



**PARADIS VOLUNTEER FIRE DEPARTMENT, INC.**  
**ST. CHARLES PARISH, LOUISIANA**

**FINANCIAL REPORT**

**For the Year Ended December 31, 2018**

**T.S. KEARNS & CO.**  


(A Professional Corporation)  
164 West Main Street, Thibodaux, LA 70301  
South end of Canal Boulevard  
(985) 447-8507 Fax (985) 447-4833  
[www.kearnscpa.com](http://www.kearnscpa.com)

# PARADIS VOLUNTEER FIRE DEPARTMENT, INC.

St. Charles Parish, Louisiana

## FINANCIAL REPORT

For the year ended December 31, 2018

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# PARADIS VOLUNTEER FIRE DEPARTMENT, INC.

St. Charles Parish, Louisiana

## FINANCIAL REPORT

For the year ended December 31, 2018

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## INDEPENDENT AUDITOR'S REPORT

**Board of Directors  
Paradis Volunteer Fire Department, Inc.  
St. Charles Parish, Louisiana**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Paradis Volunteer Fire Department, Inc. (the department) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the department's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Paradis Volunteer Fire Department, Inc. as of December 31, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Management has omitted the management's discussion and analysis and budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the department's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officers is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officers is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officers is fairly stated, in all material respects, in relation to the basic 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 20, 2019, 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 solely 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 effectiveness of the department's 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.



Thibodaux, Louisiana  
June 20, 2019

# **Basic Financial Statements**

## **Government-Wide Financial Statements**

**PARADIS VOLUNTEER FIRE DEPARTMENT, INC.**

ST. CHARLES PARISH, LOUISIANA

## STATEMENT OF NET POSITION

December 31, 2018

	<b>Governmental Activites</b>
	<hr/>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 603,297
Prepaid insurance	25,525
Receivables:	
Ad valorem taxes	254,428
Sales taxes	22,945
Total current assets	<hr/> 906,195
Noncurrent assets:	
Capital assets, net of accumulated depreciation	1,071,614
Total noncurrent assets	<hr/> 1,071,614
<b>Total Assets</b>	<hr/> <b>\$ 1,977,809</b> <hr/>
<b>Liabilities</b>	
Current liabilities	
Accounts payable	44,127
Accrued interest payable	520
Accrued payroll	589
Current portion of long-term liabilities	41,921
Total current liabilities	<hr/> 87,157
Long-term liabilities	
Due in more than one year	286,899
Total long-term liabilities	<hr/> 286,899
<b>Total Liabilities</b>	<hr/> <b>\$ 374,056</b> <hr/>
<b>Deferred Inflows of Resources</b>	
Ad valorem tax revenue	22,338
<b>Total Deferred Inflows of Resources</b>	<hr/> <b>\$ 22,338</b> <hr/>
<b>Net Position</b>	
Net investment in capital assets	742,794
Net Position - Unrestricted	838,621
<b>Total Net Position</b>	<hr/> <b>\$ 1,581,415</b> <hr/>

The accompanying notes are an integral part of this statement

**PARADIS VOLUNTEER FIRE DEPARTMENT, INC.**

ST. CHARLES PARISH, LOUISIANA

Statement of Activities  
For the Year Ended December 31, 2018

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants & Contributions	
<b>Expenses:</b>				
Governmental activities:				
Public safety - fire protection:				
Salaries and related benefits	\$ 7,204	-	-	\$ (7,204)
Repairs and maintenance	34,217	-	-	(34,217)
Professional services	5,500	-	-	(5,500)
Insurance	30,592	-	-	(30,592)
Fuel	3,822	-	-	(3,822)
Supplies and materials	30,061	-	-	(30,061)
Utilities	21,394	-	-	(21,394)
Training	6,648	-	-	(6,648)
Personnel insurance and medical	5,809	-	-	(5,809)
Fire prevention	3,732	-	-	(3,732)
Dues and memberships	1,213	-	-	(1,213)
Office expense	15,122	-	-	(15,122)
Meetings and conventions	1,549	-	-	(1,549)
Installation of officers	2,443	-	-	(2,443)
Meals	4,325	-	-	(4,325)
Miscellaneous	190	-	-	(190)
Depreciation expense	103,208	-	-	(103,208)
Interest Expense	17,714	-	-	(17,714)
<b>Total Governmental activities</b>	<b>\$ 294,743</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (294,743)</b>

