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**FIRE PROTECTION GRANT OF
PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT
(RECEIVED FROM ASSUMPTION PARISH POLICE JURY)
Paincourtville, Louisiana**

**FINANCIAL REPORT
DECEMBER 31, 2005**

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

Release Date 8-16-06

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Waguespack & Gallagher, LLC

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS ADVISORS

Post Office Box 250

Napoleonville, LA 70390

Michael J. Waguespack, CPA, PC

Timothy J. Gallagher, CPA, PC

Phone (985) 369-2515

Fax (985) 369-2535

Tia T. Barbera, CPA

ACCOUNTANT'S REVIEW REPORT OF THE FINANCIAL STATEMENTS

To the Board of Commissioners of
Paincourtville Volunteer Fire Department
Paincourtville, Louisiana

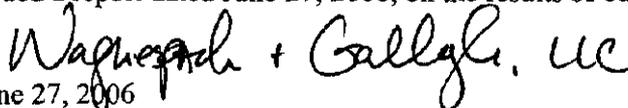
We have reviewed the accompanying financial statements of the governmental activities and major fund of the Paincourtville Volunteer Fire Department (Fire Department), received from the Assumption Parish Police Jury, Napoleonville, Louisiana, as of and for the year ended December 31, 2005, which collectively comprise the Fire Department's basic financial statements as listed in the Table of Contents, in accordance with *Statements on Standards for Accounting and Review Services* issued by the *American Institute of Certified Public Accountants*. All information included in these financial statements is the representation of management of the Fire Department.

A review consists principally of inquiries of Fire Department's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted accounting auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

As discussed in Note A, the financial statements present only the fire protection grant from Assumption Parish Police Jury and are not intended to present fairly the financial position and results of operations of Paincourtville Volunteer Fire Department, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and budgetary comparison information on pages 2 through 7 and 23, respectively, are not a required part of the basic financial statements but are supplementary information required by the *Governmental Accounting Standards Board*. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but were compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report dated June 27, 2006, on the results of our agreed-upon procedures.


June 27, 2006

PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2005

This section of the fire department's annual financial report presents our discussion and analysis of the fire department's financial performance during the fiscal year that ended on December 31, 2005. Please read it in conjunction with the fire department's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The fire department's total net assets increased by \$125,610 to \$266,693 as of December 31, 2005.
- Net assets increased because the fire department's revenues were \$112,987 more than expenses and due to prior period adjustments made due to understatement of CD balances.
- Expenses for the year were \$91,657, including depreciation expense of \$45,756.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the fire department:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the fire department's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Fire department government, reporting the fire department's operations in more detail than the government-wide statements.
- The governmental funds statements tell how general government services like public safety were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

Figure A-1 summarizes the major features of the fire department's financial statements, including the portion of the fire department's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure of contents of each of the statements.

PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2005

Figure A-1 Major Features of Paincourtville Volunteer Fire Department's Government and Fund Financial Statements		
	Fund Statements	
	Government-wide Statements	Governmental Funds
Scope	Entire fire department government	The activities of the fire department
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures, and changes in fund balances
Accounting basis and measurements focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received or have otherwise been incurred.

PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2005

Government-wide Statements

The government-wide statements report information about the fire department as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the fire department's net assets and how they have changed. Net assets—the difference between the fire department's assets and liabilities—is one way to measure the fire department's financial health, or position.

- Over time, increases or decreases in the fire department's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the fire department include:

- Governmental activities—most of the fire department's basic services are included here. Fire protection grant revenues, fire insurance rebate, and interest finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the fire department's most significant funds—not the fire department as a whole. Funds are accounting devices that the fire department uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.

The Fire department has one type of fund:

- Governmental funds—Most of the fire department's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the fire department's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.

PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2005

FINANCIAL ANALYSIS OF THE FIRE DEPARTMENT AS A WHOLE

Net assets. The fire department's net assets increased between fiscal years 2005 and 2004 to approximately \$266,693. (See Table A-1.)

Table A-1			
Paincourtville Volunteer Fire Department's Net Assets			
	Governmental Activities		
	2005		2004
Current and other assets	\$46,459		\$ 41,336
Capital assets	337,764		99,747
Total assets	384,223		141,083
liabilities	117,530		-
Total liabilities	\$117,530		\$ -
Net assets			
Invested in capital assets, net of related debt	221,704		99,747
Unrestricted	44,989		41,336
Total net assets	\$266,693		\$141,083

Net assets of the fire department's governmental activities increased 89 percent to approximately \$266,693.

