

ANNUAL FINANCIAL REPORT
LULING VOLUNTEER FIRE DEPARTMENT, INC.
FOR THE YEAR ENDED
DECEMBER 31, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/23/08

ERICKSEN KRENTEL & LAPORTE L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

4227 CANAL STREET
NEW ORLEANS, LOUISIANA 70119-5996
TELEPHONE (504) 486-7275 • FAX (504) 482-2516
WWW.ERICKSENKRENTEL.COM

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4227 CANAL STREET
NEW ORLEANS, LOUISIANA 70119-5996
TELEPHONE (504) 486-7275 • FAX (504) 482-2516
WWW.ERICKSENKRENTEL.COM

JAMES E. LA PORTE*
RICHARD G. MUELLER
RONALD H. DAWSON, JR.*
KEVIN M. NEYREY
CLAUDE M. SILVERMAN*
W. ERIC POWERS
DENNIS J. TIZZARD*
JAMES E. TONGLET*

*PROFESSIONAL CORPORATION
*LIMITED LIABILITY COMPANY
BENJAMIN J. ERICKSEN - RETIRED
J.V. LECLERE KRENTEL - RETIRED

INDEPENDENT AUDITORS' REPORT

Luling Volunteer Fire Department, Inc.
67 St. Anthony Street
Luling, Louisiana 70070

We have audited the accompanying financial statements of the governmental activities and each major fund of the Luling Volunteer Fire Department, Inc. (the Fire Department) as of and for the year ended December 31, 2007, which collectively comprise the Fire Department's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Fire Department's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Luling Volunteer Fire Department, Inc. as of December 31, 2007, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2008, on our consideration of the Luling Volunteer Fire Department, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

ERICKSEN KRENTEL & LAPORTE L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Luling Volunteer Fire Department, Inc.
June 10, 2008
Page 2

The management's discussion and analysis information on pages 3 through 5 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

June 10, 2008


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, 2007

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, 2007. This analysis should be read in conjunction with the audited financial statements which follow this section.

FINANCIAL HIGHLIGHTS

1. The Fire Department's net assets increased by \$84,437.
2. The general revenues of the Fire Department were \$736,043.
3. The total expenses of the Fire Department were \$651,606.

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 Assets presents the current and long-term portions of assets and liabilities separately.

The Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities presents information on how the Fire Department's net assets changed as a result of current period operations.

The following presents condensed financial information of the Fire Department.

SUMMARY OF NET ASSETS
AS OF DECEMBER 31, 2007 AND 2006

	<u>ASSETS</u>	
	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Current assets	\$ 1,042,608	\$ 852,308
Capital assets, net of accumulated depreciation	<u>1,792,252</u>	<u>1,936,524</u>
Total assets	<u>\$ 2,834,860</u>	<u>\$ 2,788,832</u>

LULING VOLUNTEER FIRE DEPARTMENT, INC.
LULING, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>LIABILITIES</u>	
	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Current liabilities	\$ 121,066	\$ 142,190
Long-term liabilities	<u>491,796</u>	<u>509,082</u>
Total liabilities	<u>\$ 612,863</u>	<u>\$ 651,272</u>
 <u>NET ASSETS</u> 		
Invested in capital assets, net of related debt	\$ 1,225,782	\$ 1,354,581
Unrestricted	917,215	782,979
Restricted for debt service	<u>79,000</u>	<u>-</u>
Total net assets	<u>\$ 2,221,997</u>	<u>\$ 2,137,560</u>

Total assets increased by \$46,028 (2%) primarily due to an increase in the purchase of fixed assets.

Total liabilities decreased by \$38,409 (6%) primarily because of the payments made on long-term debt.

Total net assets increased by \$84,437 (4%) as a result of operations.

**SUMMARY OF REVENUES, EXPENDITURES/EXPENSES
AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
General revenues	\$ 736,043	\$ 702,245
Expenditures/expenses	<u>(651,606)</u>	<u>(566,413)</u>
Change in net assets	<u>\$ 84,437</u>	<u>\$ 135,832</u>

The change in net assets decreased by \$51,395 (38%). This is a result of an increase in general revenue, primarily sales tax revenue, followed by an increase in operating expenses.

LULING VOLUNTEER FIRE DEPARTMENT, INC.
LULING, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2007

CAPITAL ASSETS

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

	<u>December 31,</u> <u>2007</u>	<u>December 31,</u> <u>2006</u>
Land	\$ 62,607	\$ 62,607
Buildings and improvements	871,935	895,103
Equipment	207,807	177,495
Vehicles	<u>649,903</u>	<u>801,319</u>
 Total capital assets, net of accumulated depreciation	 <u>\$ 1,792,252</u>	 <u>\$ 1,936,524</u>

The major additions to capital assets during 2007 consisted of building improvements and various fire equipment.