**General Revenues:**

Ad valorem tax	\$ 232,080
Sales tax - 1/8 percent	129,837
Donations	20,704
Fire insurance rebate	8,949
Interest income	873
Other revenues	395

**Total general revenues** \$ 392,838**Change in net position** \$ 98,095**Net Position - Beginning** \$ 1,483,320**Net Position - Ending** \$ 1,581,415

The accompanying notes are an integral part of this statement

# **Basic Financial Statements**

## **Fund Financial Statements**

**PARADIS VOLUNTEER FIRE DEPARTMENT, INC.**  
ST. CHARLES PARISH, LOUISIANA

Balance Sheet - Governmental Funds  
December 31, 2018

	<u>General Fund</u>	<u>Private Contributions Fund</u>	<u>Totals</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 595,315	\$ 7,982	\$ 603,297
Prepaid Insurance	25,525	-	25,525
Receivables:			
Ad valorem taxes	254,428	-	254,428
Sales taxes	22,945	-	22,945
<b>Total Assets</b>	<u>\$ 898,213</u>	<u>\$ 7,982</u>	<u>\$ 906,195</u>
<b>Liabilities</b>			
Current liabilities			
Accounts payable	44,127	-	44,127
Accrued payroll	589	-	589
<b>Total Liabilities</b>	<u>\$ 44,716</u>	<u>\$ -</u>	<u>\$ 44,716</u>
<b>Deferred Inflows of Resources</b>			
Ad valorem tax revenue	22,338	-	22,338
<b>Total Deferred Inflows of Resources</b>	<u>\$ 22,338</u>	<u>\$ -</u>	<u>\$ 22,338</u>
<b>Fund balance</b>			
Nonspendable - prepaid expenses	25,525	-	25,525
Fund Balance - Unassigned	805,634	7,982	813,616
<b>Total Fund Balance</b>	<u>\$ 831,159</u>	<u>\$ 7,982</u>	<u>\$ 839,141</u>

The accompanying notes are an integral part of this statement

**PARADIS VOLUNTEER FIRE DEPARTMENT, INC.**

ST. CHARLES PARISH, LOUISIANA

Statement Revenues, Expenditures, and Changes in Fund Balances  
- Governmental Funds

For the Year Ended December 31, 2018

	General Fund	Private Contributions Fund	Totals
<b>Revenues</b>			
Ad valorem tax	\$ 232,080		\$ 232,080
Sales tax - 1/8 percent	129,837		129,837
Donations	20,703		20,703
Fire insurance rebate	8,949		8,949
Interest income	865	\$ 8	873
Other revenues	395		395
<b>Total revenues</b>	<b>\$ 392,829</b>	<b>\$ 8</b>	<b>\$ 392,837</b>
<b>Expenditures</b>			
Public safety - fire protection:			
Current:			
Salaries and related benefits	\$ 7,204		\$ 7,204
Repairs and maintenance	34,217		34,217
Professional services	5,500		5,500
Insurance	30,592		30,592
Fuel	3,822		3,822
Supplies and materials	30,061		30,061
Utilities	21,394		21,394
Training	6,648		6,648
Personnel insurance and medical	5,809		5,809
Fire prevention	3,732		3,732
Dues and memberships	1,213		1,213
Office expense	15,119		15,119
Meetings and conventions	1,549		1,549
Installation of officers	2,443		2,443
Meals	4,225	\$ 100	4,325
Miscellaneous	-	190	190
Capital Outlay:			
Equipment purchases	80,149		80,149
Retirement of long-term debt:			
Debt Service	39,837		39,837
Interest	17,777		17,777
<b>Total expenditures</b>	<b>\$ 311,291</b>	<b>\$ 290</b>	<b>\$ 311,581</b>
<b>Excess of revenues over/(under) expenditures</b>	<b>\$ 81,538</b>	<b>\$ (282)</b>	<b>\$ 81,256</b>
<b>Fund Balance - Beginning</b>	<b>749,621</b>	<b>8,264</b>	<b>757,885</b>
<b>Fund Balance - End of Year</b>	<b>\$ 831,159</b>	<b>\$ 7,982</b>	<b>\$ 839,141</b>

