

# KILLONA VOLUNTEER FIRE DEPARTMENT

KILLONA, LOUISIANA

General Purpose Financial Statements  
and  
Independent Auditor's Report

As of and for the Year Ended December 31, 2003

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

Release Date 7-25-04

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



A PROFESSIONAL CORPORATION  
601 Canal Boulevard, Thibodaux, LA 70310  
(504) 447-4001 Fax (504) 447-4002  
www.tskearns.com

**KILLONA VOLUNTEER FIRE DEPARTMENT, INC.**  
**Killona, Louisiana**

**General Purpose Financial Statements**  
**and**  
**Independent Auditor's Report**  
**As of and for the Year Ended December 31, 2003**  
**With Supplemental Information Schedules**

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying general purpose financial statements of the Kilona Volunteer Fire Department, Inc. as of and for the year ended December 31, 2003, as listed in the foregoing table of contents. These financial statements are the responsibility of the management of the Kilona Volunteer Fire Department, Inc. Our responsibility is to express an opinion 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 generally accepted governmental auditing standards contained in the Government Auditing Standards - Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the Comptroller General of the United States of America. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Kilona Volunteer Fire Department, Inc. as of December 31, 2003, and the results of operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards generally accepted in the United States of America, we have also issued a report dated June 23, 2004, on our consideration of the Kilona Volunteer Fire Department, Inc.'s internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts, and grants.

A handwritten signature in dark ink, appearing to read 'Timothy S. Kearns', is written over a light-colored background.

June 23, 2004

**KILLONA VOLUNTEER FIRE DEPARTMENT, INC.**  
Killona, Louisiana

**COMBINED BALANCE SHEET**  
**ALL FUND TYPES AND ACCOUNT GROUPS**

**December 31, 2003**

	Governmental Fund Type	Account Group	Total (Memorandum Only)
	General Fund	General Fixed Assets	
<b>ASSETS</b>			
Cash on hand (See Note 5)	\$ 1,500.00	\$ -	\$ 1,500.00
Cash	106,121.54	-	106,121.54
Cash from Grants (See Note 5)	8,220.88	-	8,220.88
Prepaid expenses	10,204.10	-	10,204.10
Fire protection vehicles	-	145,427.00	145,427.00
Equipment	-	401,341.00	401,341.00
Building	-	662,767.75	662,767.75
Land	-	10,000.00	10,000.00
<b>Total Assets</b>	<b>\$ 126,026.52</b>	<b>\$ 1,219,535.75</b>	<b>\$ 1,345,562.27</b>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>Liabilities</b>			
Accounts payable	\$ 7,018.02	\$ -	\$ 7,018.02
<b>Total liabilities</b>	<b>\$ 7,018.02</b>	<b>\$ -</b>	<b>\$ 7,018.02</b>
<b>Fund equity and other credits</b>			
Investment in general fixed assets	\$ -	\$ 1,220,535.75	\$ 1,220,535.75
Fund balance:			
Reserved for projects	10,204.10	-	10,204.10
Unreserved	113,647.76	-	113,647.76
<b>Total fund equity and other credits</b>	<b>\$ 123,851.86</b>	<b>\$ 1,220,535.75</b>	<b>\$ 1,344,387.61</b>
<b>Total liabilities, fund equity and other credits</b>	<b>\$ 130,869.88</b>	<b>\$ 1,220,535.75</b>	<b>\$ 1,351,405.63</b>

**KILLONA VOLUNTEER FIRE DEPARTMENT, INC.**  
Killona, Louisiana

**COMBINED STATEMENT OF REVENUES, EXPENDITURES**  
**& FUND BALANCE - GENERAL FUND**

For the one year ended December 31, 2000

<b>REVENUES</b>	
Admission fee	\$ 113,241.00
State tax	43,308.10
Interest	1,138.74
Other revenue	400.00
	<u>158,087.84</u>
Total revenues	<u>\$ 158,087.84</u>
<b>EXPENDITURES</b>	
Current:	
Electricity	\$ 7,765.78
Natural gas	344.78
Telephone	2,585.08
Water	781.88
Equipment maintenance	3,790.55
Fuel	1,556.36
Equipment insurance	5,787.85
Equipment material & supplies	418.74
Building material & supplies	805.64
Building maintenance	1,600.40
Building repair	-
Building insurance	4,561.33
Training	198.80
Personnel insurance	3,338.20
Debit	158.80
Office expenses	8,258.95
Installation of officers	2,373.80
Meals	1,803.85
Capital Outlay:	
Capital expenditures	<u>173,292.36</u>
Total expenditures	<u>\$ 318,896.00</u>
Revenues over/(under) expenditures	\$ (60,808.16)
Fund balance	
Beginning of year	<u>178,283.01</u>
End of year	<u>\$ 117,474.85</u>

**KILLOMA VOLUNTEER FIRE DEPARTMENT, INC.**  
Kiloma, Louisiana

**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2003**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of presentation**

The accompanying financial statements of the Fire Department 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.

