

PRAIRIEVILLE VOLUNTEER FIRE DEPARTMENT, INC.
Prairieville, Louisiana

FINANCIAL REPORT

December 31, 2020 and 2019

PRAIRIEVILLE VOLUNTEER FIRE DEPARTMENT, INC.
Prairieville, Louisiana

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December 31, 2020 and 2019

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Prairieville Volunteer Fire Department, Inc.
Prairieville, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of **PRAIRIEVILLE VOLUNTEER FIRE DEPARTMENT, INC.** (a non-profit organization) (Department), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and functional expenses and cash flows for the years 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 the financial statements in accordance with accounting principles generally accepted in the United States of America; this responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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 are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Department as of December 31, 2020 and 2019, respectively, and the changes in financial position and cash flows thereof for the years 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 accompanying Schedule of Compensation, Benefits and Other Payments to Agency Head on page 11 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 August 17, 2021 on our consideration of the Department'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 the Department's internal control over financial reporting and compliance.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
August 17, 2021

PRAIRIEVILLE VOLUNTEER FIRE DEPARTMENT, INC.
Prairieville, Louisiana

STATEMENTS OF FINANCIAL POSITION

December 31, 2020 and 2019

	2020	2019
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 318,526	\$ 368,655
Investments - certificates of deposit	70,438	70,438
Due from Ascension Parish Government	52,607	20,607
Total current assets	441,571	459,700
PROPERTY AND EQUIPMENT, net	366,675	361,578
Total assets	\$ 808,246	\$ 821,278
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 19,013	\$ 20,607
NET ASSETS		
Without donor restrictions	789,233	800,671
Total liabilities and net assets	\$ 808,246	\$ 821,278

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

PRAIRIEVILLE VOLUNTEER FIRE DEPARTMENT, INC.
Prairieville, Louisiana

STATEMENTS OF ACTIVITIES AND FUNCTIONAL EXPENSES

For the years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
REVENUES AND SUPPORT		
Support from Ascension Parish Government	\$ 437,525	\$ 447,910
State fire insurance rebate	141,151	138,821
Donations and other	1,516	268
Interest income	<u>347</u>	<u>213</u>
Total revenues and support	<u>580,539</u>	<u>587,212</u>
EXPENSES		
Program services:		
Personnel costs	438,089	447,662
Depreciation	67,949	43,458
Training	16,713	6,660
Firemen supplies	16,631	33,271
General and administration:		
Professional	16,566	20,968
Depreciation	11,991	10,085
Maintenance	10,788	3,599
Office supplies and subscriptions	7,723	6,041
Other	<u>5,527</u>	<u>2,033</u>
Total expenses	<u>591,977</u>	<u>573,777</u>
Change in net assets	(11,438)	13,435
NET ASSETS		
Beginning of year	<u>800,671</u>	<u>787,236</u>
End of year	<u>\$ 789,233</u>	<u>\$ 800,671</u>

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

PRAIRIEVILLE VOLUNTEER FIRE DEPARTMENT, INC.

Prairieville, Louisiana

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (11,438)	\$ 13,435
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	79,940	53,543
Changes in operating assets and liabilities:		
(Increase) decrease in receivables	(32,000)	19,989
Decrease in prepaid expenses	-	5,280
(Decrease) increase in accounts payable and payroll liabilities	<u>(1,594)</u>	<u>10,896</u>
Net cash provided by operating activities	34,908	103,143
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(85,037)</u>	<u>(254,835)</u>
Net decrease in cash	(50,129)	(151,692)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>368,655</u>	<u>520,347</u>
End of year	<u>\$ 318,526</u>	<u>\$ 368,655</u>

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

PRAIRIEVILLE VOLUNTEER FIRE DEPARTMENT, INC.

Prairieville, Louisiana

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operations

Prairieville Volunteer Fire Department, Inc. (Department) is a non-profit corporation providing fire protection, emergency medical service, and hazardous materials handling to the citizens of Fire Protection District No. 3 in Ascension Parish.

