

KILLONA VOLUNTEER FIRE DEPARTMENT, INC.

KILLONA, LOUISIANA

**FINANCIAL REPORT
(Excluding the Membership Account Fund)**

As of and for the Year Ended December 31, 2016



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KILLONA VOLUNTEER FIRE DEPARTMENT, INC.

Killona, Louisiana

FINANCIAL REPORT (Excluding the Membership Account Fund)

As of and for the year ended December 31, 2016

TABLE OF CONTENTS

	Statement	Page
Financial Section		
Independent Auditor's Report		3
<u>Basic Financial Statements:</u>		
<u>Government-wide Financial Statements</u>		
Statement of Net Position	A	6
Statement of Activities	B	7
<u>Fund Financial Statements</u>		
Balance Sheet – Governmental Funds	C	8
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	D	9
Reconciliation of the Governmental Fund Balance Sheet to the Government-wide Statement of Net Position		10
Reconciliation of the Statement of Revenues, Expenditures And Changes in Fund Balances of Governmental Funds to the Statement of Activities		11
Notes to the Financial Statements		12
	Schedule	
Supplemental Information Schedules		
Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer	1	22
Reports by Management		
Summary Schedule of Prior Audit Findings	2	23
Corrective Action Plan for Current Year Audit Findings	3	25

KILLONA VOLUNTEER FIRE DEPARTMENT, INC.

Killona, Louisiana

FINANCIAL REPORT

(Excluding the Membership Account Fund)

As of and for the year ended December 31, 2016

Other Report Required By *Government Auditing Standards*

Independent Accountants 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*

31



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the government 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, 2016, and the related notes to the financial statements, which collectively comprise the department's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the government activities, each major fund, and the aggregate remaining fund information of the Killona Volunteer Fire Department, Inc. as of December 31, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

As discussed in Note 1A, the financial statements present only the general fund. They do not purport to, and do not present fairly the financial position of the department as of December 31, 2016, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted 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 for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated February 1, 2019, on our consideration of the department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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
February 1, 2019

Basic Financial Statements

Government-Wide Financial Statements

KILLONA VOLUNTEER FIRE DEPARTMENT, INC.
Killona, Louisiana

Statement of Net Position
(Excluding the Membership Account Fund)
December 31, 2016

	Governmental Activites
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 406,456
Prepaid insurance	17,842
Receivables:	
Ad valorem taxes, net of uncollectible assessments	193,760
Sales taxes receivable	13,988
Total current assets	632,046
Noncurrent assets:	
Capital assets, not being depreciated	57,500
Capital assets, net of accumulated depreciation	941,231
Total noncurrent assets	998,731
Total assets	\$ 1,630,777
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 20,528
Accrued payroll payable	1,879
Total current liabilities/Total liabilities	\$ 22,407
Deferred Inflows of Resources	
Ad valorem tax revenue	194,158
Total Deferred Inflows of Resources	\$ 194,158
NET POSITION	
Net investment in capital assets	\$ 998,731
Unrestricted	415,481
Total net position	\$ 1,414,212

The accompanying notes are an integral part of this statement.

KILLONA VOLUNTEER FIRE DEPARTMENT, INC.
Killona, Louisiana

Statement of Activities
(Excluding the Membership Account Fund)
For the Year Ended December 31, 2016

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	
Expenses				
Expenses:				
Governmental activities:				
Public safety - fire protection:				
Repairs and maintenance	\$ 38,927	\$ -	\$ -	\$ (38,927)
Professional fees	5,705	-	-	(5,705)
Insurance	27,116	-	-	(27,116)
Fuel	3,000	-	-	(3,000)
Supplies and materials	3,340	-	-	(3,340)
Utilities and telephone	27,598	-	-	(27,598)
Personnel	7,478	-	-	(7,478)
Salaries and related expenses	79,510	-	-	(79,510)
Dues and subscriptions	704	-	-	(704)
Office expense	1,158	-	-	(1,158)
Meals	6,104	-	-	(6,104)
Miscellaneous	492	-	-	(492)
Depreciation expense	104,374	-	-	(104,374)
Total governmental activities	\$ 305,506	\$ -	\$ -	\$ (305,506)

General Revenues:

Ad valorem tax	\$ 200,786
Sales tax	58,131
Fire Insurance Rebate	5,754
Interest income	1,270
Miscellaneous income	0

Total general revenues \$ 265,941

Change in net assets (39,565)

Net position:

Beginning of the year, restated \$ 1,453,777

End of the year \$ 1,414,212

The accompanying notes are an integral part of this statement.