Changes in net assets. The fire department's total revenues increased by 107.4 percent to \$204,644 (See Table A-2). Approximately 45.6 percent of the fire department's revenue comes from the fire protection grant from the Assumption Parish Police Jury and approximately 6.3 percent comes from fire insurance rebates. In 2005, the fire department received one federal grant in the amount of \$82,350.

The total cost of all expenses increased approximately \$14,338 or 18.6 percent. The fire department's expenses cover all services performed by its office.

PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2005

Governmental Activities

Revenues for the fire department's governmental activities increased 107.4 percent, while total expenses increased 18.6 percent.

Table A-2		
Changes in Painscourtville Volunteer Fire Department's Net Assets		
	Governmental Activities	
	2005	2004
Revenues		
General revenues		
Fire Protection Grant	93,396	85,788
Fire Insurance Rebate	12,848	12,225
Interest	887	628
Grants	82,350	-
Other	15,163	40
Total revenues	204,644	98,681
Expenses		
General Government-Public Safety	91,657	77,320
Total expenses	91,657	77,320
Increase in net assets	\$ 112,987	\$ 21,361

- The cost of all governmental activities this year increased by approximately 18.6 percent to \$91,657.

FINANCIAL ANALYSIS OF THE FUNDS

As the fire department completed the year, its governmental funds reported a fund balance of \$ 44,989, an decrease from last year of approximately \$8,970.

General Fund Budgetary Highlights

- Over the course of the year, the fire department revised its budget but reflected no change in total revenues or expenditures.

PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2005

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2005, the fire department had invested \$337,764 in capital assets. (See Table A-3.)

Table A-3
Paincourtville Volunteer Fire Department's Capital Assets
(net of depreciation)

	Governmental Activities	
	2005	2004
Equipment and Vehicles	\$902,543	\$689,170
Buildings	70,000	32,000
Land	32,400	-
Accumulated Depreciation	(667,179)	(621,423)
Net Capital Assets	\$337,764	\$ 99,747

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

During the current year, the fire department received grant proceeds in the amount of \$82,350 for the purchase of new supplies and equipment. These grants are not expected to be recurring for 2006; therefore, the fire department budget for 2006 is expected to decrease as compared to the current fiscal year.

CONTACTING THE FIRE DEPARTMENT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Fire department's finances and to demonstrate the fire department's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Paul Gilmore, P.O. Box 308, Paincourtville, LA 70390.

PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT
Paincourtville, Louisiana
STATEMENT OF NET ASSETS
DECEMBER 31, 2005

ASSETS	<u>Governmental Activities</u>
Current assets:	
Cash and cash equivalents	\$ 43,763
Accounts Receivable	<u>2,696</u>
Total current assets	<u>46,459</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	<u>337,764</u>
Total noncurrent assets	<u>337,764</u>
Total assets	<u>384,223</u>
 LIABILITIES	
Current Liabilities:	
Accounts payable and accrued expenses	1,470
Current portion of long term debt	<u>29,643</u>
Total current liabilities	31,113
Noncurrent liabilities:	
Notes Payable	<u>86,417</u>
Total noncurrent liabilities	86,417
Total liabilities	<u>117,530</u>
 NET ASSETS	
Invested in capital assets, net of related debt	221,704
Unrestricted	<u>44,989</u>
Total net assets	<u>\$ 266,693</u>

The accompanying notes are an integral part of this financial statement.

PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT
Paincourtville, Louisiana
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Assets Governmental Unit</u>
		Charges for Services	Operating Grants and Contributions
FUNCTIONS/PROGRAMS			
Governmental activities:			
General government-public safety	91,657	\$ -	\$ 175,746
Total governmental activities	<u>91,657</u>	<u>-</u>	<u>175,746</u>
General Revenues:			
Interest			887
Fire insurance rebate			12,848
Miscellaneous			<u>15,163</u>
Total general revenues			<u>28,898</u>
Change in net assets			112,987
Net assets - January 1, 2005			<u>153,706</u>
Net assets - December 31, 2005			<u>\$ 266,693</u>

The accompanying notes are an integral part of this financial statement.

PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT
Paincourville, Louisiana
BALANCE SHEET
GOVERNMENTAL FUND
DECEMBER 31, 2005

ASSETS

	<u>General Fund</u>
Cash	\$ 43,763
Accounts Receivable	2,696

Total assets	\$ 46,459

LIABILITIES AND FUND BALANCES

Liabilities	
Accounts payable and accrued expenses	\$ 1,470

Total liabilities	1,470
Fund balance	
Unreserved - undesignated	44,989

Total fund balance	44,989
Total liabilities and fund balances	\$ 46,459

The accompanying notes are an integral part of this statement.

PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT
Paincourtville, Louisiana
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2005

Total fund balances - Governmental Funds		\$ 44,989
Cost of capital assets at December 31, 2005	1,004,943	
Less: accumulated depreciation as of December 31, 2005	(667,179)	
Notes payable at December 31, 2005	<u>(116,060)</u>	<u>221,704</u>
Total net assets at December 31, 2005 - Governmental Activities		<u>\$ 266,693</u>

The accompanying notes are an integral part of this financial statement.

PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT
Paincourtville, Louisiana
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>General Fund</u>
REVENUES	
Intergovernmental:	
Fire Protection Grant	\$ 93,396
Fire insurance rebate	12,848
Federal Grant Proceeds	82,350
Interest	887
Miscellaneous	15,163
 Total Revenues	 204,644
EXPENDITURES	
Current	
Current Operating	
Public Safety	45,901
Capital Outlay	
Public Safety	283,773
 Total Expenditures	 329,674
 Excess of Revenues over Expenditures	 (125,030)
OTHER FINANCING SOURCES	
Loan Proceeds	116,060
 TOTAL OTHER FINANCING SOURCES	 116,060
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES	 (8,970)
 Fund balance, beginning of year	41,336
 Prior period adjustment	12,623
 Fund balance, end of year	 \$ 44,989

The accompanying notes are an integral part of this statement.

PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT
Paincourtville, Louisiana
RECONCILIATION OF THE GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

Excess of Revenue and Other Sources		\$	
Over Expenditures and Other Uses			(8,970)
Capital Assets:			
Capital outlay capitalized	283,773		
Depreciation expense for year ended December 31, 2005	<u>(45,756)</u>		238,017
Liabilities:			
Debt service principal	<u>(116,060)</u>		(116,060)
<p>Some expenses reported in the statement of activities do not require the use of current resources and, therefore, are not reported as expenditures in governmental funds.</p>			
Change in Net Assets - Governmental Activities			<u>\$ 112,987</u>

The accompanying notes are an integral part of this financial statement.

PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT
Paincourtville, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying basic financial statements of the Paincourtville Volunteer Fire Department have been prepared in conformity with accounting principles generally accepted in the United States of America (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.

This financial report has 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. The following is a summary of the Paincourtville Volunteer Fire Department’s significant policies:

Reporting Entity

On April 18, 1991, the Assumption Parish Police Jury entered into a grant agreement with the Paincourtville Volunteer Fire Department of Assumption Parish. The fire protection grant was for the purpose of acquiring, maintaining, and operating buildings, machines, water tanks, water hydrants, water lines and any other things necessary to provide proper fire prevention and control of the property within the boundaries of the department.

The volunteer fire department is a privately created quasi-public corporation that is subject to the grant provisions of its funding agency. The board members are not appointed by the police jury. The volunteer fire department is not fiscally dependent on the police jury and the nature and significance of their relationship with the parish council is not such that their exclusion would render the parish council's financial statements incomplete or misleading. Therefore, the volunteer fire department is a separate special purpose government.

The accompanying financial statements present information only on the fire protection grant received by the fire department from the Assumption Parish Police Jury and do not present information on the Police Jury, the general government services provided by that governmental unit, and other governmental units that comprise the parish council reporting entity, nor any other non grant funds received by the fire department. Paincourtville Volunteer Fire Department has no component units.

Fund Accounting

The fire department uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT
Paincourtville, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A fund is a separate accounting entity with a self-balancing set of accounts. Funds of the fire department are classified as governmental funds. Governmental funds account for the fire department's general activities, including the collection and disbursement of specific or legally restricted monies and the acquisition of general fixed assets. Governmental funds of the fire department include:

1. General Fund – the General Fund, as provided by Louisiana Revised Statute 47:1906, is the principal fund of the fire department and accounts for the operation of the fire department.

Basis of Accounting / Measurement Focus

The GWFS were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB No. 33, *Accounting and Financial Reporting for Non-exchange transactions*.

