

KILBOURNE VOLUNTEER FIRE DISTRICT
KILBOURNE, LOUISIANA

Financial Statements
For the Year Ended June 30, 2020



KILBOURNE VOLUNTEER FIRE DISTRICT
KILBOURNE, LOUISIANA
FOR THE YEAR ENDED JUNE 30, 2020

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ACCOUNTANT'S COMPILATION REPORT

Board of Commissioners
Kilbourne Volunteer Fire District
Kilbourne, Louisiana

Management is responsible for the accompanying financial statements of the governmental activities and major fund of the Kilbourne Volunteer Fire District, a component unit of the West Carroll Parish Police Jury, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Kilbourne Volunteer Fire District's basic financial statements as listed in the table of contents, in accordance with accounting principles generally accepted in the United States of America. I have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. I do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

Management has elected to omit substantially all the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Fire District's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Management has also omitted the management's discussion and analysis 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such 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. This information is the representation of management. This information was subject to my compilation agreement, however, I have not audited or reviewed the required supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such information.



The schedule of compensation, benefits, and other payments to agency head on page 19 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been compiled from information that is the representation of management. I have not audited or reviewed the supplementary information and, accordingly do not express an opinion or provide any assurance on such supplementary information.

Maxwell CPA, LLC

Monroe, Louisiana

March 5, 2021

KILBOURNE VOLUNTEER FIRE DISTRICT
KILBOURNE, LOUISIANA
STATEMENT OF NET ASSETS
JUNE 30, 2020

ASSETS

Cash and Cash Equivalents	\$ 19,894
Receivables - Sales Tax	5,616
Investments	177,996
Capital Assets (net of accumulated depreciation)	<u>108,235</u>
<u>TOTAL ASSETS</u>	<u>\$ 311,741</u>

LIABILITIES

Current Liabilities	\$ -
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NET ASSETS

Invested in Capital Assets, Net of Related Debt	108,235
Unassigned	<u>203,506</u>
<u>TOTAL NET ASSETS</u>	<u>\$ 311,741</u>

See accompanying notes and accountant's compilation report.

KILBOURNE VOLUNTEER FIRE DISTRICT
KILBOURNE, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Public Safety:

Operating Services	\$ 55,187
Materials and Supplies	10,891
Depreciation Expense	18,918
Total Program Expenses	<u>84,996</u>

General Revenues:

Taxes - Sales	73,057
Local Grant	2,376
Fire Insurance Rebate	5,365
Total General Revenues	<u>80,798</u>

Change in Net Assets

(4,198)

Net Assets - Beginning (Restated)315,939**NET ASSETS - ENDING**\$ 311,741

See accompanying notes and accountant's compilation report.

KILBOURNE VOLUNTEER FIRE DISTRICT
KILBOURNE, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

ASSETS

Cash and Cash Equivalents	\$ 19,894
Receivables - Sales Tax	5,616
Investments	<u>177,996</u>
<u>TOTAL ASSETS</u>	<u>\$ 203,506</u>

LIABILITIES

Accounts Payable	\$ -
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FUND BALANCES

Unassigned	<u>203,506</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 203,506</u>

See accompanying notes and accountant's compilation report.

KILBOURNE VOLUNTEER FIRE DISTRICT
KILBOURNE, LOUISIANA
RECONCILIATION OF GOVERNMENTAL
FUND BALANCE TO STATEMENT OF NET POSITION
JUNE 30, 2020

Total Governmental Fund Balances		\$ 203,506
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Amounts reported for governmental activities in the statement of net position are different because:

The cost of capital assets purchases is reported as an expenditure in the Governmental Funds. The Statement of Net Position includes those capital assets among the assets of the District as a whole. The cost of these capital assets will be allocated over their useful lives.

Governmental Capital Assets	722,380		
Less: Accumulated Depreciation	(614,145)		108,235
Net Position of Governmental Activities			\$ 311,741

See accompanying notes and accountant's compilation report.

KILBOURNE VOLUNTEER FIRE DISTRICT
KILBOURNE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

Revenues

Sales Taxes	\$ 73,057
Intergovernmental Revenues: Local Grant	2,376
Fire Insurance Rebate	5,365
Total Revenues	<u>80,798</u>

Expenditures

Operating Services	55,187
Materials and Supplies	10,891
Capital Outlays	7,548
Total Expenditures	<u>73,626</u>

Excess of Revenues Over Expenditures

7,172

Fund Balance - Beginning (Restated)196,334**FUND BALANCE - ENDING**\$ 203,506

See accompanying notes and accountant's compilation report.

KILBOURNE VOLUNTEER FIRE DISTRICT
KILBOURNE, 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 JUNE 30, 2020

Net Change in Fund Balances - Total		
Governmental Funds	\$	7,172

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in the Governmental Funds as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their useful lives as depreciation expense.

Capital outlays	7,548		
Depreciation expense	(18,918)	(11,370)	
	(18,918)	(11,370)	
Change in Net Position in Governmental Activities		\$	(4,198)

See accompanying notes and accountant's compilation report.