Basic Financial Statements

Fund Financial Statements

KILLONA VOLUNTEER FIRE DEPARTMENT, INC.
Killona, Louisiana

Balance Sheet - Governmental Fund
(Excluding the Membership Account Fund)
December 31, 2016

		<u>General Fund</u>
ASSETS		
Cash and cash equivalents	\$	406,456
Prepaid insurance		17,842
Receivables:		
Ad valorem taxes, net of uncollectible assessments		193,760
Sales taxes		13,988
Total assets	\$	632,046
 LIABILITIES AND FUND EQUITY		
Liabilities		
Accounts payable		20,528
Accrued payroll payable		1,879
Total liabilities	\$	22,407
 Deferred Inflows of Resources		
Ad valorem tax revenue		194,158
Total Deferred Inflows of Resources	\$	194,158
 Fund equity and other credits		
Fund balance:		
Unreserved - unassigned		415,481
Total fund equity and other credits	\$	415,481
Total liabilities, fund equity and other credits	\$	437,888

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
(Excluding the Membership Account Fund)
For the Year Ended December 31, 2016

	General Fund
REVENUES	
Ad valorem tax	\$ 200,786
Sales tax	58,131
Fire insurance rebate	5,754
Interest	1,270
Other revenue	-
	\$ 265,941
EXPENDITURES	
Public safety - fire protection:	
Current:	
Repairs and maintenance	\$ 38,927
Professional services	5,705
Insurance	30,172
Fuel	3,000
Materials and supplies	7,762
Utilities and telephone	27,598
Personnel Equipment	0
Salaries and related expenses	79,510
Dues and subscriptions	704
Office expenses	1,158
Meals	6,104
Miscellaneous	492
Capital Outlay	60,293
	\$ 261,425
Excess of revenues over/(under) expenditures	4,516
Fund balance	
Beginning of year, restated	\$ 410,965
End of year	\$ 415,481

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
(Excluding the Membership Account Fund)
December 31, 2016**

Total Fund Balances - Governmental Funds	\$ 415,481
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	<u>998,731</u>
Total Net Position - Governmental activities	<u>\$ 1,414,212</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
(Excluding the Membership Account Fund)
For the year ended December 31, 2016**

Net Change in Fund Balances - Governmental Funds	\$	4,516
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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 assets purchased	\$	60,293	
Depreciation expense		<u>(104,374)</u>	(44,081)
Change in Net Position - Governmental activities			<u>\$ (39,565)</u>

The accompanying notes are an integral part of this statement.

Notes to the Financial Statements

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

Notes to the Financial Statements
(Excluding the Membership Account Fund)
As of and for the year ended December 31, 2016

INTRODUCTION

The Killona Volunteer Fire Department, Inc. (the department) was organized as a non-profit quasi-governmental corporation to provide fire protection to the Parish of St. Charles. The department is exempt from Federal income tax under section 501(c)(4) of the Internal Revenue Code.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Funds Excluded From This Report

This financial report does not include the Membership Account Fund. This fund does not include public money and is, therefore, not required to be audited. It is the only fund of the department that is not included in these financial statements, notes, and reports. The department's only other fund is the general fund.

B. Basis of Presentation

The department's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the department are discussed below.

C. Reporting entity

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.

