



KILLONA VOLUNTEER FIRE DEPARTMENT, INC.

KILLONA, LOUISIANA

FINANCIAL REPORT

As of and for the Year Ended December 31, 2021

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KILLONA VOLUNTEER FIRE DEPARTMENT, INC.
KILLONA, LOUISIANA

FINANCIAL REPORT

For the year ended December 31, 2021

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KILLONA VOLUNTEER FIRE DEPARTMENT, INC.
KILLONA, LOUISIANA

FINANCIAL REPORT

For the year ended December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Killona Volunteer Fire Department, Inc. (the Department) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Killona Volunteer Fire Department, Inc. as of December 31, 2021 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our Responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Department and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Department's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government*

Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Department's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 22 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Government 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Department's basic financial statements. The other supplementary information on page 23 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2022 on our consideration of the Department's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.



Thibodaux, Louisiana
June 30, 2022

Basic Financial Statements

Government-Wide Financial Statements (GWFS)

KILLONA VOLUNTEER FIRE DEPARTMENT, INC.
Killona, Louisiana

Statement of Net Position
December 31, 2021

	Governmental Activites
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 150,485
Prepaid insurance	12,982
Receivables:	
Ad valorem taxes, net of uncollectible assessments	281,758
Sales taxes receivable	11,669
Total current assets	456,894
Noncurrent assets:	
Capital assets, not being depreciated	30,000
Capital assets, net of accumulated depreciation	902,522
Total noncurrent assets	932,522
Total assets	\$ 1,389,416
LIABILITIES	
Current liabilities:	
Accounts payable	5,468
Long term liabilities due < 1 year	33,343
Total current liabilities	38,811
Noncurrent liabilities	
Long term liabilities due > 1 year	276,708
Total noncurrent liabilities	276,708
Total liabilities	\$ 315,519
Deferred Inflows of Resources	
Ad valorem tax revenue	30,008
Total Deferred Inflows of Resources	\$ 30,008
NET POSITION	
Net investment in capital assets	622,471
Unrestricted	421,418
Total net position	\$ 1,043,889

The accompanying notes are an integral part of this statement.

KILLONA VOLUNTEER FIRE DEPARTMENT, INC.
Killona, Louisiana

Statement of Activities
For the Year Ended December 31, 2021

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants & Contributions	
Expenses:				
Governmental activities:				
Public safety - fire protection:				
Repairs and maintenance	\$ 68,488	\$ -	\$ -	\$ (68,488)
Professional fees	20,590	-	-	(20,590)
Insurance	26,194	-	-	(26,194)
Fuel	7,865	-	-	(7,865)
Supplies and materials	17,260	-	-	(17,260)
Utilities and telephone	29,230	-	-	(29,230)
Personnel	96,205	-	-	(96,205)
Training	1,333	-	-	(1,333)
Meetings and conventions	717	-	-	(717)
Dues and subscriptions	7,780	-	-	(7,780)
Office expense	4,362	-	-	(4,362)
Meals	5,159	-	-	(5,159)
Miscellaneous	943	-	-	(943)
Rent	2,297	1,990	-	(307)
Interest expense	4,709	-	-	(4,709)
Loss on disposition of assets	26,040	-	-	(26,040)
Depreciation expense	85,861	-	-	(85,861)
Total governmental activities	\$ 405,033	\$ 1,990.00	\$ -	\$ -

General Revenues:

Ad valorem tax	\$ 251,750
Sales tax	64,071
Fire Insurance Rebate	5,690
Interest income	132
Miscellaneous income	11,862

Total general revenues \$ 333,505

Change in net assets (69,538)

Net position:

Beginning of the year 1,113,427

End of the year \$ 1,043,889

The accompanying notes are an integral part of this statement.