The accompanying notes are an integral part of this statement

**PARADIS VOLUNTEER FIRE DEPARTMENT, INC.**

ST. CHARLES PARISH, LOUISIANA

Reconciliation of the Governmental Fund Balance Sheet to the  
Government-Wide Statement of Net Position

December 31, 2018

Total Fund Balances - Governmental Funds \$ 839,141

Amounts reported for governmental activities in the Statement  
of Net Position are different because:

Capital assets used in governmental activities are not current  
financial resources and, therefore, are not reported in the  
Governmental Fund Balance Sheet

1,071,614

Long-term liabilities are not due and payable in the current  
period and, therefore are not reported in the Governmental  
Fund Balance Sheet, but rather are recognized as expenditures  
when due. All liabilities (both current and long-term) are  
reported in the Statement of Net Position.

Accrued interest payable  
Long-term liabilities

(520)

(328,820)

(329,340)

Total Net Position - Governmental activities

\$ 1,581,415

The accompanying notes are an integral part of this statement

**PARADIS VOLUNTEER FIRE DEPARTMENT, INC.**

ST. CHARLES PARISH, LOUISIANA

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, 2018

Net Change in Fund Balances - Governmental Funds \$ 81,256

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 costs of those assets are allocated  
over their estimated useful lives and reported as depreciation  
expense.

Capital assets purchased	\$ 80,149	
Depreciation expense	(103,208)	(23,059)

Governmental funds report debt services payments as expenditures.  
However; in the statement of activities the repayment of principal  
indebtedness reduces long-term liability and does not affect the  
statement of activities.

39,837

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

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Change in Net Position - Governmental activities \$ 98,095

The accompanying notes are an integral part of this statement

## **Notes to the Financial Statements**

# PARADIS VOLUNTEER FIRE DEPARTMENT, INC. ST CHARLES PARISH, LOUISIANA

Notes to the Financial Statements  
For the year ended December 31, 2018

## INTRODUCTION

The Paradis Volunteer Fire Department, Inc. (the department) was organized as a non-profit corporation as defined by Revised Statutes of Louisiana Title 12, Section 101 (8). The department is exempt from federal income tax under section 501(c)(4) of the Internal Revenue Code. Its objective is to provide fire protection to the Parish of St. Charles.

The department receives funding from local and state government sources and must comply with the same requirements of these funding source entities. However, the 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 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 department has no component units.

The accounting and reporting policies of the department conform to generally accepted accounting principles as applicable to governmental units.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. Basis of Presentation

The accompanying financial statements of Paradis Volunteer Fire Department, Inc. have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies established in GAAP and used by the department are discussed below,

The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, issued in June 1999, as amended by GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

### Government-Wide Financial Statements (GWFS)

The statement of net position and statement of activities display information about the reporting government as a whole, except for as noted in note 1A. They include the fund of the reporting entity, which is considered to be a governmental activity.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Department's governmental activities. Direct expenses are

**PARADIS VOLUNTEER FIRE DEPARTMENT, INC.**  
**ST CHARLES PARISH, LOUISIANA**

Notes to the Financial Statements  
For the year ended December 31, 2018

those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients for goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenue

**Fund Financial Statements (FFS)**

The accounts of the Department are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance- related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The fund of the Department is classified as a governmental fund. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. The Department has one fund, a governmental fund. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

- a. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major fund of the Department is described below:

**Governmental Fund - General Fund**

The General Fund, as provided by Louisiana Revised Statute 13:781 is the principal fund of the Department and is used to account for the operations of the Department. General operating expenditures are paid from this fund.

**C. Measurement Focus / Basis of Accounting**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

**PARADIS VOLUNTEER FIRE DEPARTMENT, INC.**  
**ST CHARLES PARISH, LOUISIANA**

Notes to the Financial Statements  
For the year ended December 31, 2018

On the government-wide statement of net position and the statement of activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery) and financial position.

All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with its activities are reported. Government-wide fund equity is classified as net position. In the fund financial statements, the "current financial resources" measurement focus is used. Only current financial assets and liabilities are generally included on its balance sheet. Their operating statement presents sources and uses of available spendable financial resources during a given period. This fund uses fund balance as its measure of available spendable financial resources at the end of the period.