D. Basic Financial Statements - Government-wide Statements

In accordance with Government Accounting Standards Board Statement No. 34, the department has presented a Statement of Net Position and a Statement of Activities of the department as a whole. These statements include the primary government and its component units, if applicable, with the

KILLONA VOLUNTEER FIRE DEPARTMENT, INC.
KILLONA, LOUISIANA

Notes to the Financial Statements
(Excluding the Membership Account Fund)
As of and for the year ended December 31, 2016

exception of fiduciary funds. Those funds are reported separately. Government-wide accounting is designed to provide a more comprehensive view of the government's operations and financial position as a single economic entity.

Government-wide statements distinguish between governmental-type and business-type activities. Governmental activities are those financed through taxes, intergovernmental revenues and other non-exchange revenues and are usually reported in governmental and internal service funds. Business activities are financed in whole or in part through fees charged for goods and services to the general public and are usually reported in proprietary funds.

Policies specific to the government-wide statements are as follows:

Eliminating Internal Activity

Interfund receivables and payables are eliminated in the Statement of Net Position except for the net residual amounts due between governmental and business-type activities, these are presented as internal balances. The allocation of overhead expenses from one function to another or within the same function are eliminated in the Statement of Activities. Allocated expenses are reported by the function to which they were allocated.

Application of FASB Statements and Interpretations

Reporting on governmental-type and business-type activities are based on FASB Statements and Interpretations issued after November 30, 1989, except where they conflict or contradict GASB pronouncements.

Program Revenues

The Statement of Activities presents three categories of program revenues — (1) charges for services; and (2) operating grants and contributions (3) capital grants and contributions. Charges for services are those revenues arising from charges to customers who purchase, use or directly benefit from goods and services provided by the department. Grants and contributions, whether operating or capital in nature, are revenues arising from receipts that are restricted for a specific use. The department does not have any revenue from program revenues.

Indirect Expenses

Expenses are reported according to function except for those that meet the definition of special or extraordinary items. Direct expenses are specifically associated with a service or program. Indirect expenses include general government or administration that cannot be specifically traced to a service or program. Governments are not required to allocate indirect expenses to other functions, and the department has chosen not to do so.

Operating Revenues

Proprietary funds separately report operating and non-operating revenues. The department does not have any proprietary funds.

Restricted Net Position

KILLONA VOLUNTEER FIRE DEPARTMENT, INC.
KILLONA, LOUISIANA

Notes to the Financial Statements
(Excluding the Membership Account Fund)
As of and for the year ended December 31, 2016

Restricted net positions are those for which a constraint has been imposed either externally or by law. The Department recognizes the use of restricted resources for expenditures that comply with the specific restrictions. Restricted resources are exhausted before unrestricted net positions are used.

E. Basic Financial Statements - Fund Accounting

The department uses funds to report on its financial position and the result 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.

A fund is a separate entity with a self-balancing set of accounts. Funds of the department are classified as governmental. This category, in turn, is divided into separate fund types. The fund classifications and a description of the only existing fund type follow:

Governmental Funds

Governmental funds account for the department's entire 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 obligations.

The governmental funds of the department include the general fund. The general fund is the operating fund of the department and accounts for all financial resources, except those required to be accounted for in other funds.

F. Basis of Accounting / Measurement Focus

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual:

Governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual:

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

The department's records are maintained on the cash basis of accounting. However, the General Fund reported in the accompanying financial statements has been converted to a modified accrual basis of accounting utilizing the following practices in recording revenues and expenditures:

KILLONA VOLUNTEER FIRE DEPARTMENT, INC.
KILLONA, LOUISIANA

Notes to the Financial Statements
(Excluding the Membership Account Fund)
As of and for the year ended December 31, 2016

Revenues

Sales taxes are recorded in the month the taxes are collected by the St. Charles Parish School Board. Sales taxes become payable to the St. Charles Parish School Board on the first day of the month and become delinquent on the 20th day of the month following incurrence of the taxes by businesses.

An ad valorem issue is dedicated to the operations of the nine volunteer fire departments in St. Charles Parish. The tax millage expires in 2019. Each department is to receive one ninth of annual collections. Taxes levied in November each year are available for expenditures in the subsequent year.

Interest income on investments is recorded when the investments have matured and income is available. All other revenues are recorded when received.