KILLONA VOLUNTEER FIRE DEPARTMENT, INC.
Killona, Louisiana

Balance Sheet - Governmental Fund
December 31, 2021

	<u>General Fund</u>	<u>Non-Public Revenue Fund (non-major)</u>	<u>Total (Memo Only)</u>
ASSETS			
Cash and cash equivalents	\$ 148,647	\$ 1,838	\$ 150,485
Prepaid insurance	12,982		12,982
Receivables:			
Ad valorem taxes, net of uncollectible assessments	281,758		281,758
Sales taxes	11,669		11,669
	<u>455,056</u>	<u>1,838</u>	<u>456,894</u>
Total assets			
LIABILITIES AND FUND EQUITY			
Liabilities			
Accounts payable	5,468	-	5,468
	<u>5,468</u>	<u>-</u>	<u>5,468</u>
Total liabilities			
Deferred Inflows of Resources			
Ad valorem tax revenue	30,008		30,008
	<u>30,008</u>	<u>-</u>	<u>30,008</u>
Total Deferred Inflows of Resources			
Fund balance			
Nonspendable - prepaid expenses	12,982	-	12,982
Unassigned	406,598	1,838	408,436
	<u>419,580</u>	<u>1,838</u>	<u>421,418</u>
Total Fund Balance			
Total liabilities, fund equity and other credits	<u>\$ 455,056</u>	<u>\$ 1,838</u>	<u>\$ 456,894</u>

The accompanying notes are an integral part of this statement.

KILLONA VOLUNTEER FIRE DEPARTMENT, INC.
Killona, Louisiana

Statement Revenues, Expenditures, and Changes in Fund Balances
Governmental Fund
For the Year Ended December 31, 2021

	General Fund	Non-Public Revenue Fund (Non-major)	Total (Memo Only)
REVENUES			
Ad valorem tax	\$ 251,750	\$ -	\$ 251,750
Sales tax	64,071	-	64,071
Fire insurance rebate	5,690	-	5,690
Rental	-	1,990	1,990
Interest	132	-	132
Other revenue	11,861	-	11,861
Total revenues	333,504	1,990	335,494
EXPENDITURES			
Public safety - fire protection:			
Current:			
Repairs and maintenance	68,488	-	68,488
Professional fees	20,590	-	20,590
Insurance	26,194	-	26,194
Fuel	7,865	-	7,865
Supplies and materials	17,260	-	17,260
Utilities and telephone	29,230	-	29,230
Personnel	96,205	-	96,205
Training	1,333	-	1,333
Meetings and conventions	717	-	717
Dues and subscriptions	7,780	-	7,780
Office expense	4,362	-	4,362
Meals	4,940	219	5,159
Rent expenses	-	2,297	2,297
Miscellaneous	943	-	3,240
Capital outlay	404,005	-	404,005
Debt Service:			
Debt retirement	16,923	-	16,923
Interest expense	4,709	-	4,709
Total expenditures	711,544	2,516	716,357
Excess of revenues over/(under) expenditures	(378,040)	(526)	(378,566)
Other Financing Sources (Uses)			
Proceeds of long-term capital-related debt	278,782	-	278,782
Proceeds from sale of asset	126,600	-	126,600
Total other financing sources and uses	405,382	-	405,382
Excess (deficiency) of revenues and other sources			
Over expenditures and other uses	27,342	(526)	26,816
Fund balance			
Beginning of year	\$ 392,238	\$ 2,364	\$ 394,602
End of year	\$ 419,580	\$ 1,838	\$ 421,418

The accompanying notes are an integral part of this statement.

KILLONA VOLUNTEER FIRE DEPARTMENT, INC.
Killona, Louisiana

**Reconciliation of the Governmental Fund Balance Sheet to the
Government-Wide Statement of Net Position
December 31, 2021**

Total Fund Balances - Governmental Funds	\$ 421,418
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet	932,522
Long-term liabilities are not due and payable in the current period and therefore not reported in the governmental funds	<u>(310,051)</u>
Total Net Position - Governmental activities	<u><u>\$ 1,043,889</u></u>

The accompanying notes are an integral part of this statement.

KILLONA VOLUNTEER FIRE DEPARTMENT, INC.
Killona, Louisiana

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the year ended December 31, 2021**

Net Change in Fund Balances - Governmental Funds \$ 26,816

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

Governmental funds report capital outlays as expenditures. However, in
the statement of activities, the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense.

Capital outlay which is considered expenditures on the Statement of Revenue, Expenditures and Changes in Fund Balances	\$ 404,005	
Basis of capital assets removed from service	(152,639)	
Depreciation expense for the year ended December 31, 2021	<u>(85,861)</u>	165,505

Governmental funds report debt service payments as expenditures.
However; in the statement of activities the repayment of principal
indebtedness reduces long-term liabilities and does not affect the
statement of activities. 16,923

Proceeds of long-term capital-related debt are not considered income
in the Statement of Activities (278,782)

Change in Net Position - Governmental activities \$ (69,538)

Basic Financial Statements

Fund Financial Statements (FFS)

Notes to the Financial Statements

**KILLONA VOLUNTEER FIRE DEPARTMENT, INC.
KILLONA, LOUISIANA**

Notes to the Financial Statements
For the year ended December 31, 2021

INTRODUCTION

The Killona Volunteer Fire Department, Inc. (the Department) was organized as a non-profit corporation as defined by Revised Statutes of Louisiana Title 12, Section 101 (8). The Department is exempt from federal income tax under section 501(c)(4) of the Internal Revenue Code. Its objective is to provide fire protection to the Killona area, Fire Protection District No.10 of St. Charles Parish.