#### Basis of Accounting

In the government-wide statement of net position and statement of activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues are classified by source and expenditures are classified by function and character. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The Department reports deferred inflows of resources on its governmental fund balance sheet. For governmental fund financial statements, deferred inflows arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred inflows also arise when resources are received before the Department has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Department has a legal claim to the resources, the deferred inflow is removed from the balance sheet and revenue is recognized.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**PARADIS VOLUNTEER FIRE DEPARTMENT, INC.**  
**ST CHARLES PARISH, LOUISIANA**

Notes to the Financial Statements  
For the year ended December 31, 2018

**D. Budgets and Budgetary Accounting**

The Department prepares a budget for its General fund which is approved by its board of directors. However, the budget is not legally adopted or required in the basic financial presentation. The budget is reviewed monthly by the finance committee and quarterly by the full membership and compared to actual expenditures for use in managing expenditures.

**E. Encumbrances**

The Department does not use encumbrance accounting

**F. Cash and Interest-bearing Deposits**

Under state law, the Department may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

For purposes of the statement of net position, cash and interest-bearing deposits include all demand accounts, savings accounts and certificates of deposit with an original maturity of less than 90 days, and are stated at cost, which approximates fair market value.

**G. Investments**

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of state or national banks having their principal office in Louisiana or any other federally insured investment.

The Department's only investments are certificates of deposit, with an original maturity of greater than 90 days, which are stated at cost, which approximates market. Investments in certificates of deposit are reported at cost because they are "nonparticipating" interest-earning investment contracts as discussed in GASB 31. The term "nonparticipating" means that the investment value does not vary with market interest rate changes. Investments which include securities traded on a national or international exchange are valued based on their last reported sales price (fair value). Investments that do not have an established market are reported at estimated fair value.

**H. Prepaid Expenditures**

Payments made for goods and services that will benefit periods beyond December 31, 2018 have been recorded as prepaid expenditures.

**I. Receivables**

Ad Valorem taxes are levied on a calendar year basis and become delinquent on January 1 of each year. Delinquent property taxes are considered fully collectible and therefore no

**PARADIS VOLUNTEER FIRE DEPARTMENT, INC.**  
**ST CHARLES PARISH, LOUISIANA**

Notes to the Financial Statements  
For the year ended December 31, 2018

allowance for uncollectible fees is provided. Any prior-year delinquent property taxes are recorded as receivable; in addition to the current year assessment.

Sales tax receivables are recorded based on current year actual amounts collected within 60 days after year end.

**J. Inventories**

Physical inventories consist of expendable supplies held for consumption. Because inventories are expended within one operating cycle they are recorded as expenditures when paid for and are not recorded as an inventory asset.

**K. Deferred Outflows of Resources and Deferred Inflows of Resources**

In some instances, the GASB requires an entity to delay recognition of decreases in net position as expenditures until a future period. In other instances, entities are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively.

**L. Use of Estimates**

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

**M. Capital Assets**

Capital assets, which include property, vehicles, and equipment, purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Donated assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation is recorded using the straight-line method over the useful lives of the assets as follows:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	40 years
Building improvements	10-40 years
Equipment	5-15 years
Vehicles	5-15 years

In the fund financial statements, capital assets used in the Department's operations are accounted for as capital outlay expenditures of the governmental fund that provided the resources to acquire the assets. Depreciation is not computed or recorded on capital assets for purposes of the fund financial statements.

**PARADIS VOLUNTEER FIRE DEPARTMENT, INC.**  
**ST CHARLES PARISH, LOUISIANA**

Notes to the Financial Statements  
For the year ended December 31, 2018

**N. Long-Term Obligations**

In the government-wide financial statements, debt and principal payments of both government and business-type activities are reported as decreases in the balance of the liability on the Statement of Net Position. In the fund financial statements, however, debt and principal payments of governmental funds are recognized as expenditures when paid.