Financial statement presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

New accounting pronouncement

During the year ended December 31, 2020, the Department adopted the requirements of the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) No. 2018-08 Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The FASB issued this ASU to assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance and determining whether a contribution is conditional. The adoption of ASU 2018-08 does not materially change the way the Department recognizes revenue, therefore, there was no restatement required to net assets as of January 1, 2020.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts and related disclosures of the financial statements. Actual results could differ from those estimates. Estimates are used primarily when accounting for depreciation.

Income taxes

The Department is a not-for-profit organization that is exempt from income taxes under Section 501(c)(4) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes (continued)

The Department follows the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740-10, *Accounting for Uncertainty in Income Taxes*. The Department's open audit periods are 2017 through 2020.

Revenue recognition

The Department is primarily funded by support from Ascension Parish Government, through a cooperative endeavor agreement. Supplementary funding is provided by state fire insurance rebates, grants, and donations solicited from the general public, local businesses, and civic organizations, which are recognized as received.

Cash and cash equivalents

For purposes of the statement of cash flows, the Department considers cash in bank accounts as cash. Cash equivalents include investments with original maturities of three months or less. The Department has no cash equivalents at December 31, 2020 and 2019.

Investments, investment valuation and income recognition

FASB ASC 820, *Fair Value Measurements*, establishes a framework for measuring fair value which provides a fair value hierarchy that prioritizes the sources of pricing information (inputs) to valuation techniques used to measure fair value. The highest priority is given to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets that the Department has the ability to access. The Department does not have any level 1 inputs at December 31, 2020 and 2019.

Level 2 – Inputs including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments, investment valuation and income recognition (continued)

Level 3 – Inputs that are unobservable and significant to the fair value measurement. The Department does not have any Level 3 inputs at December 31, 2020 and 2019.

Certificates of deposit are recorded at cost, which approximates fair market value using level 2 inputs.

Due from Ascension Parish Government (APG)

Amounts due from APG are stated at the amount management expects to collect and consists of amounts for reimbursement of payroll and related benefit expenses through a cooperative endeavor agreement.

Fair value of financial instruments

The carrying value of cash, due from APG and liabilities approximates fair value due to the short-term maturity of these instruments. Financial instruments are not held for trading purposes.

Property, equipment and depreciation

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated service lives of the assets.

Cost allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program services and general and administrative expenses based on time allocation.

Subsequent events

In preparing the financial statements, the Department has evaluated events and transactions for potential recognition or disclosure through August 17, 2021, which is the date the financial statements were available to be issued.

NOTE 2 - PROPERTY AND EQUIPMENT

A summary of property and equipment, related service lives, and accumulated depreciation at December 31, 2020 and 2019, is as follows:

<u>Description</u>	<u>2020</u>	<u>2019</u>
Fire equipment	\$ 442,244	\$ 378,092
Furniture and fixtures	48,048	48,048
Leasehold improvements	210,282	210,282
Other equipment	<u>43,834</u>	<u>22,949</u>
Total	744,408	659,371
Less accumulated depreciation	<u>(377,733)</u>	<u>(297,793)</u>
Property and equipment, net	<u>\$ 366,675</u>	<u>\$ 361,578</u>

Depreciation expense was \$79,940 and \$53,543 for 2020 and 2019, respectively.

NOTE 3 - CONCENTRATION OF CREDIT RISK

The Department typically maintains cash and cash equivalents in local banks that may, at times, exceed the FDIC limits. Management believes that this risk is limited. The excess of cash over the FDIC limit of \$250,000 for the Department is \$68,526 and \$119,088 for 2020 and 2019, respectively.

NOTE 4 - RELATED PARTY TRANSACTIONS/ ECONOMIC DEPENDENCY

Since the Department provides a service that would otherwise be provided by APG, APG provided financial support for payroll and related benefit expenses to the Department of \$437,525 and \$447,920 for 2020 and 2019, respectively.