The Department receives funding from local and state government sources and must comply with the same requirements of these funding source entities. However, the Department is a "primary government" and is not included as a component unit of any other St. Charles Parish governmental "reporting entity" as defined in GASB pronouncements, since the entity is a non-profit corporation, and the board members have decision making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. The Department includes all activities that are controlled by it as a quasi-public non-profit corporation organized to provide fire protection to the Parish of St. Charles. The Department has no component units.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

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

Government-Wide Financial Statements (GWFS)

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

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Department's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients for goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational

**KILLONA VOLUNTEER FIRE DEPARTMENT, INC.
KILLONA, LOUISIANA**

Notes to the Financial Statements
For the year ended December 31, 2021

or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenue

Fund Financial Statements (FFS)

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

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

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

Major Fund:

Governmental Fund - General Fund

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

Non-Major Fund:

Governmental Fund – Non-Public Revenue Fund

The purpose of the non-public revenue fund is to account for funds collected by the Department from private sources such as donations. These funds are accounted for separately from the public funds which are held in the general fund.

B. Measurement Focus / Basis of Accounting

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

Measurement Focus

On the government-wide statement of net position and the statement of activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives

KILLONA VOLUNTEER FIRE DEPARTMENT, INC.
KILLONA, LOUISIANA

Notes to the Financial Statements
For the year ended December 31, 2021

of this measurement focus are the determination of operating income, changes in net position (or cost recovery) and financial position.

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

Basis of Accounting

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

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

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

C. Budgets and Budgetary Accounting

Due to the fact that the Department is a true quasi-public entity, which has no direct relationship to another governing entity, it is not subject to the Louisiana Local Budget Act.

Although it is not required, the Department adopts, using the cash basis of accounting, an annual budget based on anticipated revenues and expenditures. Annual appropriations of funds are not made. The budget is reviewed and compared to actual expenditures for use in managing expenditures.

**KILLONA VOLUNTEER FIRE DEPARTMENT, INC.
KILLONA, LOUISIANA**

Notes to the Financial Statements
For the year ended December 31, 2021

D. Encumbrances

The Department does not use encumbrance accounting.

E. Cash and Interest-bearing Deposits

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

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

F. Investments

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

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

G. Prepaid Expenditures

Payments made for goods and services that will benefit periods beyond December 31, 2021 have been recorded as prepaid expenditures.

H. Receivables

Ad Valorem taxes are levied on a calendar year basis and become delinquent on January 1 of each year. Delinquent property taxes are considered fully collectible and therefore no allowance for uncollectible fees is provided. Any prior-year delinquent property taxes are recorded as receivable, in addition to the current year assessment.

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

I. 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.

**KILLONA VOLUNTEER FIRE DEPARTMENT, INC.
KILLONA, LOUISIANA**

Notes to the Financial Statements
For the year ended December 31, 2021

J. Deferred Outflows of Resources and Deferred Inflows of Resources

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

K. Use of Estimates

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

L. Capital Assets

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

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

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

M. Long-Term Obligations

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

N. Equity Classifications

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

**KILLONA VOLUNTEER FIRE DEPARTMENT, INC.
KILLONA, LOUISIANA**

Notes to the Financial Statements
For the year ended December 31, 2021

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

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

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

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

NOTE 2. CASH AND CASH EQUIVALENTS

At December 31, 2021, the Department has cash and cash equivalents (book balances) totaling \$150,485, as follows:

Demand Deposits	\$ 102,402
Time and savings deposits	48,083
Total	<u>\$ 150,485</u>

**KILLONA VOLUNTEER FIRE DEPARTMENT, INC.
KILLONA, LOUISIANA**

Notes to the Financial Statements
For the year ended December 31, 2021

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

NOTE 3. CUSTODIAL CREDIT RISK

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

Deposit balances (bank balances) at December 31, 2021 in the amount of \$162,976 were secured with \$162,976 of federal deposit insurance. The Department does not have a policy for custodial credit risk.