**O. Equity Classifications**

In the Government-Wide Financial Statements, the difference between a government's assets and liabilities is recorded as net position. The three components of net position are as follows:

1. Net Investment in Capital Assets This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowing attributable to the acquisition, construction or improvement of capital assets.
2. Restricted Net Position Net positions that are restricted by external sources such as creditors, grantors, contributors, or by law through either enabling legislation or constitutional provisions are reported separately as restricted net position. When assets are required to be retained in perpetuity, these non-expendable net positions are recorded separately from expendable net positions. These are components of restricted net positions.
3. Unrestricted Net Position All other net positions that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

In the Fund financial statements, governmental fund equity is classified as fund balance. As such, fund balance of the governmental fund is classified as follows:

1. Nonspendable Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The Department has prepaid insurance which is considered *nonspendable* fund balance on the fund financial statements.
2. Restricted Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
3. Committed Amounts that can be used only for specific purposes determined by a formal decision of the Board.
4. Assigned Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes by a decision of the Board.

**PARADIS VOLUNTEER FIRE DEPARTMENT, INC.**  
**ST CHARLES PARISH, LOUISIANA**

Notes to the Financial Statements  
For the year ended December 31, 2018

5. Unassigned All other spendable amounts.

When an expenditure is incurred for the purposed for which both restricted and unrestricted fund balance is available, the Board considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Board considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

**NOTE 2. CASH AND CASH EQUIVALENTS**

At December 31, 2018, the department has demand deposits and certificates of deposit (book balances) totaling \$603,297, as follows:

Demand Deposits	\$ 503,297
Time and Savings Deposits	<u>100,000</u>
Total	<u>\$ 603,297</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the 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. These securities must be held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

**NOTE 3. CUSTODIAL CREDIT RISK**

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution the department's deposits may not be recovered or will not be able to recover collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the 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. These securities are held in the name of the Department or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties.

Deposit balances (bank balances) at December 31, 2018 in the amount of \$604,239 were secured with \$507,982 of federal deposit insurance and pledged securities of \$96,257, respectively. Deposits secured by pledged securities are exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, by not in the Department's name. Louisiana Revised Statute

**PARADIS VOLUNTEER FIRE DEPARTMENT, INC.  
ST CHARLES PARISH, LOUISIANA**

Notes to the Financial Statements  
For the year ended December 31, 2018

39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the department that the fiscal agent has failed to pay deposited funds on demand. The department does not have a policy for custodial credit risk.

**NOTE 4. RECEIVABLES**

Receivables at December 31, 2018 consisted of Ad Valorem taxes in the amount of \$229,542, this amount represents current year tax roll, in addition to prior year delinquent taxes and sales taxes in the amount of \$24,886.

**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2018, was as follows:

	<u>Balance 12/31/2017</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance 12/31/2018</u>
Capital assets being depreciated:				
Equipment	\$ 445,569	80,149	-	\$ 525,718
Buildings	972,675	-	-	972,675
Vehicles	1,305,002	-	-	1,305,002
Totals	<u>2,723,246</u>	<u>80,149</u>	<u>-</u>	<u>2,803,395</u>
Less: accumulated depreciation	<u>(1,628,573)</u>	<u>(103,208)</u>	<u>-</u>	<u>(1,731,781)</u>
Net capital assets	<u><u>\$1,094,673</u></u>	<u><u>(23,059)</u></u>	<u><u>-</u></u>	<u><u>\$ 1,071,614</u></u>

Depreciation expense for the year of \$103,208 was charged to public safety.

**NOTE 6. LONG-TERM DEBT**

On June 19, 2003, the department entered into a loan for renovations and additions to the central fire station in the amount of \$815,280. The department has pledged as collateral its excess of annual revenues above statutory, necessary and usual charges in each of the fiscal years during which the debt is outstanding. Interest on the loan is calculated at 5%. The original note was to mature in February 2027.

**PARADIS VOLUNTEER FIRE DEPARTMENT, INC.  
ST CHARLES PARISH, LOUISIANA**

Notes to the Financial Statements  
For the year ended December 31, 2018

A summary of the changes in general long-term debt obligations of the department is as follows:

Long-term obligations payable at December 31, 2017	\$ 368,657
Additions	-
Reductions	39,837
Long-term obligations payable at December 31, 2018	\$ 328,820

During the year, the department paid \$39,837 in principle and \$17,777 interest expense.