All other revenues are recorded when received.

The majority of the department's revenues are derived from the one-eighth of one percent sales tax and the ad valorem tax for operations.

Expenditures

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

G. Budgets and Budgetary Accounting

The department was not required to prepare a budget for the year ended December 31, 2016.

H. Encumbrances

The department does not use encumbrance accounting.

I. Cash and Cash Equivalents

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 cash equivalents, which include interest bearing demand deposit accounts and certificates of deposit with an original maturity of less than 90 days, are stated at cost, which approximates fair market value.

J. 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

KILLONA VOLUNTEER FIRE DEPARTMENT, INC.
KILLONA, LOUISIANA

Notes to the Financial Statements
(Excluding the Membership Account Fund)
As of and for the year ended December 31, 2016

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.

K. 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.

L. Prepaid Expenditures

Payments made for goods and services that will benefit periods beyond December 31, 2016 have been recorded as prepaid expenditures.

M. Receivables

Ad Valorem receivables are recorded based on the amount of the current year assessment. Because management is aware that not all amounts will be collected, an allowance for uncollectible assessments is recorded, net of the receivable, based on current year actual uncollected amounts.

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

N. 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.

O. 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.

P. Capital Assets

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed 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

KILLONA VOLUNTEER FIRE DEPARTMENT, INC.
KILLONA, LOUISIANA

Notes to the Financial Statements
(Excluding the Membership Account Fund)
As of and for the year ended December 31, 2016

asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation is recorded using the straight-line method over the useful lives of the assets as follows:

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

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

Q. 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.

R. Net Position/Fund Balances

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:

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.

Restricted Net Position

Net position 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 position are recorded separately from expendable net position. These are components of restricted net position.

Unrestricted Net Position

All other net position 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:

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.

KILLONA VOLUNTEER FIRE DEPARTMENT, INC.
KILLONA, LOUISIANA

Notes to the Financial Statements
(Excluding the Membership Account Fund)
As of and for the year ended December 31, 2016

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.

Committed

Amounts that can be used only for specific purposes determined by a formal decision of the Board of Commissioners.

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.

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. RESTATEMENT OF BEGINNING NET POSITION/FUND BALANCE

Prior period adjustments were made to restate Net Position, Fund Balance, Deferred Inflows of Resources and Prepaid Insurance. In order to comply with GASB 65, an adjustment was made to decrease Net Position/Fund Balance by \$201,184 and increase Deferred Inflows of Resources by \$201,184. In order to record prior period Prepaid Insurance, an additional adjustment was made to increase Net Position/Fund Balance by \$18,296 and to increase Prepaid Insurance by \$18,296. The net effect of these adjustments is a decrease to Net Position/Fund Balance of \$182,888.

NOTE 3. CASH AND CASH EQUIVALENTS

At December 31, 2016, the department has cash and interest-bearing deposits (book balances) totaling \$406,456, as follows:

Demand Deposits	\$ 103,319
Time and savings deposits	<u>303,137</u>
Total	<u>\$ 406,456</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits or the resulting bank balances must be secured by federal deposit insurance or the pledge of securities owned

KILLONA VOLUNTEER FIRE DEPARTMENT, INC.
KILLONA, LOUISIANA

Notes to the Financial Statements
(Excluding the Membership Account Fund)
As of and for the year ended December 31, 2016

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.

Custodial credit risk is the risk that in the event of bank failure, the department's deposits may not be returned. The department does not have a policy for custodial credit risk. At December 31, 2016, the department's checking accounts (bank balances) and certificates of deposit at Capital One Bank totaled \$407,806. This balance was entirely secured by FDIC insurance (category 1).

NOTE 4. REVENUE RECEIVABLES

Receivables at December 31, 2016 consisted of ad valorem taxes in the amount of \$209,728, net a \$15,968 allowance for uncollectible assessment, and sales taxes in the amount of \$13,988, with no amounts recorded as uncollectible.