KILBOURNE VOLUNTEER FIRE DISTRICT
KILBOURNE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

Note 1 - Summary of Significant Accounting Policies

Kilbourne Volunteer Fire District was established to provide fire protection to an area within and surrounding the towns of Kilbourne and Terry, located in the extreme northeast corner of the parish of West Carroll, Louisiana. This entity operates independent of any other parish governing body, but functions under the guidelines set forth by the West Carroll Parish Police Jury. The District functions under the direction of a board of commissioners. All members of the board serve with no compensation.

A. Reporting Entity

As the governing authority of the parish for reporting purposes, the West Carroll Police Jury is the financial reporting entity for West Carroll Parish. The financial reporting entity consist of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the West Carroll Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority or an organization's governing body, and
 - a. The ability of the police jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organization for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature of significance of the relationship.

Because the Kilbourne Volunteer Fire District is fiscally dependent on the Police Jury, the district was determined to be a component unit of the West Carroll Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the district and do not present information on the police jury, the general government services provided by that governmental unit, or other governmental units that comprise the financial reporting entity.

B. Fund Accounting

The District 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 relating to certain government functions or activities.

See accountant's compilation report.

KILBOURNE VOLUNTEER FIRE DISTRICT
KILBOURNE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

A fund is a separate accounting entity with self-balancing set of account that comprises its assets, liabilities, fund equity, revenues, and expenditures. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities (general fixed asset and long-term obligations) that are not recorded in the “funds” because they do not directly affect net expendable available financial resources. They are concerned only with measurement of financial position, not with the measurements of results of operations.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate “fund types”. Governmental funds are used to account for a government’s general activities, where the focus is on the providing of services to the public as opposed to proprietary funds where the focus is on recovering the cost of providing services to the public or other agencies through services charges or user fees. Fiduciary funds are used to account for assets held for others. The district’s current operations require the use of only a governmental fund type. The governmental fund type of the district is described as follows:

General Fund

The General Fund is the general operating fund of the district and is used to account for all financial activities not required to be accounted for in other funds. Primary funding is provided by a sales tax approved by voters of the district, state fire insurance rebates, and interest earnings on investments.

C. Basis of Accounting

The financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and liabilities are generally included on the balance sheet. Operating statements for these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used for reporting all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District uses the following practices in recognizing and reporting revenues and expenditures:

Revenues

All revenues are recorded when the District is entitled to the funds.

Expenditures

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

See accountant’s compilation report.

KILBOURNE VOLUNTEER FIRE DISTRICT
KILBOURNE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

D. Budget Practices

The proposed budget, prepared on the modified accrual basis of accounting, was prepared, and adopted by the Board of Commissioners in June of the prior year. The budget is established and controlled by the Board of Commissioners at the object level of expenditure. Encumbrance accounting is not utilized in the district's records. Appropriations lapse at year-end and must be re-appropriated for the following year to be expended. All changes in the budget must be approved by the board of commissioners.

Formal budgetary integration is employed as a management control device during the year. Budget comparison statements included in the accompanying financial statements include the original adopted budgets and all subsequent amendments.

E. 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, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

F. Cash and Cash Equivalents

Under State law, the district may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2020, the District has cash and cash equivalents (book balances) totaling \$19,894.

Custodial Credit Risk: Custodial credit risk for deposits is that risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, the 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 or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 36:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the District's name.

Cash and cash equivalents (bank balances) of \$11,390 at June 30, 2020, are fully secured by federal deposit insurance.

See accountant's compilation report.

KILBOURNE VOLUNTEER FIRE DISTRICT
KILBOURNE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

G. Investments

The District's investments comply with Louisiana Revised Statute 33:2955. Under state law, the District may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The District may invest in United States bonds, treasury notes and bills, or government-backed agency securities or certificates, and times deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. These deposits are classified as investments if their original maturities exceed 90 days. Investments are stated at fair value.

H. Equity Classifications

In the fund financial statements, governmental fund equity is classified as fund balance. The Kilbourne Volunteer Fire District adopted GASB statement 54 for the year ended June 30, 2020. As such, fund balances of the governmental funds are classified as follows:

Nonspendable - represents amounts that are not expected to be converted to cash because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted - represents balances where constraints have been established by parties outside the districts office or imposed by law through constitutional provisions or enabling legislation.

Committed - represents balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority.

Assigned - represents balances that are constrained by the district's intent to be used for specific purposes but are not restricted nor committed.

Unassigned - represents balances that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund.

The General Fund has an unassigned fund balance of \$203,506. If applicable, the district would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

See accountant's compilation report.