NOTE 4. RECEIVABLES

Receivables at December 31, 2021 consisted of Ad Valorem taxes in the amount of \$281,758. This amount represents current year tax roll, in addition to prior year delinquent taxes. Also included in receivables at year end are sales taxes in the amount of \$11,669.

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021 was as follows:

	Balance at 12/31/2020	Additions	Deletions	Balance at 12/31/2021
Capital assets, not being depreciated:				
Land	\$30,000	\$ -	\$-	\$30,000
Total	30,000	-	-	30,000
Capital assets, being depreciated:				
Equipment	665,077	52,331	-	717,408
Buildings	895,405	-	-	895,405
Improvements	16,500	-	-	16,500
Vehicles	1,092,153	351,673	(488,860)	954,966
Total	2,669,135	404,004	-	2,584,279
Less: accumulated depreciation	(1,932,114)	(85,861)	336,217	(1,681,757)
Total capital, assets being depr; net	737,020	318,143	(152,643)	902,522
Total capital assets, net	\$ 767,020	\$ 318,143	\$ (152,643)	\$932,522

**KILLONA VOLUNTEER FIRE DEPARTMENT, INC.
KILLONA, LOUISIANA**

Notes to the Financial Statements
For the year ended December 31, 2021

Depreciation expense for the year of \$ 85,861 was charged to public safety.

NOTE 6. LONG-TERM DEBT

During the fiscal year ended December 31 2020, Killona Volunteer Fire Department, Inc. purchased a 2020 F-150 as part of the fire protection fleet used by the department. The Department incurred debt in the amount of \$48,193. The annual interest rate is 7.84%. The required debt service for the upcoming fiscal year is \$7,103 and \$3,024 principal and interest, respectively.

During the fiscal year ended December 31 2021, Killona Volunteer Fire Department, Inc. purchased a 2021 Pierce Freightliner as part of the fire protection fleet used by the department. The Department incurred debt in the amount of \$278,782. The annual interest rate is 4.25%. The required debt service for the upcoming fiscal year is \$26,240 and \$8,275 principal and interest, respectively.

The following is a summary of the transactions of the notes payable during the year:

Governmental activities:

Long-term obligations payable at December 31, 2020	\$	48,193
Additions		278,782
Reductions		(16,923)
Long-term obligations payable at December 31, 2021	\$	310,052

All principal and interest requirements are funded in accordance with Louisiana law by the general revenues of the District. The amounts due on outstanding debt, including interest, are as follows:

Year ending December 31,	Principal	Interest	Total Debt Service Requirement
2022	33,343	11,298	44,642
2023	43,987	12,160	56,147
2024	46,179	9,968	56,147
2025	48,489	7,657	56,147
2026	50,925	5,221	56,147
2027-2028	87,128	9,413	96,541
	\$ 310,052	\$ 55,717	\$ 365,769

NOTE 7. AD VALOREM TAX

Effective July 21, 1990, the voters of St. Charles Parish approved a property tax millage in the amount of 1.6 mills. This tax is collected by the St. Charles Parish Sheriff to be used for the fire protection of the Parish of St. Charles. The funds are distributed to the nine individual Fire Departments of the St.

**KILLONA VOLUNTEER FIRE DEPARTMENT, INC.
KILLONA, LOUISIANA**

Notes to the Financial Statements
For the year ended December 31, 2021

Charles Parish Firemen's Association, Inc. by the parish's Department of Finance. The Department's share of the total property tax on the 2021 tax roll is \$251,750 paid at a millage rate of 1.58.

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

NOTE 8. TAX ABATEMENTS

The St. Charles Parish Government enters into property tax abatement agreements with local businesses. Based on various Louisiana economic development programs, local taxing authorities may grant property tax abatements for the purpose of attracting or retaining businesses within their jurisdictions.

For the fiscal year ended December 31, 2021, the Killona Volunteer Fire Department, Inc.'s portion of the total tax abatements were \$21,087.

NOTE 9. FIRE PROTECTION CONTRACT

Effective March 1, 1980, sales tax in the amount of one-eighth of one percent is collected by the St. Charles Parish School Board and administered by the Parish President. The sales tax is to be used for the fire protection of the Parish of St. Charles. The funds are distributed monthly by the Parish President to the individual Fire Departments of the St. Charles Parish Firemen's Association, Inc. Effective April 4, 2011 (Ord#11-4-4), the sales tax is distributed on the following basis:

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

The Department receives a monthly base amount of \$2,500 in sales tax plus 1.47% of the remaining funds. The total revenue under this agreement for the year ended December 31, 2021, was \$64,071.