**B. Reporting entity**

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. The Fire Department is not a governmental unit although it receives a substantial amount of its revenue from the St. Charles Parish Council. As a result of a contractual agreement, the Fire Department is accountable to the Parish Council for fiscal matters. The St. Charles Parish Council does not appoint the governing board, nor management. The Fire Department reports as an independent reporting entity.

**C. Fund accounting**

The Fire Department uses funds and account groups 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 related to certain governmental functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

The only funds of the Fire Department are classified as governmental fund types. Governmental funds account for the Fire Department's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. The governmental fund of the Fire Department includes:

General Fund - the general operating fund of the Fire Department that accounts for all financial activity, except those required to be accounted for in other funds.

**KILLONA VOLUNTEER FIRE DEPARTMENT, INC.**  
Killona, Louisiana

Notes to the Financial Statements  
As of and for the Year Ended December 31, 2003

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Basis of accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The operating statement presents increases and decreases in net current assets. The Fire Department's records are maintained on the cash basis of accounting. However, the financial statements have been converted to the modified accrual basis of accounting using the following practices in recording revenues and expenditures:

**Revenues -**

Sales taxes are recorded in the month the taxes are collected by the St. Charles Parish School Board and are available to the Fire Department. Sales taxes become payable to the School Board on the first day of the month, and become delinquent on the 20th of the month, following collection of the taxes by the business.

Ad valorem taxes are recorded in the year the taxes are collected by the St. Charles Parish Sheriff and are available to the Fire Department. Ad valorem taxes are payable to the Sheriff prior to December 31 and become delinquent after that date.

Interest income is recorded when the cash is available to the Fire Department.

All other revenues are recorded when received.

**Expenditures -**

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

**E. Memorandum Only columns**

The total columns captioned "Memorandum Only" are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**KILLONA VOLUNTEER FIRE DEPARTMENT, INC.**  
Killona, Louisiana

**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2003**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**F. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is used in governmental funds.

**G. Cash and cash equivalents**

Cash includes amounts in demand deposits, interest-bearing demand deposit, and certificates of deposit.

**H. 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.

**I. Prepaid expenses**

Payments made to vendors for services that will benefit periods beyond December 31, 2003 are recorded as prepaid items. A portion of the general fund's fund balance equal to the prepaid items has been reserved to indicate that it is not available for appropriation.

**J. Fixed assets**

Fixed assets are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Interest costs incurred during construction are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical costs or estimated cost if historical cost is not available.

**K. Long-term obligations**

Long-term obligations are reported in the general long-term obligations account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental fund when due.



**KILLONA VOLUNTEER FIRE DEPARTMENT, INC.**  
Killona, Louisiana

**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2003**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**L. GASB 34 Implementation**

The Governmental Accounting Standards Board (GASB) issued Statement Number 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Government, in June 1999. The date of implementation is effective in three phases based on a government's total annual revenues in the first fiscal year ending after June 15, 1999 (earlier application is encouraged). The Fire Department is required to implement the provisions of the pronouncement for financial statements for the period beginning after June 15, 2003, because total revenues were less than \$10 million in the year ending December 31, 1999.

**NOTE 2. CASH AND CASH EQUIVALENTS**

At December 31, 2003, the Fire Department has cash (book balance) totaling \$105,121.14, as follows:

<b>Hibernia National Bank</b>	
Checking	\$ 42,879.88
<b>Taft Carlside Federal Credit Union</b>	
Savings	<u>62,241.26</u>
<b>Total</b>	<b><u>\$ 105,121.14</u></b>

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. At December 31, 2003, the Fire Department has \$105,121.14 in deposits (collected bank balance). These deposits are secured from risk by federal deposit insurance.

**NOTE 3. CASH ON HAND**

The Department had an amount in cash on hand at December 31, 2003 because of a check for sales taxes that was received before the year end and that was not deposited until after year end. The amount of the check was \$3,320.04 and it was deposited on January 6, 2004.

**KILLONA VOLUNTEER FIRE DEPARTMENT, INC.**  
Killona, Louisiana

**Notes to the Financial Statements**  
As of and for the Year Ended December 31, 2003

**NOTE 4. DUE FROM THE PARISH**

The amount due from the parish at December 31, 2003 consisted of sales taxes in the amount of \$6,223.64.