LONG-TERM DEBT

The Fire Department has an intergovernmental payable to St. Charles Parish in the amount of \$565,391. This is for the repayment of bonds issued by St. Charles Parish for fire protection.

The proceeds of this bond issue are being dispersed by St. Charles Parish on the Fire Department's behalf to cover expenditures dealing with the purchase of a new fire truck and the building of a new fire station. The amount included in the payable is the amount that has already been dispersed by St. Charles Parish. The entire bond issue was for \$790,000.

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 Mrs. Nancy Bourque, Luling Volunteer Fire Department, 67 St. Anthony Street, Luling, Louisiana 70070.

BASIC FINANCIAL STATEMENTS

LULING VOLUNTEER FIRE DEPARTMENT, INC.
STATEMENT OF NET ASSETS
DECEMBER 31, 2007

ASSETS:

Cash	\$ 853,812
Due from Parish	39,412
Prepaid expenses	56,384
Financing escrow, St. Charles Parish	79,000
Debt issuance cost, net of amortization	14,000
Capital assets, net of accumulated depreciation	<u>1,792,252</u>
 Total assets	 <u>2,834,860</u>

LIABILITIES:

Accounts payable	46,391
Accrued interest payable	1,080
Notes payable:	
Due within one year	73,596
Due after one year	<u>491,796</u>
 Total liabilities	 <u>612,863</u>

NET ASSETS:

Investment in capital assets, net of related debt	1,225,782
Unrestricted	917,215
Restricted for debt service	<u>79,000</u>
 Total net assets	 <u>\$ 2,221,997</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, 2007

FUNCTIONS/PROGRAMS**GOVERNMENTAL ACTIVITIES:**

Public safety - fire protection	\$ 651,606
Total expenses	<u>651,606</u>
Net (expense) from governmental activities	<u>(651,606)</u>

GENERAL REVENUES:

Sales tax - 1/8 cent	484,788
Ad valorem tax	140,825
Fire insurance rebate	49,659
Insurance proceeds	17,986
Other revenues	<u>42,785</u>
Total general revenues	<u>736,043</u>
Change in net assets	84,437
Net assets - beginning as restated	<u>2,137,560</u>
Net assets - ending	<u>\$ 2,221,997</u>

The accompanying notes are an integral part of this statement

LULING VOLUNTEER FIRE DEPARTMENT, INC.
BALANCE SHEET
DECEMBER 31, 2007

ASSETS

Cash	\$ 853,812
Due from Parish	39,412
Prepaid expenses	56,384
Financing escrow, St. Charles Parish	79,000
Debt issuance cost, net of amortization	<u>14,000</u>
 Total assets	 <u>\$ 1,042,608</u>

LIABILITIES AND FUND BALANCE

LIABILITIES:

Accounts payable	\$ <u>46,391</u>
 Total liabilities	 <u>46,391</u>

FUND BALANCE:

Reserved for prepaid expenses	56,384
Unreserved	860,833
Reserved for debt service	<u>79,000</u>
 Total fund balance	 <u>996,217</u>
 Total liabilities and fund balance	 <u>\$ 1,042,608</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 ASSETS
DECEMBER 31, 2007

Fund balance - total governmental fund	\$ 996,217
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	1,792,252
Long term liabilities are not due and payable in the current period and, therefore are not reported in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities (both current and long term) are reported in the Statement of Net Assets.	
Accrued interest payable	(1,080)
Due to St. Charles Parish	<u>(565,392)</u>
Net assets of governmental activities	<u>\$ 2,221,997</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, 2007

<u>REVENUES:</u>	
Sales tax - 1/8 cent	\$ 484,788
Ad valorem tax	140,825
Fire insurance rebate	49,659
Insurance proceeds	17,986
Other revenues	<u>42,785</u>
 Total revenues	 <u>736,043</u>
<u>EXPENDITURES:</u>	
Utilities:	
Electricity	27,785
Telephone	3,882
Equipment:	
Maintenance	73,423
Fuel	14,284
Insurance	23,296
Buildings:	
Insurance	29,317
Maintenance	30,863
Personnel:	
Training	5,656
Insurance	31,331
Firefighting expenditures:	
Fire fighting supplies	6,157
Miscellaneous:	
Accounting and auditing	4,000
Professional services	3,000
Office expenses	45,332
Meetings and other	9,193
Dues and subscriptions	1,082
Fire prevention	9,891
Capital outlay:	
Equipment purchases and building additions	158,046
Debt repayment:	
Debt retirement	61,275
Interest expense	28,925
Amortization of debt issue cost	<u>2,000</u>
 Total expenditures	 <u>568,738</u>
 Excess of revenues over expenditures	 <u>167,305</u>
 Net change in fund balance	 167,305
 FUND BALANCE, BEGINNING OF YEAR AS RESTATED	 <u>828,912</u>
 FUND BALANCE, END OF YEAR	 <u>\$ 996,217</u>