Sales tax receivable at December 31, 2021 of \$11,669, consists of the Department's share of the 1/8th cent sales tax for the months of November and December 2021, collected on or before December 20, 2021, by the St. Charles Parish School Board and remitted by St. Charles Parish in January and February 2022.

**KILLONA VOLUNTEER FIRE DEPARTMENT, INC.
KILLONA, LOUISIANA**

Notes to the Financial Statements
For the year ended December 31, 2021

NOTE 10. LEASES

The Department had no leases for the year ended December 31, 2021.

NOTE 11. RISK MANAGEMENT

The Department is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; illnesses or injuries to its volunteers; and natural disasters. The Department has purchased commercial insurance to cover or reduce the risk of loss. No settlements were made during the current or prior three fiscal years that exceeded the Department's insurance coverage.

NOTE 12. SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 30, 2022, which is the date the financial statements were available to be issued.

NOTE 13. LITIGATION AND CLAIMS

At December 31, 2021, the Department had no litigation or claims pending.

Required Supplemental Information

KILLONA VOLUNTEER FIRE DEPARTMENT, INC
St. Charles Parish, Louisiana

Budget Comparison Schedule
General Fund - Non-GAAP (Cash) Basis
For the Year ended December 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance - favorable (unfavorable)
Revenues:				
Ad valorem tax	\$ 200,000	\$ 200,000	289,506	\$ 89,506
Sales tax	45,000	45,000	63,876	18,876
Fire insurance rebate	-	-	-	-
Interest	-	-	132	132
Other revenue	-	-	134,999	134,999
	<u>\$ 245,000</u>	<u>\$ 245,000</u>	<u>\$ 488,513</u>	<u>\$ 243,513</u>
Expenditures:				
Repairs and maintenance	\$ 73,700	\$ 77,900	107,171	(29,271)
Professional fees	22,000	22,000	19,855	2,145
Insurance	40,000	27,500	22,876	4,624
Fuel	12,000	12,000	8,593	3,407
Supplies and materials	9,500	15,200	23,013	(7,813)
Utilities and telephone	29,500	31,500	29,866	1,634
Personnel	119,500	118,600	86,521	32,079
Training	-	-	1,368	(1,368)
Intallation	375	375	-	375
Fire prevention	2,500	2,500	-	2,500
Meetings and conventions	19,000	18,000	717	17,283
Dues and subscriptions	7,850	8,850	7,780	1,070
Office expense	9,800	7,700	4,509	3,191
Meals	11,000	11,000	4,940	6,060
Miscellaneous	-	1,000	943	57
Capital outlay	66,000	68,600	104,683	(36,083)
	<u>\$ 422,725</u>	<u>\$ 422,725</u>	<u>\$ 422,835</u>	<u>\$ (110)</u>
Excess (deficiency) of revenues over expenditures	(177,725)	(177,725)	65,678	
Fund balance, beginning	<u>not budgeted</u>	<u>not budgeted</u>	<u>394,600</u>	
Fund balance, ending	<u>not budgeted</u>	<u>not budgeted</u>	<u>460,279</u>	

The accompanying notes are an integral part of this statement.

SUPPLEMENTAL INFORMATION

**KILLONA VOLUNTEER FIRE DEPARTMENT, INC.
KILLONA, LOUISIANA**

For the Year Ended December 31, 2021

*Schedule of Compensation, Benefits and Other Payments
to Agency Head or Chief Executive Officer*

Trevell Gordon, Chief

Purpose	Amount
Salary	0
Benefits-insurance	0
Benefits-retirement	0
Benefits-other	0
Car allowance	0
Vehicle provided by government	0
Per diem	0
Reimbursements	0
Travel	0
Registration fees	0
Conference travel	0
Continuing professional education fees	0
Housing	0
Unvouchered expenses*	0
Special meals	0
Others (Uniforms/Gear)	0

This form is used to satisfy the reporting requirements of R.S. 24:513(A)(3) on Supplemental Reporting.

