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Trailblazer Resource Conservation
and Development Area, Inc.

Financial Statements
For the year Ended December 31, 1998

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 7-28-99

Trailblazer Resource Conservation and Development Area, Inc.
December 31, 1998

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WILLIAM D. EDWARDS

Certified Public Accountant
A Professional Accounting Corporation
Member: AICPA / Society of LCPA'S

To the Board of Directors of
Trailblazer Resource Conservation and Development Area, Inc.
Ruston, Louisiana 71270

I have compiled the accompanying financial statements of Trailblazer Resource Conservation and Development Area, Inc., as of and for the year ended December 31, 1998, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

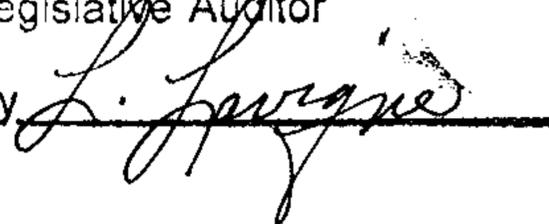
A compilation is limited to presenting in the form of financial statements information that is the representation of management of Trailblazer Resource Conservation and Development Area, Inc. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, I have issued a report dated June 28, 1999, on the results of my agreed-upon procedures.


William D. Edwards, CPA
June 28, 1999

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Receipt Acknowledged
Legislative Auditor

By 

Trailblazer Resource Conservation and Development Area, Inc.
Statement of Financial Position
For the Year Ended December 31, 1998

ASSETS	
Current assets:	
Cash and cash equivalents	\$115,090
Accounts receivable	<u>5,490</u>
Total current assets	120,580
Equipment, net	<u>130,158</u>
TOTAL ASSETS	<u><u>\$250,738</u></u>
LIABILITIES AND NET ASSETS	
Current liabilities:	
Accounts payable	\$1,009
Salaries and payroll taxes payable	4,197
Current portion of notes payable	6,250
Noncurrent liabilities:	
Noncurrent portion of notes payable	<u>80,848</u>
Total liabilities	<u>92,304</u>
Net assets:	
Unrestricted net assets:	
Operating	39,498
Fixed assets	<u>118,936</u>
Total unrestricted net assets	158,434
Temporarily restricted net assets (note 5)	0
Permanently restricted net assets (note 6)	<u>0</u>
Total net assets	<u>158,434</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$250,738</u></u>

See accompanying accountant's compilation report and notes to financial statements.

Trailblazer Resource Conservation and Development Area, Inc.
Statement of Activities
For the Year Ended December 31, 1998

	<u>Unrestricted</u>	<u>Fixed Assets</u>	<u>Total</u>
Public Support, Revenues, and Reclassification			
Sponsor dues and registration fees	\$9,800		\$9,800
Interest	4,900		4,900
Other governmental grants	110,041		110,041
Donated services (government entities)	1,459,460		1,459,460
Miscellaneous	20,533		20,533
Total public support, revenues, and reclassification	1,604,734	0	1,604,734
Expenses			
Programs:			
Statewide Dry Hydrant Direct Costs	30,958		30,958
Donated services	1,459,460		1,459,460
Total grant programs	1,490,418	0	1,490,418
Administration	87,532	\$1,094	88,626
Total expenses	1,577,950	1,094	1,579,044
Change in net assets	26,784	(1,094)	25,690
Net assets as of beginning of year	132,744		132,744
Operating transfer - fixed assets	(120,030)	120,030	0
Net assets as of end of year	\$39,498	\$118,936	\$158,434

See accompanying accountant's compilation report and notes to financial statements.

Trailblazer Resource Conservation and Development Area, Inc.
Statement of Cash Flows
For the Year Ended December 31, 1998

Operating activities	
Change in net assets	\$25,690
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	4,071
Decrease in accounts receivable	22,155
Increase in accounts payable and payroll liabilities	<u>395</u>
Net cash provided by operating activities	52,311
Investing activities	
Purchase of equipment	(131,333)
Financing activities	
Increase in notes payable	<u>87,098</u>
Net increase (decrease) in cash and cash equivalents	8,076
Cash and cash equivalents as of beginning of year	<u>107,014</u>
Cash and cash equivalents as of end of year	<u><u>\$115,090</u></u>

Taxes paid in 1998	-0-
Interest paid in 1998	818

See accompanying accountant's compilation report and notes to financial statements.

Trailblazer Resource Conservation and Development Area, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 1998

	<u>Support - Administrative</u>	<u>Program Services - Grant Projects</u>	<u>Total</u>
Compensation	\$38,546	\$5,006	\$43,552
Payroll taxes	2,548	331	2,879
Committee meeting	2,025		2,025
Donated services		1,459,460	1,459,460
Dues/licenses	505		505
Expendable equipment		520	520
Insurance	3,110		3,110
Interest	818		818
Legal and accounting	1,787		1,787
Meetings, board	2,289		2,289
Miscellaneous	1,533		1,533
Newsletter	714		714
Occupancy, rent	10,000		10,000
Office expense	8,154	1,094	9,248
Postage	1,643		1,643
Supplies:			
Maintenance	7,281		7,281
Materials		24,007	24,007
Telephone	1,940		1,940
Transportation, auto travel	5,733		5,733
Total expenses	<u>\$88,626</u>	<u>\$1,490,418</u>	<u>\$1,579,044</u>

See accompanying accountant's compilation report and notes to financial statements.

