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SCOTT VOLUNTEER FIRE DEPARTMENT
Scott, Louisiana

Financial Report

Years Ended December 31, 1998 and 1997

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

Release Date

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KOLDER, CHAMPAGNE, SLAVEN & RAINEY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA
Russell F. Champagne, CPA
Victor R. Slaven, CPA
Chris Rainey, CPA
Conrad O. Chapman, CPA
P. Troy Courville, CPA

Penny Angelle Scruggins, CPA
Mary T. Thibodeaux, CPA
Gerald A. Thibodeaux, Jr., CPA
Kelly M. Doucet, CPA
Kenneth J. Rachel, CPA

234 Rue Beaugard
Lafayette, LA 70508
Phone (318) 232-4141
Fax (318) 232-8660

113 East Bridge Street
Breaux Bridge, LA 70517
Phone (318) 332-4020
Fax (318) 332-2867

133 East Waddil
Marksville, LA 71351
Phone (318) 253-9252
Fax (318) 253-8681

1234 David Drive, Suite 105
Morgan City, LA 70380
Phone (504) 384-2020
Fax (504) 384-3020

408 W. Cotton Street
Vile Platte, LA 70586
Phone (318) 363-2792
Fax (318) 363-3049

332 W. Sixth Avenue
Oberlin, LA 70655
Phone (318) 639-4737
Fax (318) 639-4568

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Scott Volunteer Fire Department
Scott, Louisiana

We have audited the accompanying statements of financial position of the Scott Volunteer Fire Department (a nonprofit organization), as of December 31, 1998 and 1997, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Scott Volunteer Fire Department as of December 31, 1998 and 1997, and the changes in its net assets and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated May 5, 1999 on our consideration of the Scott Volunteer Fire Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying information listed as "Supplemental Information" is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Kolder, Champagne, Slaven & Rainey, LLC
Certified Public Accountants

Lafayette, Louisiana
May 5, 1999

FINANCIAL STATEMENTS

SCOTT VOLUNTEER FIRE DEPARTMENT
Scott, Louisiana

Statements of Financial Position
December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
ASSETS		
Current assets:		
Cash	\$ 43,619	\$ 1,382
Interest-bearing deposits	40,589	55,080
Accounts receivable	350	-
Total current assets	<u>84,558</u>	<u>56,462</u>
Property, plant, and equipment, net	<u>489,599</u>	<u>560,869</u>
Total assets	<u><u>\$574,157</u></u>	<u><u>\$617,331</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 1,942	\$ 8,836
Current maturities of long-term debt	62,569	61,490
Interest payable	1,230	2,091
Deferred income	30,000	-
Total current liabilities	<u>95,741</u>	<u>72,417</u>
Long-term debt	<u>148,737</u>	<u>211,307</u>
Total liabilities	<u><u>244,478</u></u>	<u><u>283,724</u></u>
Net assets:		
Unrestricted -		
Operating	51,386	45,535
Net investment in fixed assets	<u>278,293</u>	<u>288,072</u>
Total net assets	<u><u>329,679</u></u>	<u><u>333,607</u></u>
Total liabilities and net assets	<u><u>\$574,157</u></u>	<u><u>\$617,331</u></u>

The accompanying notes are an integral part of this statement.

SCOTT VOLUNTEER FIRE DEPARTMENT
Scott, Louisiana

Statements of Activities
Years Ended December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Public support:		
Contributions -		
City of Scott	\$ 80,114	\$ 78,275
State of Louisiana - Fire insurance tax	28,248	27,155
Miscellaneous donations	<u>16,220</u>	<u>20,658</u>
Total public support	<u>124,582</u>	<u>126,088</u>
Revenue:		
Contract service fees	25,000	25,000
Rent income	4,200	4,200
Interest income	2,197	1,679
Miscellaneous	<u>170</u>	<u>306</u>
Total revenue	<u>31,567</u>	<u>31,185</u>
Total public support and revenue	<u>156,149</u>	<u>157,273</u>
Expenses:		
Program services -		
Fire-fighting	146,092	137,065
Support services -		
General and administrative	9,401	7,326
Fundraising	<u>4,584</u>	<u>5,103</u>
Total expenses	<u>160,077</u>	<u>149,494</u>
Increase (decrease) in unrestricted net assets	(3,928)	7,779
Net assets, unrestricted, beginning of year	<u>333,607</u>	<u>325,828</u>
Net assets, unrestricted, end of year	<u>\$329,679</u>	<u>\$333,607</u>

The accompanying notes are an integral part of this statement.