**NOTE 5. AD VALOREM TAX**

Effective July 21, 1990, ad valorem tax in the amount of 1.6 mills 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 when collected to the nine individual fire departments of the St. Charles Parish Firemen's Association, Inc. by the parish's Department of Finance.

**NOTE 6. SALES TAX**

Effective March 1, 1990, sales tax in the amount of 1.6% is collected by the St. Charles Parish School Board to be used for fire protection of the Parish of St. Charles. The funds are distributed monthly to the nine individual fire departments of the St. Charles Parish Firemen's Association, Inc. by the parish's Department of Finance.

**NOTE 7. CHANGES IN GENERAL FIXED ASSETS**

A summary of changes in general fixed assets follows:

	<b>Balance</b> <b>12/31/2002</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance</b> <b>12/31/2003</b>
Fire Protection Vehicles	\$ 542,427.82	\$ -	\$ -	\$ 542,427.82
Equipment	390,172.82	11,169.98	-	401,342.80
Buildings	183,894.90	377,072.85	-	560,967.75
Construction in Progress	215,149.47	161,923.28	(377,072.85)	-
Land	15,522.00	-	-	15,522.00
	<u>\$ 1,348,966.21</u>	<u>\$ 560,166.21</u>	<u>\$ (377,072.85)</u>	<u>\$ 1,520,998.57</u>

During 2003, the Department finished construction on a station addition. The costs of the addition were accumulating in the construction in progress account. At the time of completion, the total accumulated cost of the station addition in the construction in progress account was moved into the building account.

**KILOMA VOLUNTEER FIRE DEPARTMENT, INC.**  
Kiloma, Louisiana

*Notes to the Financial Statements*  
*As of and for the Year Ended December 31, 2003*

**NOTE 8. LEASES**

The Fire Department had no capital leases to be recorded as assets and obligations in the accompanying financial statements.

**NOTE 9. GENERAL LONG-TERM LIABILITIES**

The Fire Department had no long-term liabilities to be recorded as obligations in the accompanying financial statements.

**NOTE 10. LITIGATION AND CLAIMS**

At December 31, 2003, the Fire Department had no litigation or claims pending.

## **SUPPLEMENTAL INFORMATION SCHEDULES**

**KILLONA VOLUNTEER FIRE DEPARTMENT, INC.****Summary of Schedule of Prior Audit Findings  
As of and for the Year Ended December 31, 2003****Ref. No.**

2002-1

**Fiscal Year Finding Initially Occurred**

All previous years

**Description of Finding**

Internal Control Material Weakness. An absence of appropriate segregation of duties consistent with appropriate control objectives regarding cash receipts and disbursements.

**Corrective Action Taken (Yes, No, Partially)**

No

**Planned Corrective Action/Partial Corrective Action Taken**

None

**Additional Explanation**

This is a common reportable condition 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 reportable condition.

The reportable condition cannot be remedied in a cost effective manner.

**KILLONA VOLUNTEER FIRE DEPARTMENT, INC.****Summary of Schedule of Current Year Audit Findings  
As of and for the Year Ended December 31, 2003****Ref. No.**

0312-01

**Description of Finding**

*Internal Control Material Weakness.* As a material weakness (and reportable condition), the size of the Killona 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 Planned**

No corrective action plan is taken because of the size of the entity.

**Name of Contact Person**

Saviour Cannon, Chief

**Anticipated Completion Date**

None

**Additional Explanation**

This is a common reportable condition 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 reportable condition.

The reportable condition cannot be remedied in a cost effective manner.

**OTHER REPORTS REQUIRED BY  
GOVERNMENTAL AUDITING STANDARDS**



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

**Board of Directors  
Kilona Volunteer Fire Department, Inc.  
Kilona, Louisiana**

We have audited the general purpose financial statements of the Kilona Volunteer Fire Department, Inc. as of and for the year ended December 31, 2003, and have issued our report thereon dated June 23, 2004. 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.

**Compliance**

As part of obtaining reasonable assurance about whether the Kilona Volunteer Fire Department, Inc.'s general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Kilona Volunteer Fire Department, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a single matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable condition is described in the



accompanying corrective action plan for the current year audit findings as item 0312-01 on page 12.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe the reportable condition described above is a material weakness.

This report is intended solely for the information and use of the Department's Board and those governments for which reporting is required. However, this report is a matter of public record, and its distribution is not limited.



June 23, 2004