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016, was as follows:

	Balance at 12/31/2015	Additions	Deletions	Balance at 12/31/2016
Capital assets not being depreciated:				
Deposits on capital assets	-	27,500	-	\$ 27,500
Land	30,000	-	-	30,000
Total capital assets not depreciated	30,000	27,500	-	57,500
Capital assets being depreciated:				
Buildings	847,024	32,793	-	879,817
Vehicles	1,037,879	-	-	1,037,879
Land Improvements	16,500	-	-	16,500
Equipment	587,996	-	-	587,996
Total capital assets being depreciated.	2,489,399	32,793	-	2,522,192
Less: accumulated depreciation	(1,476,585)	(104,374)	-	(1,580,959)
Total capital assets being depr, net	1,012,814	(71,581)	-	941,233
Total capital assets, net	\$1,042,814	\$ (44,081)	\$ -	\$ 998,733

Depreciation expense for the year of \$104,374 was charged to the governmental function.

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

Notes to the Financial Statements
(Excluding the Membership Account Fund)
As of and for the year ended December 31, 2016

NOTE 6. 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:

Department	Basis	Funds
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 plus 1.47% of the remaining funds. The total revenue under this agreement for the year ended December 31, 2016 was \$58,131.

Sales tax receivable at December 31, 2016 of \$13,988 consists of the department's share of the 1/8th cent sales tax for the month of November 2016, collected on or before December 20, 2016 by the St. Charles Parish School Board and remitted by St. Charles Parish in January 2017.

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 when collected to the nine individual fire departments of the St. Charles Parish Firemen's Association, Inc. by the parish's Department of Finance. The Department's share of the total property tax for the year ended December 31, 2016, was \$200,786 at a millage rate of 1.53.

The ad valorem tax is levied each year by the St. Charles Parish Assessor 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.

Ad valorem tax revenue is recognized in the year for which the taxes are levied. Revenue is recognized as the current year's assessment less the uncollected portion of the current year's assessment.

KILLONA VOLUNTEER FIRE DEPARTMENT, INC.
KILLONA, LOUISIANA

Notes to the Financial Statements
(Excluding the Membership Account Fund)
As of and for the year ended December 31, 2016

Government-wide financial statements

Ad valorem tax revenue is recognized in the year for which the taxes are levied. Revenue is recognized as the current year's assessment less the uncollected portion of the prior year's assessment.

Fund financial statements

The department does not consider the current year's assessment to be "available" for current year expenditures and budgets the revenue to be used in the year following the assessment, when the majority of the taxes are actually collected.

NOTE 8. RETIREMENT PLAN

Full time employees are eligible to participate in the employee Retirement Program. The department will match employee deferrals up to 10% of the employee's annual gross salary to the 401(k). Employees may contribute up to \$18,000, with an additional catch-up amount of \$6,000 for employees 50 years of age or older, through payroll deductions. The amount of employer contribution for 2016 was \$6,594.

NOTE 9. 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 10. SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through February 1, 2019, which is the date the financial statements were available to be issued.

NOTE 11. LITIGATION AND CLAIMS

At December 31, 2016, the department had no litigation or claims pending.

Supplemental Information Schedules

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

For the Year Ended December 31, 2016

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

Agency Head Name: Trina Douglas, President

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

Reports by Management

**KILLONA VOLUNTEER FIRE DEPARTMENT, INC.
(Excluding the Membership Account Fund)**

**Summary of Schedule of Prior Year Audit Findings
As of and for the Year Ended December 31, 2016**

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

1215-01 Inadequate Segregation of Duties

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.

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.

No corrective action plan is taken because this deficiency cannot be remedied in a cost effective manner. This issue is repeated as a finding for 2016 as finding number 2016-01.

1215-02 Inadequate Controls over Financial Statement Preparation

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

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

This issue is repeated as a finding for 2016 as finding number 2016-02.

1215-03 Non Compliance with IRS Payroll Reporting Requirements

The IRS requires payroll reports be amended when payroll errors are found.