SCOTT VOLUNTEER FIRE DEPARTMENT
Scott, Louisiana

Statements of Cash Flows
Years Ended December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Cash flows from operating activities:		
Change in net assets	\$ (3,928)	\$ 7,779
Adjustments to reconcile change in net assets to net cash provided by operating activities -		
Depreciation	76,693	65,971
Changes in current assets and liabilities:		
(Increase) decrease in accounts receivable	(350)	2,025
Increase (decrease) in accounts payable	(6,894)	6,401
Increase (decrease) in accrued interest payable	(861)	1,384
Increase in deferred income	30,000	-
Net cash provided by operating activities	<u>94,660</u>	<u>83,560</u>
Cash flows from capital and related financing activities:		
Purchase of equipment, firetruck and building improvements	(5,423)	(278,809)
Proceeds from note payable	-	242,258
Principal paid on note payable	<u>(61,491)</u>	<u>(54,256)</u>
Net cash used by capital and related financing activities	<u>(66,914)</u>	<u>(90,807)</u>
Increase (decrease) in cash and cash equivalents	27,746	(7,247)
Cash and cash equivalents, beginning of period	<u>56,462</u>	<u>63,709</u>
Cash and cash equivalents, end of period	<u>\$ 84,208</u>	<u>\$ 56,462</u>
Supplemental disclosure of cash flow information:		
Interest paid	<u>\$ 17,010</u>	<u>\$ 5,629</u>

The accompanying notes are an integral part of this statement.

SCOTT VOLUNTEER FIRE DEPARTMENT
Scott, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

Organization

The Scott Volunteer Fire Department (Organization) is a non-profit corporation formed under the laws of the State of Louisiana for the purpose of impeding, preventing, and extinguishing all types of destructive fires within or near the City of Scott, Louisiana; supervising, directing and controlling the proper care and use of all types of inflammable or combustible material found within the City; acquiring and holding property for purposes of the organization, and other related purposes.

A. Basis of Accounting

The Organization utilizes the accrual basis of accounting. Using this method, revenues are recognized when earned and expenses are recognized when incurred.

B. Property and Equipment

Property and equipment are stated at cost. Depreciable assets are depreciated using the straight-line method over the estimated useful lives of the individual assets as follows:

Buildings	10 - 31-1/2 years
Building improvements	10 - 31-1/2 years
Equipment, furniture and fixtures	5 years
Fire engines	10 years

C. Income Taxes

The Organization qualifies as a tax exempt organization under Section 501(c)(4) of the Internal Revenue Code and therefore, has no provision for federal income taxes.

D. Donated Services

A substantial number of volunteers have donated time to the Organization's program and supporting services. No amounts have been included in the financial statements for donated services since no objective basis is available to measure the value of such services.

E. Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all instruments with maturities of three months or less to be cash equivalents.

SCOTT VOLUNTEER FIRE DEPARTMENT
Scott, Louisiana

Notes to Financial Statements (Continued)

(2) Property, Plant and Equipment

The following is a summary of property, plant and equipment at December 31, 1998 and 1997:

	1998	1997
Land	\$ 16,000	\$ 16,000
Building	122,992	122,992
Building improvements	56,409	56,409
Equipment	175,923	172,467
Furniture and fixtures	12,336	12,336
Fire engines	720,133	720,133
Truck	6,700	6,700
Total property, plant and equipment	1,110,493	1,107,037
Less: Accumulated depreciation	(620,894)	(546,168)
Net property, plant and equipment	\$ 489,599	\$ 560,869

(3) Long-Term Debt

Following is a summary of long-term debt at December 31, 1998 and 1997:

	1998	1997
Note payable to Iberia Bank, dated November 10, 1998, in the amount of \$242,150, due in annual principal payments of \$50,000 through November 10, 2002, interest at 6 percent and secured by a fire engine.	\$ 192,150	\$ 242,150

SCOTT VOLUNTEER FIRE DEPARTMENT
Scott, Louisiana

Notes to Financial Statements (Continued)

Note payable to Iberia Bank, dated June 23, 1995, in the amount of \$55,100, due in monthly installments of \$1,147 through June 23, 2000, interest at 9 percent and secured by a <i>fire engine.</i>	<u>19,156</u>	<u>30,347</u>
	211,306	272,797
Less: Current maturities included in current liabilities	<u>62,569</u>	<u>61,490</u>
	<u>\$148,737</u>	<u>\$211,307</u>

Following are maturities of long-term debt for each of the next four years.

