during the year ended December 31, 2017.*  
*No exceptions noted.*
  - 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.

*The treasurer provides the board with various financial information as well as compiled financial statements prepared by an external CPA at each meeting. However, review or discussion of the budget-to-actual are not referenced in the minutes.*

**Management's Response**

*The Fire Company is considered a quasi-public body which is not subject to the local government budget act. Therefore, budget-to-actual is not referenced in the minutes. The department will work towards developing write policies and procedures for budgeting for best practice policies.*

- 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.

*No exceptions noted.*

**Bank Reconciliations**

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

*Obtained a listing of client bank accounts from management and management's representation that the listing is complete.*

*No exceptions noted.*

- 4. 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;

*Obtained bank statements and reconciliations for all months in the fiscal period noting that reconciliations have been prepared for all months.*

*No exceptions noted.*

- 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

*No exceptions noted.*

- 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.

*No exceptions noted.*

### ***Collections***

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

*Obtained a listing of the cash collection locations and management's representation that the listing is complete.*

*No exceptions noted.*

6. 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:*

- 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.

*The secretary is responsible for collecting checks and completing the deposit slip. The treasurer makes the deposit. The transaction is recorded by the external CPA who also prepares the bank reconciliation.*

*No exceptions noted.*

- 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.

*The external CPA prepares the bank reconciliation and at that time, reconciles cash collections to the general ledger, on a monthly basis. The external CPA does not take part in the cash collections nor deposits.*

*No exceptions noted.*

- 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.

*For the highest dollar week of cash collections, there were 2 deposits. While the exact date of the receipt of the check is unknown since a receipt stamp was not used. The 1<sup>st</sup> deposit took 5 days from the date of check and the 2<sup>nd</sup> deposit took 7 days from the date of check.*

**Management's Response**

*The Fire Company will work toward developing written policies and procedures where needed to ensure a more effective and efficient handling of transactions.*

- 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.

*No exceptions noted.*

7. 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.

*Inquired of management as to a specific process to determine completeness. The treasurer reviews the monthly city funding.*

*No exceptions noted.*

***Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)***

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8. 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.

***Obtained a listing of disbursements and management’s representation that the listing is complete.***

***No exceptions noted.***

9. 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.

***No exceptions noted.***

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

***No exceptions noted.***

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

***No exceptions noted.***

10. 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.

***No exceptions noted.***

11. 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.

***No exceptions noted.***

12. 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.

*No exceptions noted.*

13. 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.

*No exceptions noted.*

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

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14. 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.

***Listing of credit cards and the name of the person who maintained possession of the card and management's representation that the listing was complete was obtained.***

*No exceptions noted.*

15. 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.

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:

- a) 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.]]

*No exceptions noted.*

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

***There were no finance charges and/or late fees assessed.  
No exceptions noted.***

16. 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)

***No exceptions noted.***

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

***No exceptions noted.***

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

***No exceptions noted.***

- 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.

***No exceptions noted.***

- 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.

***No exceptions noted.***

### ***Travel and Expense Reimbursement***

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17. 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.

***There were no travel and related expense reimbursements paid during the year.  
Not applicable.***

18. 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](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

*The Fire Company does not have written travel and expense reimbursement policies. We reviewed the travel and related general ledger expense accounts and no travel and related expense reimbursements were paid during the year. Therefore, testing this area is not necessary. Not applicable.*

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

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.
- b) Report whether each expense is supported by:
  - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
  - 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.

*Not applicable.*

***Contracts***

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20. 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.

***The Fire Company stated that there were no contract payments made during the year.***

***No exceptions noted.***

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
  - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited 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).

***Not applicable.***

***Payroll and Personnel***

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22. 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:

***Listing of employees with their related salaries and management's representation that the listing is complete was obtained.***

***No exceptions noted.***

- 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.

***No exceptions noted.***

- 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.

***No exceptions noted.***

23. 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.)

***All selected employees had daily attendance and leave documented.  
No exceptions noted.***

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

***No exceptions noted.***

- 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.

***No exceptions noted.***

24. 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.

***No exceptions noted.***

25. 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.

*No exceptions noted.*

***Ethics (excluding nonprofits)***

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26. Using the five randomly selected employees/officials from procedure #22 under “Payroll and Personnel” above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

*Not applicable.*

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management’s actions complied with the entity’s ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

*Not applicable.*

***Debt Service (excluding nonprofits)***

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28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

*Not applicable.*

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

*Not applicable.*

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

*Not applicable.*

***Other***

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31. 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.

***The Fire Company had no misappropriation of public funds or assets.  
No exceptions noted.***

32. 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.lla.la.gov/hotline](http://www.lla.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

***The Fire Company has posted on its premises the notice required by R.S. 24:523.1  
However, we did not see the notice posted on their website.***

**Management's Response**

***The Fire Company will have the notice required posted on the website.***

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

***No exceptions noted.***

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.

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.

***Camnetar & Co.***

Camnetar & Co., CPAs  
a professional accounting corporation

Gretna, Louisiana  
June 30, 2018