KILBOURNE VOLUNTEER FIRE DISTRICT
KILBOURNE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

Note 1 - Summary of Significant Accounting Policies (continued)

I. Sales Taxes

In 1997 the West Carroll Parish Police Jury passed a one-half of one per cent sales tax to be dedicated and used to provide fire protection in the eight fire protection districts in the parish through the acquisition, construction, improvement, operation and maintenance of equipment, property and facilities to be used in providing such fire protection, including payment of the costs of training and obtaining water for fire protection purposes and the payment of debt service on debt obligations issued for such purposes. The tax was renewed for the period of ten years and will expire on January 1, 2027.

J. Risk Management

The Fire District is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; and injuries to employees. To handle such risk of loss, the district maintains a commercial insurance policy covering property, employee liability, and public officials' liability. No claims were paid on any of the policies during the past three years that exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended June 30, 2020.

Note 2 - Changes in Capital Assets

The following presents the changes in capital assets for the year ended June 30, 2020:

Balance, July 1, 2019	\$ 714,832
Additions	7,548
Deletions	-
Balance, June 30, 2020	<u>722,380</u>
Less: Accumulated Depreciation	<u>(614,145)</u>
Net Capital Assets	<u>\$ 108,235</u>

Note 3 - Litigation and Claims

The district is not involved in any litigation at June 30, 2020, nor is it aware of any unasserted claims.

See accountant's compilation report.

KILBOURNE VOLUNTEER FIRE DISTRICT
KILBOURNE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

Note 4 – Prior Period Adjustment

A prior period adjustment was made to accurately report capital assets and accumulated depreciation on the capital assets. This adjustment resulted in a decrease in capital assets and net position of \$918,925.

Note 5 - Subsequent Events

Subsequent events have been evaluated through March 5, 2021, the date that the financial statements were available to be issued. All subsequent events determined to be relevant and material to the financial statements have been appropriately recorded or disclosed.

KILBOURNE VOLUNTEER FIRE DISTRICT
KILBOURNE, LOUISIANA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
BUDGETARY FUND BALANCE BEGINNING OF YEAR	\$ -	\$ -	\$ 196,334	\$ 196,334
Resources				
Sales Taxes	73,057	73,057	73,057	-
Intergovernmental Revenues	2,376	2,376	2,376	-
Fire Insurance Rebate	5,364	5,365	5,365	-
Other Revenues	1,982	-	-	-
Total Resources	<u>82,779</u>	<u>80,798</u>	<u>80,798</u>	<u>-</u>
Amounts available for appropriations	<u>82,779</u>	<u>80,798</u>	<u>277,132</u>	<u>196,334</u>
Charges to appropriations				
Current				
Public Safety:				
Operating Services	56,972	56,282	55,187	1,095
Materials and Supplies	18,000	18,000	10,891	7,109
Capital Outlays	-	-	7,548	(7,548)
Total Charges to appropriations	<u>74,972</u>	<u>74,282</u>	<u>73,626</u>	<u>656</u>
BUDGETARY FUND BALANCE END OF YEAR	<u>\$ 7,807</u>	<u>\$ 6,516</u>	<u>\$ 203,506</u>	<u>\$ 196,990</u>

See accompanying notes and accountant's compilation report.

KILBOURNE VOLUNTEER FIRE DISTRICT
KILBOURNE, LOUISIANA
NOTES TO BUDGETARY COMPARISON SCHEDULE

The proposed budget for the General Fund is prepared on the modified accrual basis of accounting and is made available for public inspection at least fifteen days prior to the beginning of each fiscal year. The budget is then legally adopted by the district and amended during the year, as necessary. The budget is established and controlled by the board of commissioners at the object level of expenditure. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. All changes in the budget must be approved by the board of commissioners.

Formal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the accompanying financial statement include the original adopted budget amounts for the year ended June 30, 2020. There were no budget amendments for the year.

See accountant's compilation report.

KILBOURNE VOLUNTARY FIRE DISTRICT
KILBOURNE, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2020

2020-01 Segregation of Duties

Criteria

Good internal control procedures require that an entity separate certain duties by personnel.

Condition

Due to the small number of administrative personnel, the Fire District did not have adequate segregation of duties.

Cause

The Fire District cannot afford to hire enough people to separate duties.

Effect

The Fire District could be susceptible to misuse of its assets or fraud.

Recommendation

The Board should review bank reconciliations and bank statements each month.

Corrective Action Planned/Management's Response

The Fire District feels that the cost of hiring more staff far exceeds its benefits.

KILBOURNE VOLUNTEER FIRE DISTRICT
KILBOURNE, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020

2019-01 Segregation of Duties

Condition

Inadequate segregation of duties.

Recommendation

Hire more employees and redistribute duties.

Current Status

Finding is repeated as 2020-01.

KILBOURNE VOLUNTEER FIRE DISTRICT
KILBOURNE, LOUISIANA
SCHEDULE OF COMPENSATION, REIMBURSEMENTS, BENEFITS
AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2020

Schedule 4

Agency Head Brad Cupit, Fire Chief	
Volunteer firefighter reimbursement	\$ 260
Total	<u>\$ 260</u>

See accountant's compilation report.