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**PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT, INC.**  
**(A NOT FOR PROFIT ORGANIZATION)**

**FINANCIAL REPORT**

**DECEMBER 31, 2018**

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**(A NOT FOR PROFIT ORGANIZATION)**  
**FINANCIAL REPORT**  
**DECEMBER 31, 2018**

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**INDEPENDENT ACCOUNTANTS' COMPILATION REPORT**

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

Management is responsible for the accompanying financial statements of Paincourtville Volunteer Fire Department, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Supplementary Information

The accompanying schedule of compensation, benefits, and other payments to the chief executive officer is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the responsibility of management. The information was subject to our compilation engagement, but we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any assurance on such information.

A handwritten signature in black ink that reads 'Postlethwaite &amp; Netterville' in a cursive script.

Donaldsonville, Louisiana  
June 24, 2019

**PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT, INC.**  
**(A NOT FOR PROFIT ORGANIZATION)**

**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2018**

**ASSETS**

Cash and cash equivalents	\$ 87,333
Certificates of deposit	200,961
Due from government agency	52,347
Property and equipment, net	984,387
Land	88,899
<b>TOTAL ASSETS</b>	<b><u><u>\$ 1,413,927</u></u></b>

**LIABILITIES**

\$ -

**NET ASSETS**

Without donor restrictions	<u>1,413,927</u>
<b>TOTAL NET ASSETS</b>	<b><u><u>1,413,927</u></u></b>

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u><u>\$ 1,413,927</u></u></b>
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See accompanying notes and independent accountants' compilation report.

**PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT, INC.**

**(A NOT FOR PROFIT ORGANIZATION)**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

**YEAR ENDED DECEMBER 31, 2018**

	<b><u>Without Donor Restrictions</u></b>
<b><u>REVENUES AND OTHER SUPPORT</u></b>	
Contracts with government agencies	\$ 171,903
In-kind services	20,970
Contributions	20,934
Interest revenue	733
2% fire rebate	17,741
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Total revenues and other support	232,281
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<b><u>EXPENSES AND LOSSES</u></b>	
Program services	
Public safety	158,858
Support services	
General and administrative	54,065
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Total expenses	212,923
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Loss on disposal of assets	620
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Total expenses and losses	213,543
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Change in net assets	18,738
Net assets at beginning of year	1,395,189
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Net assets at end of year	\$ 1,413,927
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See accompanying notes and independent accountants' compilation report.

**PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT, INC.**

**(A NOT FOR PROFIT ORGANIZATION)**

**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED DECEMBER 31, 2018**

	<u>Program Services</u>	<u>Support Services</u>	
	<u>Public Safety</u>	<u>General and Administrative</u>	<u>Total Expenses</u>
Depreciation	\$ 56,254	\$ 27,549	\$ 83,803
Dues and subscriptions	-	206	206
Education and training	3,443	-	3,443
Fuel	2,142	-	2,142
In-kind expenses	20,970	-	20,970
Miscellaneous	4,044	-	4,044
Office supplies	-	3,106	3,106
Professional fees	-	9,780	9,780
Repairs and maintenance	60,392	-	60,392
Supplies	11,613	-	11,613
Utilities and telephone	-	13,424	13,424
Total expenses	<u>\$ 158,858</u>	<u>\$ 54,065</u>	<u>\$ 212,923</u>

See accompanying notes and independent accountants' compilation report.

**PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT, INC.**

**(A NOT FOR PROFIT ORGANIZATION)**

**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2018**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$	18,738
Adjustments to reconcile change in net assets provided by operating activities:		
Depreciation		83,803
Loss on fixed asset disposals		620
Decrease in accounts receivable		8,601
Net cash provided by operating activities		<u>111,762</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of property and equipment		(30,474)
Purchases of certificates of deposit		(50,732)
Net cash used in investing activities		<u>(81,206)</u>
Net increase in cash and cash equivalents		30,556
Cash and cash equivalents at January 1		<u>56,777</u>
Cash and cash equivalents at December 31	\$	<u>87,333</u>

See accompanying notes and independent accountants' compilation report.

**PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT, INC.**  
**(A NOT FOR PROFIT ORGANIZATION)**

**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies**

***Organization and Nature of Business***

The Paincourtville Volunteer Fire Department, Inc. (the Fire Department) is a non-profit organization formed on August 10, 1978 to provide fire protection to the citizens of the Paincourtville, Louisiana and its surrounding areas. The Fire Department is solely dependent upon the ad valorem tax revenue received from the contract with the Consolidated Fire Protection District of the Assumption Parish Police Jury, donations from the public, and investment income.

**Program Services**

*Public Safety*

The Fire Department engages in the voluntary fighting and prevention of fires in and around Paincourtville, Louisiana. Additionally, the Fire Department aids in rescue work and assistance during fires, floods, and all other disasters.

**Support Services**

*General and Administration*

The supporting service category includes the functions necessary to provide administrative performance of the financial responsibilities of the Fire Department.

***Basis of Accounting***

The Fire Department prepares its financial statements on the accrual basis of accounting. Accordingly, revenues from contracts with government agencies, donations, and investments are recognized when earned and expenses are recognized when incurred.

To ensure proper usage of restricted and unrestricted assets, the Fire Department maintains its accounts according to accounting principles generally accepted in the United States of America, whereby funds are classified in accordance with specified restrictions or objectives.

**PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT, INC.**  
**(A NOT FOR PROFIT ORGANIZATION)**

**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies** (continued)

**Current Accounting Standard Adopted**

On August 18, 2016, FASB issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*. Under the ASU, the number of net asset classes is decreased from three to two; reporting of expenses by function and nature, as well as an analysis of expenses by both function and nature is required; and qualitative information in the notes to the financial statements on liquidity risk is required. This ASU is effective for fiscal years beginning after December 15, 2017 and has been adopted for the year ended December 31, 2018.

**Cash and Certificates of Deposit**

The Fire Department considers all cash accounts, money market funds and all highly liquid deposits with a maturity of three months or less when purchased to be cash and cash equivalents.

Cash and cash equivalents include demand deposit accounts and interest-bearing demand accounts. Under Louisiana Revised Statutes 39:1271 and 33:2955, the Fire Department may deposit funds in demand deposit accounts, interest-bearing demand deposit accounts, and time certificates of deposit with state banks organized under Louisiana law and national banks having principal offices in Louisiana.

The Fire Department invests in certificates of deposit. These certificates of deposit have original maturities between 6 and 13 months and are classified as investments. These investments are stated at cost which approximate fair value.

**Due from Government Agency**

Due from government agency consists of the unremitted ad valorem taxes due from the Assumption Parish Police Jury based upon a predetermined formula as set forth in the contract between the Fire Department and the Consolidated Fire Protection District of the Assumption Parish Police Jury.

**Property and Equipment**

Buildings, vehicles, and equipment are recorded at cost and are being depreciated using the straight-line methods over their estimated useful lives as follows:

Buildings	30 - 40 years
Vehicles & Equipment	5- 10 years

**PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT, INC.**  
**(A NOT FOR PROFIT ORGANIZATION)**

**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies (continued)**

**Net Assets**

*Net Assets Without Donor Restrictions*

Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board).

*Net Assets With Donor Restrictions*

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions.

The Fire Department reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

The Fire Department has no net assets with donor restrictions as of December 31, 2018.

**Revenue Recognition**

The majority of the Fire Department's revenue is derived from a proportionate share of the ad valorem taxes received by the Assumption Parish Police Jury. This revenue is recognized when the taxes are levied and the fire protection services are provided.