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, 2007

Net change in fund balance - governmental fund \$ 167,305

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 of \$302,318 exceeded capital outlays of \$158,046 in the current period. (144,272)

Repayments of note principal are reported as financing uses in governmental funds and thus contribute to the reduction in fund balance. In the statement of net assets, however, repayment of debt decreases the long-term liabilities and does not affect the statement of activities. 61,275

Under the modified accrual basis of accounting used in the governmental funds, interest on long-term debt is not recognized until due, rather as it accrues. 129

Change in net assets of governmental activities \$ 84,437

The accompanying notes are an integral part of this statement

LULING VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

(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.

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, 2007

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

In the government-wide Statement of Net Assets (Exhibit A), the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Fire Department's net assets are reported in two parts – invested capital assets and unrestricted net assets.

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 (1/8 cent 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 assets 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, liabilities, 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, 2007

(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. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Accrual

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

Modified Accrual

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

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

Revenues

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

An ad valorem issue is dedicated to the operations of the nine volunteer fire departments in St. Charles Parish. The tax millage expires in 2010. Each department is to receive one ninth of annual collections. Taxes levied in November each year are available for expenditures in the subsequent year.

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

LULING VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

(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.

Custodial credit risk is the risk that in the event of a bank failure, the Fire Department's deposits may not be returned to it. As of December 31, 2007, \$606,358 of the Fire Department's bank balance of \$855,462 was exposed to custodial credit risk as follows:

Uninsured and collateral held by pledging bank's trust department not in the Fire Department's name	<u>\$ 606,358</u>
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Budgets and Budgetary Accounting

The Fire Department was not required to prepare a budget for the year ended December 31, 2007.

LULING VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$300 or more for capitalizing capital assets. Additions, improvement 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 Assets and depreciation is recorded in the Statement of Activities. Since surplus assets are sold for an immaterial amount or scrapped when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Computer and communications equipment	5 years
Equipment	5 years
Other vehicles	5 years
Fire trucks	10 years
Fire stations and other buildings	20 years

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

Debt Issue Costs

Debt issue costs are being amortized using the straight-line method over the life of the bond. Amortization expense was \$2,000 for the year ended December 31, 2007.

(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.

LULING VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

(2) SALES TAX REVENUE (CONTINUED)

For December 31, 2007, the sales tax is distributed on the following basis:

	<u>Monthly Basis</u>	<u>Percent of Remaining Funds 1/1/07-12/31/07</u>
Bayou Gauche Volunteer Fire Dept., Inc.	\$ 2,500	3.86%
Des Allemands Volunteer Fire Dept., Inc.	\$ 2,500	4.43%
East Side St. Charles Volunteer Fire Dept., Inc.	\$ 2,500	23.47%
Hahnville Volunteer Fire Dept., Inc.	\$ 2,500	6.82%
Killona Volunteer Fire Dept., Inc.	\$ 2,500	1.52%
Luling Volunteer Fire Dept., Inc.	\$ 2,500	29.43%
Norco Area Volunteer Fire Dept., Inc.	\$ 2,500	9.75%
Paradis Volunteer Fire Dept., Inc.	\$ 2,500	4.64%
St. Rose Volunteer Fire Dept., Inc.	\$ 2,500	16.08%

(3) DUE FROM PARISH

Revenue receivable at December 31, 2007 consists of the Fire Department's share of the 1/8th cent sales tax for the month of November 2007, collected on or before December 20, 2007 by the St. Charles Parish School Board and remitted by St. Charles Parish in January 2008.

An allowance for uncollectible receivables is not recorded by the Fire Department because it considers all receivables collectible at December 31, 2007.

(4) CAPITAL ASSETS

	<u>Balance 1/1/07</u>	<u>Additions 2007</u>	<u>Retirements 2007</u>	<u>Balance 12/31/07</u>
Fire protection vehicles	\$ 2,138,641	\$ -	\$ -	\$ 2,138,641
Equipment	1,083,768	113,440	-	1,197,208
Buildings	1,737,324	44,606	-	1,781,930
Land	<u>62,607</u>	<u>-</u>	<u>-</u>	<u>62,607</u>
	<u>5,022,340</u>	<u>158,046</u>	<u>-</u>	<u>5,180,386</u>
Less: accumulated depreciation	<u>(3,085,816)</u>	<u>(302,318)</u>	<u>-</u>	<u>(3,388,134)</u>
Total capital assets, net	<u>\$ 1,936,524</u>	<u>\$ (144,272)</u>	<u>\$ -</u>	<u>\$ 1,792,252</u>

Depreciation expense for the year ended December 31, 2007 was \$302,318.