Program Revenues

Program revenues include (a) fees and charges paid by the recipient for goods or services offered by the program, 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 revenues.

Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financial sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT
Paincourtville, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Funds are accounted for on the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become measurable and available to pay current period liabilities. The Fire department considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures.

Revenues

Fire protection grant and fire insurance rebate revenues are recognized as revenue in the year they are earned.

Interest earnings on time deposits are recorded when the time deposits have matured and interest is available.

All other revenues are recognized in the period in which they are received.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Budgets

The fire department adopts an annual budget based on anticipated revenues consistent with generally accepted accounting principles. Annual appropriations of funds are not made. Budgetary accounts are not integrated in the formal accounting system. Encumbrance accounting is not followed because of the small number of transactions involved.

PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT
Paincourtville, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

For reporting purposes, cash and cash equivalents include cash, demand deposits, and time certificates of deposit. Amounts are classified as cash equivalents if the original maturities are 90 days or less. Under state law, the department may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana and national banks having their principal offices in Louisiana. Further, the department may invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Capital Assets

All capital assets are capitalized at historical cost, or estimated historical costs for assets where actual cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

Capital assets are recorded in the GWFS, but are not reported in the FFS. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets are depreciated using the straight-line method over their estimated useful lives. Useful lives vary from 5 to 40 years.

Compensated Absences

The fire department does not have any employees, therefore no entry is made to record compensated absences.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments are recorded in the fund general ledgers, is not utilized by the fire department.

PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT
Paincourtville, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE B - CHANGES IN ACCOUNTING PRINCIPLES

For the year ended December 31, 2005, the fire department has implemented GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

GASB Statement 34 creates new basic financial statements for reporting on the fire department's financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting, and fund financial statements which present information for individual major funds rather than by fund type which had been the method of presentation in previously issued financial statements.

The implementation of GASB Statement No. 34 caused the opening fund balance at January 1, 2005 to be restated in terms of Net Assets as follows:

Governmental Funds' Fund Balance, December 31, 2004		\$ 41,336
Add: Capital Assets as of December 31, 2004:		
Cost	\$ 721,170	
Accumulated Depreciation	<u>(621,423)</u>	99,747
Prior Period Adjustment		<u>12,623</u>
Net Assets at January 1, 2005		<u>\$ 153,706</u>

PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT
Paincourtville, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE C - CAPITAL ASSETS

The following presentation restates capital assets from the general fixed asset account group at December 31, 2004:

	Land	Buildings	Equipment and Vehicles	Total
Cost of Capital Assets, December 31, 2004	\$ -	\$ 32,000	\$ 644,615	\$ 676,615
GASB 34 Adjustment	-	-	44,555	44,555
Cost of Capital Assets Restated	\$ -	\$ 32,000	\$ 689,170	\$ 721,170
Accumulated depreciation, December 31, 2004	-	7,183	614,240	621,423
Capital assets, net of accumulated depreciation, at December 31, 2004	<u>\$ -</u>	<u>\$ 24,817</u>	<u>\$ 74,930</u>	<u>\$ 99,747</u>

Capital assets and depreciation activity as of and for the year ended December 31, 2005, are as follows:

	Land	Buildings	Equipment and Vehicles	Total
Cost of Capital Assets, December 31, 2004	\$ -	\$ 32,000	\$ 689,170	\$ 721,170
Additions	38,000	32,400	213,373	283,773
Deletions	-	-	-	-
Cost of Capital Assets, December 31, 2005	38,000	64,400	902,543	1,004,943
Accumulated depreciation, December 31, 2004	\$ -	\$ 7,183	\$ 614,240	\$ 621,423
Additions	-	800	44,956	45,756
Deductions	-	-	-	-
Accumulated depreciation, December 31, 2005	-	7,983	659,196	667,179
Capital assets, net of accumulated depreciation, at December 31, 2005	<u>\$ 38,000</u>	<u>\$ 56,417</u>	<u>\$ 243,347</u>	<u>\$ 337,764</u>

For the year ended December 31, 2005, depreciation expense was \$45,756.

PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT
Paincourtville, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE D - CASH & INVESTMENTS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana or any other federally insured investment.

State law required deposits (cash and certificates of deposit) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

Cash and deposits are categorized into three categories of credit risk.