All payroll checks issued on April 30, 2015 were lost and required replacement checks to be issued. On May 4, 2015, those checks were reissued; however, the original checks

**KILLONA VOLUNTEER FIRE DEPARTMENT, INC.
(Excluding the Membership Account Fund)**

**Summary of Schedule of Prior Year Audit Findings
As of and for the Year Ended December 31, 2016**

were not marked void. This created an overstatement of wages reported on IRS payroll reports (Form 941).

In November 2015, the third-party payroll check provider received the original checks and marked them void. At this time, the IRS requires the 2nd Quarter payroll returns to be amended to correct the error. This was never done, which resulted in an overstatement in wages and payroll taxes reported on all employee's W-2s.

This issue has been resolved. Management has put in place policies to insure payroll reports are corrected when errors are found.

1215-04 Non Compliance with Louisiana's financial reporting laws R.S. 24:513 and 24:514

Under Louisiana's financial reporting laws (R.S. 24:513 and 24:514), Killona Volunteer Fire Department, Inc. is required to provide an annual financial report to the Louisiana Legislative Auditor's Office no later than six months after its year end.

The Fire Department failed to comply with these laws, submitting this required report to the state approximately three months after the required deadline.

This issue has not been resolved and is repeated as a finding for 2016 as finding number 2016-03.

**KILLONA VOLUNTEER FIRE DEPARTMENT, INC.
(Excluding the Membership Account Fund)**

**Summary of Schedule of Current Year Audit Findings
As of and for the Year Ended December 31, 2016**

Section I – Summary of Audit Results

1. The independent auditors' report expresses an unmodified opinion on the financial statements of Killona Volunteer Fire Department, Inc.
2. There are two significant deficiencies or material weaknesses in internal control relating to the audit of the financial statements which are reported in the Independent Auditors' 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*.
3. There are four instances of noncompliance material to the financial statements of Killona Volunteer Fire Department, Inc. which was reported in the Independent Auditors' 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*.
4. A management letter was not issued for the year ended December 31, 2016.

Section II – Financial Statement Findings:

Ref. No.

1216-01

Description of Finding

Inadequate Segregation of Duties

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.

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.

Corrective Action Planned

No corrective action plan is taken because this deficiency cannot be remedied in a cost effective manner.

**KILLONA VOLUNTEER FIRE DEPARTMENT, INC.
(Excluding the Membership Account Fund)**

**Summary of Schedule of Current Year Audit Findings
As of and for the Year Ended December 31, 2016**

Name of Contact Person

Kentrell Lockett, President

Anticipated Completion Date

None

Ref. No.

1216-02

Description of Finding

Inadequate Controls over Financial Statement Preparation

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

Corrective Action Plan

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

Name of Contact Person

Kentrell Lockett, President

Anticipated Completion Date

None

**KILLONA VOLUNTEER FIRE DEPARTMENT, INC.
(Excluding the Membership Account Fund)**

**Summary of Schedule of Current Year Audit Findings
As of and for the Year Ended December 31, 2016**

Ref. No.

1216-03

Description of Finding

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

Under Louisiana's financial reporting laws (R.S. 24:513 and 24:514), Killona Volunteer Fire Department, Inc. is required to provide an annual financial report to the Louisiana Legislative Auditor's Office no later than six months after its year end.

The Fire Department failed to comply with these laws, submitting this required report to the state approximately three months after the required deadline.

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

Corrective Action Plan

The Killona Volunteer Fire Department, Inc. agrees with the finding of our inability to provide an annual financial report to the Louisiana Legislative Auditor's Office no later than six months after its year end. We agree that the Fire Department failed to comply with these laws, and submitted this required report to the state after the deadline.

We will be reviewing this process and educating those involved to ensure this doesn't reoccur. The difficulty with volunteer organizations is that thorough attention, knowledge of processes, experience, and skills sets gets lost if not properly transitioned. We will seriously consider your recommendations to ensure a seamless transition of future positions to prevent problems such as this.

Name of Contact Person

Kentrell Lockett, President

Anticipated Completion Date

June 30, 2019

**KILLONA VOLUNTEER FIRE DEPARTMENT, INC.
(Excluding the Membership Account Fund)**

**Summary of Schedule of Current Year Audit Findings
As of and for the Year Ended December 31, 2016**

Ref. No.