LULING VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

(5) LONG-TERM DEBT

	Balance 1/1/07	Additions	Reductions	Balance at 12/31/07	Due Within One Year
Intergovernmental payable to St. Charles Parish, interest rates ranging from 3.85% to 5.0%, maturing on August 1, 2014, secured by a pledge of future sales tax.	\$ <u>626,667</u>	\$ <u> -</u>	\$ <u>61,275</u>	\$ <u>565,392</u>	\$ <u>73,596</u>

Following is a summary of future principal and interest requirements for the next five years:

Year Ending	Principal	Interest	Total
2008	\$ 73,596	\$ 26,604	\$ 100,200
2009	77,361	22,839	100,200
2010	81,319	18,881	100,200
2011	85,479	14,721	100,200
2012	89,853	10,347	100,200
2013-2014	<u>157,784</u>	<u>6,815</u>	<u>164,599</u>
	<u>\$ 565,932</u>	<u>\$ 100,207</u>	<u>\$ 665,599</u>

Interest costs incurred charged to expense for the year ended December 31, 2007 was \$28,795.

(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) PRIOR PERIOD ADJUSTMENT

During 2007 the Fire Department discovered that the capital project fund was understated in the prior year by \$45,933, and debt issuance cost was overstated resulting in an overstatement of amortization expense by \$14,000 in the prior year. As a result prior year fund balance was understated a total of \$59,933.

ERICKSEN KRENTEL & LA PORTE L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

4227 CANAL STREET
NEW ORLEANS, LOUISIANA 70119-5996
TELEPHONE (504) 486-7275 • FAX (504) 482-2516
WWW.ERICKSENKRENTEL.COM

JAMES E. LA PORTE*
RICHARD G. MUELLER
RONALD H. DAWSON, JR.*
KEVIN M. NEYREY
CLAUDE M. SILVERMAN*
W. ERIC POWERS
DENNIS J. TIZZARD†
JAMES E. TONGLET*

*PROFESSIONAL CORPORATION
†LIMITED LIABILITY COMPANY
BENJAMIN J. ERICKSEN - RETIRED
J.V. LECLERE KRENTEL - RETIRED

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

Luling Volunteer Fire Department, Inc.
67 St. Anthony Street
Luling, Louisiana 70070

We have audited the financial statements of the governmental activities and each major fund of Luling Volunteer Fire Department, Inc. (the Fire Department) as of and for the year ended December 31, 2007, which collectively comprise the Fire Department's basic financial statements and have issued our report thereon dated June 10, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Luling Volunteer Fire Department, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Luling Volunteer Fire Department, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Fire Department's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Fire Department's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Fire Department's financial statements that is more than inconsequential will not be prevented or detected by the Fire Department's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Fire Department's internal control.

Luling Volunteer Fire Department, Inc.
June 10, 2008
Page 20

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance

As part of obtaining reasonable assurance about whether the Luling Volunteer Fire Department, Inc.'s financial statements are free of 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*.

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

June 10, 2008


Certified Public Accountants

LULING VOLUNTEER FIRE DEPARTMENT, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2007

We have audited the financial statements of Luling Volunteer Fire Department, Inc. as of and for the year ended December 31, 2007, and have issued our report thereon dated June 10, 2008. 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. Our audit of the financial statements as of December 31, 2007 resulted in an unqualified opinion.

SECTION I SUMMARY OF AUDITORS' REPORTS

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ___ Yes X No

Significant Deficiencies ___ Yes X No

Compliance

Non-Compliance Material to Financial Statements ___ Yes X No

b. Federal Awards **Not Applicable**

Internal Control

Material Weaknesses ___ Yes ___ No

Significant Deficiencies ___ Yes ___ No

Type of Opinion on Compliance Unqualified ___ Qualified ___
for Major Programs Disclaimer ___ Adverse ___

Are their findings required to be reported in accordance with Circular A-133, Section .510(a)? ___ Yes ___ No

c. Identification of Major Programs: **Not Applicable**

CFDA Number(s)	Name of Federal Program (or Cluster)

LULING VOLUNTEER FIRE DEPARTMENT, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2007

Dollar threshold used to distinguish Type A and Type B Programs \$ _____

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133?

Yes No Not Applicable

SECTION II FINANCIAL STATEMENT FINDINGS

NONE

LULING VOLUNTEER FIRE DEPARTMENT, INC.
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2007

**SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE
FINANCIAL STATEMENTS**

Not applicable

**SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO
FEDERAL AWARDS**

Not Applicable

SECTION III MANAGEMENT LETTER

Not Applicable