Revenue derived from APG accounted for approximately 76% of total revenue in years 2020 and 2019; the loss of this significant support would have a material adverse effect on the Department.

The Department utilizes five firehouse facilities and fire apparatuses provided by APG. Governmental Accounting Standards Board (GASB) No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, requires only payments for payroll and related benefit expenses to be recorded when one entity provides non-cash support to another entity. The valuation relating to the utilization of these facilities are not reflected in the Statement of Activities as in-kind revenue and expenses.

NOTE 5 - DEFERRED COMPENSATION PLAN

The Department offers its employees a defined contribution plan (the Plan) created in accordance with Internal Revenue Code Section 457. The plan is administered by Nationwide Retirement Solutions, Inc. (Nationwide), who is the trustee of the Plan. The Plan, mandates participation for all employees, requires them to defer a portion of their salary to future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. In accordance with the amended provisions of the Internal Revenue Code, all amounts deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, are solely the property and rights of the participants and their beneficiaries.

Under this program, employees must defer 4% of their wages and the Department contributes a matching contribution of 4%. For the years ended December 31, 2020 and 2019, employer contributions totaled \$16,510 and \$17,001, respectively.

NOTE 6 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Department's financial assets available within one year of the balance sheet date for general expenditure are as follows.

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 318,526	\$ 368,655
Investments - certificates of deposit	70,438	70,438
Due from Ascension Parish Government	<u>52,607</u>	<u>20,607</u>
Total	<u>\$ 441,571</u>	<u>\$ 459,700</u>

The Department does not have any amount with contractual or donor-imposed restrictions within one year of the balance sheet date at December 31, 2020 and 2019.

As part of the Department's liquidity management, the Department maintains sufficient cash funds throughout the year by the Ascension Parish Government providing financial support for payroll and related benefit expenses. In addition, the Department receives an annual 2% fire insurance rebate from APG that the Department uses to fund operations.

SUPPLEMENTARY INFORMATION

PRAIRIEVILLE VOLUNTEER FIRE DEPARTMENT, INC.
Prairieville, Louisiana

**SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO AGENCY HEAD**

For the year ended December 31, 2020

Agency Head: Mark Stewart, Executive Director

<u>Purpose</u>	<u>Amount</u>
Training	\$ 435
Reimbursements	77
	<u>\$ 512</u>

**INDEPENDENT AUDITORS' REPORT REQUIRED BY
*GOVERNMENTAL AUDITING STADARDS***

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

Board of Directors
Prairieville Volunteer Fire Department, Inc.
Prairieville, Louisiana

We have audited, 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, the financial statements of **PRAIRIEVILLE VOLUNTEER FIRE DEPARTMENT, INC. (DEPARTMENT)**, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 17, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Department's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal controls 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 the Department'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 and other matters that are required to be reported under *Governmental Auditing Standards*.

The Department's Response to Findings

The Department's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Department's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 Department's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the Board of Directors and management, the Louisiana Legislative Auditor, and federal and state agencies, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
August 17, 2021

PRAIRIEVILLE VOLUNTEER FIRE DEPARTMENT, INC.

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

For the year ended December 31, 2020

1) SUMMARY OF AUDITORS' RESULTS:

- A) The type of report issued on the financial statements: **Unmodified opinion.**
- B) A significant deficiency in internal controls was disclosed by the audit of financial statements: **None.**

Material weakness: **None.**
- C) Noncompliance which is material to the financial statements: **None.**
- D) Findings relating to the financial statements reported in accordance with *Government Auditing Standards*: **None.**

2) FINDINGS – FINANCIAL STATEMENT AUDIT:

- A) No reportable items.

PRAIRIEVILLE VOLUNTEER FIRE DEPARTMENT, INC.
SUMMARY OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

For the year ended December 31, 2020

2019-001 Preparation of Financial Statements and Financial Oversight

This matter is considered resolved.

2019-002 Lack of Segregation of Duties

This matter is considered resolved.