The Fire Department recognizes contributions received and made, including unconditional promises to give, as revenue in the period received or made. Contributions received are reported as either revenues without donor restrictions or revenues with donor restrictions. Contributions with donor restrictions that are used for the purpose specified by the donor in the same year as the contribution is received are recognized as revenues with donor restrictions and are reclassified as net assets released from restrictions in the same year.

Promises to contribute that stipulate conditions to be met before the contribution is made are not recorded until the conditions are met. There were no conditional promises to give for the year ended December 31, 2018.

**PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT, INC.**  
**(A NOT FOR PROFIT ORGANIZATION)**

**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies** (continued)

**Revenue Recognition** (continued)

The Fire Department reports gifts of land, buildings, and equipment as revenue without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and the gifts of cash or other assets that must be used to acquire long-lived assets are reported as revenue with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Fire Department reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributions of noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. In-kind contributions of \$20,970 include 1,398 hours for training and fire and medical response donated by volunteer fire fighters.

**Expenses**

Expenses are recognized by the Fire Department on an accrual basis. Expenses paid in advance and not yet incurred are recorded as prepaid until the applicable period.

**Functional Allocation of Expenses**

The statement of functional expenses presents expenses by function and natural classification. Expenses directly attributable to public safety are reported as expenses of those functional areas. Depreciation expense for the equipment, trucks, and other vehicles has been allocated to public safety. No additional allocation of general and administrative costs has been made to public safety.

**Use of Estimates**

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

**PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT, INC.**  
**(A NOT FOR PROFIT ORGANIZATION)**

**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies** (continued)

**Income Taxes**

The Fire Department accounts for income taxes in accordance with income tax accounting guidance included in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

The Fire Department is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Therefore, the Fire Department has not recorded a provision for income taxes in the accompanying financial statements and the Fire Department does not have any uncertain tax positions.

**Current Accounting Standards Scheduled to be Implemented**

FASB has issued ASU No. 2014-09, *Revenue from Contracts with Customers*, to update revenue recognition standard to clarify the principles or recognizing revenue and eliminate industry-specific guidance as well as help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. This standard will be effective for periods beginning after December 15, 2018.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (non-reciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This ASU is effective for the Foundation for the annual period beginning after December 15, 2018.

In February 2016, the FASB issued ASU 2016-02, *Leases*. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the consolidated statement of financial position as well as additional disclosures. The updated guidance is effective for annual periods beginning after December 15, 2019.

The Fire Department is currently assessing the impact of these pronouncements on its financial statements.

**PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**

**2. Cash and Certificates of Deposit**

At December 31, 2018, the carrying amounts of the Fire Department's deposits were as follows:

Demand deposit accounts	\$ 87,333
Certificates of deposit	<u>200,961</u>
	<u>\$ 288,294</u>

Under state law, these deposits must be secured by either federal deposit insurance or by the pledge of securities owned by a fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank.

Custodial credit risk is the risk that in the event of a financial institution failure, the Fire Department's deposits may not be returned to them. To mitigate this risk, these deposits are secured by federal deposit insurance. As of December 31, 2018, the Fire Department's bank balance was \$288,294. Of this balance, \$250,000 was secured by federal deposit insurance and \$38,294 was uninsured.

**3. Property and Equipment**

Property and equipment at December 31, 2018 consist of the following:

Buildings and Improvements	\$ 1,101,978
Furniture and Equipment	138,284
Trucks and Other Vehicles	<u>592,583</u>
	1,832,845
Less: Accumulated Depreciation	<u>(848,458)</u>
	<u>\$ 984,387</u>

Depreciation expense was \$83,803 for the year ended December 31, 2018.

**4. Contracts with Government Agencies**

The Fire Department has a contract with the Consolidated Fire Protection District of the Assumption Parish Police Jury to provide fire protection for a specific district of the parish in exchange for the receipt of the ad valorem taxes that have been levied for the respective district.