The department has total required principal payments due in less than one year of \$41,912. \$286,899 is the portion of the liability due in more than one year. The schedule of payments for the duration of the remaining note is shown below:

Year ending December 31,	Principal	Interest	Total Debt Service Requirement
2019	41,921	15,693	57,614
2020	44,046	13,568	57,614
2021	46,372	11,242	57,614
2022	48,778	8,836	57,614
2023	51,309	6,305	57,614
2024-2025	96,394	18,834	115,228
	\$ 328,820	\$ 74,478	\$ 403,298

The department had no short-term debt in 2018.

**NOTE 7. AD VALOREM TAX**

Effective July 21, 1990, the voters of St. Charles Parish approved a property tax millage in the amount of 1.6 mills. This tax is collected by the St. Charles Parish Sheriff to be used for the fire protection of the Parish of St. Charles. The funds are distributed to the nine individual Fire Departments of the St. Charles Parish Firemen's Association, Inc. by the parish's Department of Finance. The department's share of the total property tax for the year ended December 31, 2018 was \$229,541 paid at a millage rate of 1.45.

The St. Charles Parish Assessor levies the ad valorem tax each year on November 15 based upon the assessed value, less homestead exemptions. The 1st day of January preceding the annual levy date (Nov. 15th) is used as the date to value the property subject to tax. The tax becomes due on November 15 and is considered delinquent if not paid by December 31. Most of the property tax revenues are collected during the months of December, January, and February.

**PARADIS VOLUNTEER FIRE DEPARTMENT, INC.**  
**ST CHARLES PARISH, LOUISIANA**

Notes to the Financial Statements  
For the year ended December 31, 2018

**NOTE 8. FIRE PROTECTION CONTRACT**

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 the 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. Effective April 4, 2011 (Ord#11-4-4), the sales tax is distributed on the following basis:

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

The department receives a monthly base amount of \$2,500 plus 4.93% of the remaining funds. The total revenue under this agreement for the year ended December 31, 2018 was \$129,837.

Sales tax receivable at December 31, 2018 of \$22,945 consists of the department's share of the 1/8<sup>th</sup> cent sales tax for the months of November and December 2018, collected by the St. Charles Parish School Board and remitted by St. Charles Parish in January and February 2019.

**NOTE 9. LEASES**

The department has two leases for the two pieces of land that its stations are on. The first lease is for the piece of land where Station #1 is located. This lease is with Ms. Margaret Dewitt and states that the department may use the land exclusively at no cost as long as it is providing fire protection. The second lease is for the piece of land where Station #2 is located. This lease is with Texaco and states that the department may use the land exclusively at no cost as long as it is providing fire protection.

**NOTE 10. RISK MANAGEMENT**

The department is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; illnesses or injuries to its volunteers; and natural disasters. The department has purchased commercial insurance to cover or reduce the risk of

**PARADIS VOLUNTEER FIRE DEPARTMENT, INC.  
ST CHARLES PARISH, LOUISIANA**

Notes to the Financial Statements  
For the year ended December 31, 2018

loss. No settlements were made during the current or prior three fiscal years that exceeded the department's insurance coverage.

**NOTE 11. SUBSEQUENT EVENTS**

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through June 20, 2019 which is the date the financial statements were available to be issued.

**NOTE 12. LITIGATION AND CLAIMS**

At December 31, 2018, the department had no litigation or claims pending.

## **Supplemental Information**

**PARADIS VOLUNTEER FIRE DEPARTMENT, INC.**

For the Year Ended December 31, 2018

*Schedule of Compensation, Benefits and Other Payments to Agency Head or  
Chief Executive Officer***Agency Head Name: Oliver Dufrene, Jr. Chief**

<b>Purpose</b>	<b>Amount</b>
Salary	0
Benefits-insurance	0
Benefits-retirement	0
Benefits-other	0
Car allowance	0
Vehicle provided by government	0
Per diem	0
Reimbursements	\$493.44
Travel	0
Registration fees	0
Conference travel	0
Continuing professional education fees	0
Housing	0
Unvouchered expenses*	0
Special meals	0
Dues	0

## PARADIS VOLUNTEER FIRE DEPARTMENT, INC.

### Summary Schedule of Prior Audit Findings For the Year Ended December 31, 2018

#### Section I - Internal Control and Compliance material to the financial statements

**Ref. No.**

1217-01

Description of Finding

Inadequate Segregation of Duties

The size of the Paradis Volunteer Fire Department, Inc.'s operations and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal control, although to employ such controls may not be cost beneficial.