Category 1 includes deposits covered by federal depository insurance or by collateral held by the fire department or its agent in the fire department's name.

Category 2 includes deposits covered by collateral held by the pledging financial institution's trust department or its agent in the fire department's name.

Category 3 includes deposits covered by collateral held by the pledging financial institution or its trust department or agent but not in the fire department's name and deposits which are uninsured or uncollateralized.

The year end balances of deposits are as follows:

	Bank Balances			Book Balance
	Category			
	1	2	3	
Cash	45,385	-	-	43,763
Totals	\$ 45,385	\$ -	\$ -	\$ 43,763

At December 31, 2005, deposits in excess of FDIC insurance were collateralized by securities held by unaffiliated banks for the account for the fire department. The Governmental Accounting Standards Board (GASB), which promulgates the standards for the accounting and financial reporting for state and local governments, considers these securities uncollateralized. Even through the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 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 depositor that the fiscal agent has failed to pay deposited funds upon demand.

PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT
Paincourtville, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE E – NOTES PAYABLE

The Paincourtville Volunteer Fire Department records vehicles acquired through notes payable as an asset and an obligation in the accompanying financial statements. The following is a summary of the notes payable transactions for the year ended December 31, 2005:

Notes Payable at January 1, 2005	\$	-
Additions		116,060
Reductions		<u>-</u>
Notes Payable at December 31, 2005	\$	<u><u>116,060</u></u>

The note entered into during the year ended December 31, 2005 is for a fire truck used in the fire department operations. The payment term of the note is for 4.5 years at an interest rate of 6.75%.

Future minimum note payments, together with the present value of net minimum note payments as of December 31, 2005 are scheduled as follows:

Fiscal Year:		
2006		32,864
2007		32,864
2008		32,864
2009		<u>32,864</u>
Total minimum note payments		131,456
Less: amounts representing interest		<u>(15,396)</u>
Present value of net minimum note payments		<u><u>\$ 116,060</u></u>

PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT
Paincourtville, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE F – PRIOR PERIOD ADJUSTMENT

Certain errors, resulting in understatement of previously reported net assets of prior years, which were corrected during 2005, resulted in the following changes to net assets as of December 31, 2004:

Net Assets-Beginning of Year as Previously reported	\$141,083
Understatement of CD Balances	<u>12,623</u>
Net Assets – End of Year as Adjusted	<u>\$153,706</u>

NOTE G - LITIGATION

There are no claims or litigation pending against the fire department at December 31, 2005 according to management of the fire department.

REQUIRED SUPPLEMENTARY INFORMATION

PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT
Paincourtville, Louisiana
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2005

	Original	Final	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Intergovernmental:				
Fire Protection Grant	96,903	96,903	\$ 93,396	(3,507)
Fire Insurance Rebate	-	-	12,848	12,848
Federal Grant Proceeds	-	-	82,350	82,350
Interest	456	456	887	431
Miscellaneous	752	752	15,163	14,411
Total Revenues	<u>98,111</u>	<u>98,111</u>	<u>204,644</u>	<u>106,533</u>
EXPENDITURES				
Current				
Current Operating				
Public Safety	57,915	50,181	45,901	4,280
Capital Outlay				
Public Safety	11,564	19,297	283,773	(264,476)
Debt Service				
Principal	28,632	28,632	-	28,632
Interest	-	-	-	-
Total Expenditures	<u>98,111</u>	<u>98,111</u>	<u>329,674</u>	<u>(231,563)</u>
Excess of Revenues over Expenditures	-	-	(125,030)	(125,030)
OTHER FINANCING SOURCES				
Loan Proceeds	-	-	116,060	116,060
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>116,060</u>	<u>116,060</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>(8,970)</u>	<u>(8,970)</u>
Fund balance, beginning of year	41,336	41,336	41,336	-
Prior period adjustment	-	-	12,623	12,623
Fund balance, end of year	<u>\$ 41,336</u>	<u>\$ 41,336</u>	<u>\$ 44,989</u>	<u>\$ 3,653</u>

The accompanying notes are an integral part of this statement.