Reports by Management

**KILLONA VOLUNTEER FIRE DEPARTMENT, INC.
KILLONA, LOUISIANA**

**Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2021**

Section I – Internal Control and Compliance Material to the Financial Statements:

<u>Ref. No.</u>	1220-01
<u>Description of Finding:</u>	Inadequate Segregation of Duties – Internal Control Material Weakness 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.
<u>Corrective Action Taken:</u>	None
<u>Ref. No.</u>	1220-02
<u>Description of Finding:</u>	Inadequate Controls over Station Rentals – Internal Control Material Weakness The department does not keep consistent records of the station rentals and therefore, cannot effectively reconcile rental receipts to bank deposits. A material weakness in internal controls could allow for misappropriation of assets and/or a material misstatement in financial statement reporting.
<u>Corrective Action Taken:</u>	The department has implemented a money order only policy as payment for rentals. No cash will be accepted. They began keeping a rental log and reconciling it monthly, investigating any discrepancies.

**KILLONA VOLUNTEER FIRE DEPARTMENT, INC.
KILLONA, LOUISIANA**

**Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2021**

**Section I – Internal Control and Compliance Material to the Financial Statements
(continued):**

Ref. No. 1220-03

Description of Finding: Violation of Article VII, Section 14 of the Louisiana Constitution, prohibited uses of public funds.

This article outlines the prohibited use of public funds whereby public funds, credit, property, or things of value shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private, except as otherwise provided by in the constitution. The Department's board authorized the use, at no charge, of the fire station and other equipment to individuals or organizations during the year for purposes other than fire services.

Corrective Action Taken: After being informed of the laws, the board has discontinued use of assets, free of charge, immediately. All non-fire department related use of the fire station requires a rental fee to be charged.

Section II – Management Letter:

There was no management letter issued in the prior year.

**KILLONA VOLUNTEER FIRE DEPARTMENT, INC.
KILLONA, LOUISIANA**

**Corrective Action Plan for Current Year Audit Findings
For the Year Ended December 31, 2021**

Section I – Internal Control and Compliance Material to the Financial Statements

<u>Ref. No.</u>	2021-01
<u>Condition:</u>	Inadequate Segregation of Duties – Internal Control Material Weakness
<u>Criteria:</u>	For effective internal controls, there should be an adequate division of responsibilities.
<u>Cause:</u>	Due to the size of the District's operations and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal control.
<u>Effect:</u>	To employ such controls may not be cost beneficial.
<u>Recommendation:</u>	Management should continue to look for ways to strengthen controls within the accounting department using the limited resources at hand.
<u>Management's response:</u>	This is a common deficiency noted in audits of small entities. The department's office does not employ enough people in its accounting department to adequately segregate duties such as approving purchase orders, approving invoices for payment, printing checks, recording checks, signing checks, mailing checks, and reconciling bank statements. This is one example of the circumstances that resulted in the finding. Therefore, this deficiency cannot be remedied in a cost- effective manner.

**KILLONA VOLUNTEER FIRE DEPARTMENT, INC.
KILLONA, LOUISIANA**

**Corrective Action Plan for Current Year Audit Findings
For the Year Ended December 31, 2021**

**Section I – Internal Control and Compliance Material to the Financial Statements
(continued):**

<u>Ref. No.</u>	2021-02
<u>Condition:</u>	Violation of La. R.S. 38:2211, et. Seq., the Louisiana Public Bid Law - Noncompliance
<u>Criteria:</u>	Materials and supplies cost over the contract limit of \$30,000 are required to follow guidelines under the Public Bid Law.
<u>Cause:</u>	The purchase of two items were not properly bid out in accordance with the Public Bid Law.
<u>Effect:</u>	The Department has violated La. R.S. 38:2211, et. Seq., the Public Bid Law
<u>Recommendation:</u>	Contracts for purchases of materials and supplies with a value of more than \$30,000 must be advertised and contract with the lowest responsible bidder.
<u>Management's response:</u>	The Department agrees to put procedures in place for properly purchasing items in accordance with the Public Bid Law.

Section II – Management Letter:

There was no management letter issued in the current year.

**OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**



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

**To the Killona Volunteer Fire Department, Inc.
Killona, Louisiana**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Killona Volunteer Fire Department, Inc. (the Department), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Department’s basic financial statements, and have issued our report thereon dated June 30, 2022.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of current and prior year findings and management’s corrective action plan as item 2021-001 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a

direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, described in the accompanying schedule of current and prior year findings and management's corrective action plan as item 2021-002.

Killona Volunteer Fire Department, Inc.'s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Department's response to the findings identified in our audit and described in the accompanying schedule of audit findings and management's corrective action plan. The Department's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Thibodaux, Louisiana
June 30, 2022