Corrective Action Taken

This deficiency cannot be remedied in a cost-effective manner.

Name of Contact Person

Hannah D. Rawls, Treasurer

**Ref. No.**

1217-02

Description of Finding

Inadequate Controls over Financial Statement Preparation

A material weakness exists in financial reporting because the Department does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.

Corrective Action Taken

Management has evaluated the cost versus benefit of hiring a person who has the qualifications and training to apply generally accepted accounting principles in the preparation of financial statements. Management has determined that it is in the best interest of the Department at this time, to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them. Management understands that it accepts final responsibility for the financial statements content and presentation.

Name of Contact Person

Hannah D. Rawls, Treasurer

## PARADIS VOLUNTEER FIRE DEPARTMENT, INC.

### Summary Schedule of Prior Audit Findings For the Year Ended December 31, 2018

**Ref. No.**

1217-03

**Description of Finding**

Non Compliance with Louisiana's financial reporting laws R.S. 24:513 and 24:514

Under Louisiana's financial reporting laws (R.S. 24:513 and 24:514), Paradis Volunteer Fire Department, Inc. is required to provide an annual financial report to the Louisiana Legislative Auditor's Office no later than six months after its year end. The department failed to comply with these laws, submitting this required report to the state approximately 11 days after the required deadline.

We recommend that policies and procedures are put in place by the department's board, and communicated to all necessary personnel, to ensure that these required annual financial reports are filed, in the future, in a timely manner.

**Corrective Action Taken**

The Department has taken steps to establish procedures which will ensure compliance with Louisiana's financial reporting laws.

**Name of Contact Person**

Hannah D. Rawls, Treasurer

**Section II - Management Letter**

No management letter was issued in the prior year.

**PARADIS VOLUNTEER FIRE DEPARTMENT, INC.**

**Corrective Action Plan for Current Year Audit Findings  
For the Year Ended December 31, 2018**

**Section I - Internal Control and Compliance material to the financial statements**

**Ref. No.**

1218-01

**Description of Finding**

Inadequate Segregation of Duties – Internal Control Material Weakness

The size of the Paradis Volunteer Fire Department, Inc.'s operations and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal control, although to employ such controls may not be cost beneficial.

**Corrective Action Plan**

This is a common deficiency noted in audits of small entities. The department's office does not employ enough people in its accounting department to adequately segregate duties such as approving purchase orders, approving invoices for payment, printing checks, recording checks, signing checks, mailing checks, and reconciling bank statements. This is one example of the circumstances that resulted in the finding.

Therefore, this deficiency cannot be remedied in a cost effective manner.

**Name of Contact Person**

Hannah D. Rawls, Treasurer

**Anticipated Completion Date**

None

## PARADIS VOLUNTEER FIRE DEPARTMENT, INC.

### Corrective Action Plan for Current Year Audit Findings For the Year Ended December 31, 2018

#### Section I - Internal Control and Compliance material to the financial statements (continued)

**Ref. No.**

1218-02

**Description of Finding**

Inadequate Controls over Financial Statement Preparation – Internal Control Material Weakness

A material weakness exists in financial reporting because the department does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.

**Corrective Action Plan**

Management has evaluated the cost versus benefit of hiring a person who has the qualifications and training to apply generally accepted accounting principles in the preparation of financial statements. Management has determined that it is in the best interest of the department at this time, to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them. Management understands that it accepts final responsibility for the financial statements content and presentation.

**Name of Contact Person**

Hannah D. Rawls, Treasurer

**Anticipated Completion Date**

None

#### Section II - Management Letter

No management letter was issued in the current year.

**OTHER REPORT REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**



**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**

**Board of Directors  
Paradis Volunteer Fire Department, Inc.  
St. Charles Parish, Louisiana**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the government activities, each major fund, and the aggregate remaining fund information of the Paradis Volunteer Fire Department, Inc. (the department) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the department's basic financial statements and have issued our report thereon dated June 20, 2019.

**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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of corrective action plan for current year audit findings that we consider to be material weaknesses, see findings (1218-01 and 1218-02).

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the department's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Thibodaux, Louisiana  
June 20, 2019