Contracts with government agencies for the year ended December 31, 2018 consist of the following:

Assumption Parish Police Jury	<u>\$ 171,903</u>
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**PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**

**5. Availability and Liquidity Management**

The Fire Department maintains a policy of structuring its financial assets to be available as its general expenses, liabilities, and other obligations come due. In addition, the Fire Department invests its cash in excess of 90-day requirements in short-term certificates of deposit.

To help manage unanticipated liquidity needs, the Fire Department purchases certificates of deposit with varying maturity dates.

The following table reflects the Fire Department's financial assets as of December 31, 2018. There were no net assets with donor restrictions as of December 31, 2018.

Cash and cash equivalents	\$ 87,333
Certificates of deposit	200,961
Due from government agency	<u>52,347</u>
Financial assets available to meet cash needs for general expenses within one year	<u>\$ 340,641</u>

**6. Subsequent Events**

In preparing the financial statements, the Fire Department has evaluated events and transactions for potential recognition or disclosure through June 24, 2019, and has determined that no events occurred that require disclosure.

**PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT, INC.**

**(A NOT FOR PROFIT ORGANIZATION)**

**SCHEDULE OF COMPENSATION, BENEFITS**  
**AND OTHER PAYMENTS TO CHIEF EXECUTIVE OFFICER**  
**YEAR ENDED DECEMBER 31, 2018**

**Fire Chief : Rudy Prejean**

<b><u>Purpose</u></b>	<b><u>2018</u></b>
	<b><u>Amount</u></b>
<b>Amounts paid directly to the Fire Chief</b>	
Salary	\$ -
Benefits	-
Travel	-
Reimbursements	-

**PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT, INC.**  
**(A NOT FOR PROFIT ORGANIZATION)**

**SCHEDULE OF FINDINGS AND RESPONSES**

**COMPLIANCE FINDING**

**2018-001 Deposit Security**

*Criteria:* Under the terms of the fire protection contract with the Consolidated Fire Protection District of the Assumption Parish Police Jury, the Fire Department must comply with all state and local laws with respect to its public funds. As such, Louisiana Revised Statute 39:1225 requires the amount of the security to, at all times, be equal to one-hundred percent of the amount of collected funds on deposit to the credit of each depositing authority except that portion of the deposits insured by any government agency insuring bank deposits.

*Condition:* The Fire Department's bank deposits are in excess of the amounts securing those deposits.

*Cause:* The Fire Department failed to secure sufficient collateral against its deposits.

*Effect:* The Fire Department is in violation of Louisiana Revised Statute 39:1225. Additionally, a portion of the Fire Department's deposit balance is at risk of loss.

*Recommendation:* The Fire Department should comply with the requirements set forth in Louisiana Revised Statute 39:1225.

*View of Responsible Official:* Management will ensure that collected funds on deposit will be properly secured.

**PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT, INC.**  
**(A NOT FOR PROFIT ORGANIZATION)**

**SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES**

**COMPLIANCE FINDING**

*None.*



**Paincourtville Volunteer Fire Department  
P.O. Box 308  
Paincourtville, LA 70391  
(985) 369-7134**

## **CORRECTIVE ACTION PLAN**

June 24, 2019

Louisiana Legislative Auditor

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

Name and address of independent public accounting firm:  
Postlethwaite & Netterville, APAC  
P. O. Box 1190  
Donaldsonville, LA 70346

Audit Period: January 1, 2018- December 31, 2018

The finding from the schedule of findings is discussed below. The finding is numbered consistently with the number assigned in the schedule of findings.

### **FINDINGS – SCHEDULE OF FINDINGS**

2018-001      Deposit Security

*Recommendation:* The Fire Department should comply with the requirements set forth in Louisiana revised Statute 39:1225.

*Management's Response:* The Fire Department transferred funds into a certificate of deposit account at another financial institution on April 22, 2019.

If the Louisiana Legislative Auditor has questions regarding this plan, please call Gregory Barbier at (985) 513-4091.

Sincerely,

Gregory Barbier  
President