1216-04

Description of Finding

Non Compliance with IRS Filing Requirements

The Internal Revenue Service requires all nonprofit organizations to report fiscal and other information annually. This return is due on the 15th day of the 5th month after the end of the organization's fiscal year. A six month extension is available.

The Fire Department failed to comply with this requirement, filing the annual return past the due date, with extensions.

Corrective Action Plan

The Killona Volunteer Fire Department, Inc. agrees with the finding of our inability to file the required report to the IRS by the deadline.

We will be reviewing this process and educating those involved to ensure this doesn't reoccur. The difficulty with volunteer organizations is that thorough attention, knowledge of processes, experience, and skills sets gets lost if not properly transitioned. We will seriously consider your recommendations to ensure a seamless transition of future positions to prevent problems such as this.

Name of Contact Person

Kentrell Lockett, President

Anticipated Completion Date

June 30, 2019

**KILLONA VOLUNTEER FIRE DEPARTMENT, INC.
(Excluding the Membership Account Fund)**

**Summary of Schedule of Current Year Audit Findings
As of and for the Year Ended December 31, 2016**

Ref. No.

1216-05

Description of Finding

Non Compliance with IRS Exemption Statutes and Corporate Law

The Internal Revenue Service as well as Louisiana Corporate Law requires all nonprofit organizations to record and maintain minutes of its board meetings.

Being unable to produce the board minutes to any of the meetings during the year, the Fire Department failed to comply with this requirement.

Corrective Action Plan

The Killona Volunteer Fire Department, Inc. agrees with the finding of our inability to produce board minutes for 2016 board meetings.

Our organization incurred some difficulty in transition with our all-volunteer board during this time. We believe the minutes had been properly taken for the meetings; however, we were unable to locate copies to provide the auditor. We will implement policies to insure the safekeeping of all minutes in the future, regardless of transitioning members.

Name of Contact Person

Kentrell Lockett, President

Anticipated Completion Date

January 31, 2019

**KILLONA VOLUNTEER FIRE DEPARTMENT, INC.
(Excluding the Membership Account Fund)**

**Summary of Schedule of Current Year Audit Findings
As of and for the Year Ended December 31, 2016**

Ref. No.

1216-06

Description of Finding

Non Compliance with Louisiana Law over the Notice of a Fraud Hotline

It was noted that the Fire Department was not in compliance with Louisiana Revised Statute 24:523.1 which states that a notice prepared by the Louisiana Legislative Auditor (LLA) containing information for the reporting of any misappropriation, fraud, waste, or abuse of public funds should be posted in a conspicuous place on the Fire Department's premises and that a link to the LLA hotline should be posted on the website of the Fire Department.

Corrective Action Plan

The Killona Volunteer Fire Department, Inc. agrees with the finding of our failure to post the LLA Fraud Hotline Notice and has recently posted it. This issue has been resolved.

Name of Contact Person

Kentrell Lockett, President

Completion Date

January 31, 2019

**OTHER REPORT REQUIRED BY
*GOVERNMENT AUDITING STANDARDS***



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

**Board of Directors
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 government 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, 2015, and the related notes to the financial statements, which collectively comprise the department's basic financial statements and have issued our report thereon dated February 1, 2019.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of current year audit findings, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of current year audit findings to be material weaknesses, see findings (1216-01 and 1216-02).

Compliance and Other Matters

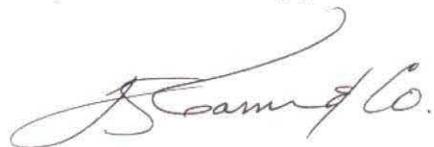
As part of obtaining reasonable assurance about whether the department's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed four instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, see finding (1216-03, 1216-04, 1216-05, and 1216-06).

The Departments Response to Findings

The department's response to the findings identified in our audit is described in the accompanying schedule of current year audit findings. The Department's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Thibodaux, Louisiana
February 1, 2019