**REPORT AND ACCOMPANYING QUESTIONNAIRE REQUIRED BY
THE LEGISLATIVE AUDITOR, STATE OF LOUISIANA**

Waguespack & Gallagher, LLC

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS ADVISORS

Post Office Box 250

Napoleonville, LA 70390

Michael J. Waguespack, CPA, PC

Timothy J. Gallagher, CPA, PC

Phone (985) 369-2515

Fax (985) 369-2535

Tia T. Barbera, CPA

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners of
Paincourtville Volunteer Fire Department
Paincourtville, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Paincourtville Volunteer Fire Department and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Paincourtville Volunteer Fire Department's compliance with certain laws and regulations during the period ended December 31, 2005 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

PUBLIC BID LAW

1. Select all expenditures made during the year for material and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

We noted two payments for material and supplies which exceeded \$20,000. We examined the documentation which indicated that the expenditure associated with these projects had been bid properly and accepted in accordance with the provisions of LSA-RS 38:2211-2251. No expenditures were made during the year for public works exceeding \$100,000.

CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

All members and commissioners of the fire department are volunteers. Therefore, the fire department had no employees during the period under examination.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included in the listing obtained from management in agreed-upon procedure (2) as immediate family members.

As indicated in procedure (3), there were no employees during the period under examination. Thus, this procedure would not be applicable.

BUDGETING

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original and amended budget for the year.

6. Trace the budget adoption and amendments to the minute book.

We noted that the Paincourtville Volunteer Fire Department properly documented in the minute book the approval of the amended budget by the commissioners. The approval of the adopted budget was properly documented in the minute book, but this approval was not done until February 2005.

Management's Response: Management of the fire department concurs with the finding.

Management's Corrective Action Plan: Management of the Paincourtville Volunteer Fire Department indicated that the proposed budget will be approved prior to the beginning of the year budgeted.

7. Compare the revenues and expenditures of the final budget to actual revenues or expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues were more than budgeted amounts by more than 5%. However, actual expenditures did exceed budgeted amounts by more than 5%.

Management's Response: Management of the fire department concurs with the finding.

Management's Corrective Action Plan: Management of the Paincourtville Volunteer Fire Department indicated that in the future the budget will be amended in order to ensure that expenditures do not exceed budgeted amounts by more than 5%.

ACCOUNTING AND REPORTING

8. Randomly select 6 disbursements made during the period under examination and:

(a) trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- (b) determine if payments were properly coded to the correct fund and general ledger account; and

Each disbursement appeared to be correctly coded.

- (c) determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated approval from the treasurer.

MEETINGS

- 9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

The Paincourtville Volunteer Fire Department posts a notice and accompanying agenda of each meeting on the station door. Management has asserted that such documents were properly posted.

DEBT

- 10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness which had not been approved by the State Bond Commission.

We reviewed deposit slips and documentation and noted that no deposits appeared to be proceeds of bank loans.

ADVANCES AND BONUSES

- 11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

The fire department did not employ any employees for the year and a reading of the minutes of the fire department did not indicate any such payments made to the volunteer members.

The prior year report dated June 22, 2005 had the following comments or unresolved matters:

Condition: The actual expenditures exceeded budgeted amounts by more than 5%.

Current Status: This finding has not been corrected as actual expenditures exceeded budgeted expenditures by more than 5% for 2005.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the management of Paincourtville Volunteer Fire Department and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Wagner + Galloway, LLC

June 27, 2006

PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT
Paincourtville, Louisiana

SCHEDULE OF FINDINGS & QUESTIONED COSTS
December 31, 2005

A. Findings-Not Included in Agreed-Upon Procedures Report

2005-1

Louisiana Statutes require that the fire department complete and file its review report for the year period ending December 31, 2005 within six months after December 31, 2005. This would require that the fire department complete and file the report by June 30, 2006. The fire department failed to meet this deadline requirement.

We recommend that the fire department file its financial report each year within six months after year end.

Management of the fire department concurs with the finding and has represented that all financial reports will be filed within six months after year end.

**LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)**

6/20/06 (Date Transmitted)

Waguespack & Gallagher, LLC

P.O. Box 250

Napoleonville, LA 70390

(Auditors)

In connection with your review of our financial statements as of [date] and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of _____ (date of completion/representations).

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office..

Yes [] No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes [] No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes [] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes [] No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes [] No []

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes] No []

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes] No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes [] No

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

Yes [] No

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

<u><i>Robert J. Ross</i></u>	Secretary	<u>6/26/06</u>	Date
<u><i>Walter G. Williams</i></u>	Treasurer	<u>6/29/06</u>	Date
<u><i>J. B. Williams</i></u>	President	<u>6/26/06</u>	Date