<u>Year</u>	<u>Amount</u>
1999	\$ 62,569
2000	56,587
2001	50,000
2002	<u>42,150</u>
	<u>\$211,306</u>

(4) Impact of Year 2000 on Computer Programs (Unaudited)

The Year 2000 issue consists of two shortcomings of many electronic data processing systems that make the systems unable to process year-date data accurately beyond the year 1999. The first shortcoming is the result of computer programs being written with date fields consisting of two characters instead of four characters under the assumption that the first two characters of a date field would always be 19. Accordingly, subsequent to December 31, 1999, any date sensitive computer systems or embedded chips may recognize the two character year "00" as the year 1900 rather than the year 2000 and process data inaccurately or cease processing altogether. The second shortcoming is that the algorithm used in some computer systems for calculating leap years is unable to detect that the year 2000 is a leap year. Therefore, systems may not register the additional day and date calculations may be incorrect.

SCOTT VOLUNTEER FIRE DEPARTMENT
Scott, Louisiana

Notes to Financial Statements (Continued)

The Organization has completed a preliminary assessment of the impact of this issue. The computer programs and other electronic equipment that may be affected by the year 2000 issue have been identified. It has been determined that the Organization is not significantly dependent on computerized systems for essential operations.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Organization is or will be Year 2000 compliant, and that the remediation efforts will be successful in whole or in part, or that the parties with whom the Organization transacts business will be Year 2000 compliant.

SUPPLEMENTAL INFORMATION

INTERNAL CONTROL AND COMPLIANCE

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C. Burton Kolder, CPA
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Gerald A. Thibodeaux, Jr., CPA
Kelly M. Doucet, CPA
Kenneth J. Rachal, CPA

234 Rue Beauregard
Lafayette, LA 70508
Phone (318) 232-4141
Fax (318) 232-8660

113 East Bridge Street
Breaux Bridge, LA 70517
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133 East Waddi
Marksville, LA 71351
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Fax (318) 253-8681

1234 David Drive, Suite 105
Morgan City, LA 70380
Phone (504) 384-2020
Fax (504) 384-3020

408 W. Cotton Street
Ville Platte, LA 70586
Phone (318) 363-2792
Fax (318) 363-3049

332 W. Sixth Avenue
Oberlin, LA 70655
Phone (318) 639-4737
Fax (318) 639-4568

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

Scott Volunteer Fire Department
Scott, Louisiana

We have audited the financial statements of the Scott Volunteer Fire Department for the year ended December 31, 1998, and have issued our report thereon dated May 5, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Scott Volunteer Fire Department's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Scott Volunteer Fire Department's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying summary schedule of current and prior year audit findings and corrective action plan at Item 98-1 (IC).

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur

and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe the reportable condition described in the accompanying summary schedule of current and prior year audit findings and corrective action plan at Item 98-1 (IC) is a material weakness.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.

Kolder, Champagne, Slaven & Rainey, LLC
Certified Public Accountants

Lafayette, Louisiana
May 5, 1999

SCOTT VOLUNTEER FIRE DEPARTMENT

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan
Year Ended December 31, 1998

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
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CURRENT YEAR (12/31/98)

Internal Control:

98-1 (IC)	Unknown	Due to the small number of employees, the department did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Billie Lis, Treasurer	N/A
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OTHER SUPPLEMENTAL INFORMATION

SCOTT VOLUNTEER FIRE DEPARTMENT
Scott, Louisiana

Statements of Functional Expenses
Years Ended December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Program service expenses:		
Fire-fighting -		
Communications	\$ 3,559	\$ 3,364
Dues and subscriptions	1,173	631
Utilities and telephone	5,429	5,848
Insurance	17,302	22,346
Outside services	145	747
Repairs and maintenance - building	5,284	1,424
Repairs and maintenance - equipment	11,734	10,072
Supplies	1,272	1,281
Truck fuel	4,346	4,338
Uniforms	2,892	13,540
Education and training	29	490
Medical expense	85	-
Interest expense	16,149	7,013
Depreciation	<u>76,693</u>	<u>65,971</u>
Total program service expenses	<u>\$146,092</u>	<u>\$137,065</u>
Support service expenses:		
General and administrative -		
Professional fees	\$ 4,640	\$ 3,280
Meals	1,449	1,125
Miscellaneous	1,980	744
Office expense	637	964
Postage expense	182	175
Travel and entertainment	<u>513</u>	<u>1,038</u>
Total general and administrative	9,401	7,326
Fund raising	<u>4,584</u>	<u>5,103</u>
Total support service expenses	<u>\$ 13,985</u>	<u>\$ 12,429</u>