Trailblazer Resource and Conservation
and Development Area, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 1998

**A. NATURE OF ACTIVITIES AND SUMMARY OF
SIGNIFICANT ACCOUNTING POLICIES**

Nature of Organization

Trailblazer Resource Conservation and Development Area, Inc., was organized in October 1966, and received their tax exempt status as a 501(c)3 organization in December 1988, to promote natural resource conservation and community development. The corporation works with individuals and government entities to ensure protection and development of the state's natural resources. The principal programs currently consist of installing dry hydrants throughout the state to protect rural areas from fire damage.

Basis of Accounting

The financial statements of the corporation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Accordingly, Trailblazer, Inc. reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. A brief description of each class is as follows:

Unrestricted net assets are net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets are net assets subject to donor-imposed stipulations that may or will be met either by actions of the Corporation and/or the passage of time.

Permanently restricted net assets are net assets subject to donor-imposed stipulations that they be maintained permanently by the Corporation. Generally, the donors of these assets permit the Corporation to use all or part of the income earned on related investments for general or specific purposes.

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.

Trailblazer Resource and Conservation
and Development Area, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 1998

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the corporation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Fixed Assets and Depreciation

Fixed assets are stated at cost. Depreciation is provided on the straight-line method over the estimated useful life of the assets.

Donated Services

The bulk of Trailblazer's functions related to installing dry hydrants is conducted by personnel with equipment provided by government and quasi-governmental entities. These donated services meet the requirements of SFAS No. 116.

Restricted and Unrestricted Revenue and Support

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Grant awards are classified as refundable advances until expended for the purpose of the grant when they are conditional promises to give.

Trailblazer Resource and Conservation
and Development Area, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 1998

Property and equipment

Additions are recorded at cost, if purchases, and at appraised or estimated fair value at the time of donation, if received as gifts. Minor renewals and replacements are expensed when incurred. Amortization expense on capital leases is included with depreciation expense on owned assets.

Depreciation is computed by the straight-line method over the estimated economic lives of the respective assets held, which are as follows:

Furnishings and equipment	3-5 Years
Buildings	20 Years

Income taxes

The Corporation has a tax determination letter from the Internal Revenue Service stating that it qualifies under provisions of the applicable Internal Revenue Code to be exempt from federal income taxes, and has been classified as an organization that is not a private foundation. Any revenue producing activity not considered part of the Corporation's tax exempt purpose, could be subject to income taxes.

Leases

The Corporation is not obligated under any leases. The office facilities are rented on a month to month agreement for \$1,250.00 per month. In July, 1998, the Corporation borrowed funds to buy the building that was previously under lease.

B. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 1998 consists of the following:

	Balance, 1/1/98	Additions	Deletions	Balance, 12/31/98
Building		\$120,000		\$120,000
Furniture and equipment	\$4,903	11,333		16,236
Less: Accumulated depreciation	(2,007)	(4,071)	_____	(6,078)
Property and equipment, net	\$2,896	\$127,262	\$0	\$130,158

Trailblazer Resource and Conservation
and Development Area, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 1998

C. NOTES PAYABLE

The Corporation borrowed funds from Community Trust Bank on September 17, 1998 to purchase the building that it was previously renting. The promissory note, for \$90,030 which includes a \$30 processing fee, was negotiated for 10 years at 8.0%. The full price for the building and land was \$120,000.

The following is a summary of principal maturities of the note payable:

<u>YEAR ENDING DECEMBER 31,</u>	<u>AMOUNT</u>
1999	\$6,250
2000	6,769
2001	7,331
2002	7,939
2003	8,598
2004 - thereafter	<u>50,211</u>
	<u><u>\$87,098</u></u>

D. ACCRUED VACATION AND SICK PAY

Vacation and sick pay accrual are not a material amount and, therefore no adjustment has been made.

E. FUNCTIONAL EXPENSES

Expense that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. For the year ended December 31, 1998 all program expenses were included in the dry hydrant program category.

F. CONTINGENCIES

During Calender year 1998, Trailblazer had funds invested in the Louisiana Asset Management Pool (LAMP) in the amount of \$73,100 which is not insured by the federal government. Trailblazer is at risk for that amount.

Trailblazer Resource and Conservation
and Development Area, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 1998

G. PROGRAMS

State Wide Dry Hydrant Program- During the year ended December 31, 1998, almost all of the revenue and expenses were related to the fire hydrant program. This is a program wherein the Corporation oversees the installation of water hydrants in rural areas. The Louisiana Department of Natural Resources provides the basic funds to buy material, while government entities, in the areas where the hydrants are to be installed, provide the basic labor and equipment. The contract requires a minimum of matching funds, generally in the form of services and equipment.

H. YEAR 2000 COMPUTER SYSTEMS COMPLIANCE

The management of Trailblazer Resource Conservation and Development Area, Inc. has reviewed the software systems and related applications used to assess its requirements regarding the "Year 2000 Issue" which, if unresolved, could have a significant impact on the Corporation's operations. The Corporation has made and will continue to make the expenditures necessary to ensure that its software systems and applications continue to function properly before, during, and after the year 2000. These expenditures, which are expensed as incurred, have not been and are not expected to be material to the Corporation's financial position or results of operations.

WILLIAM D. EDWARDS

Certified Public Accountant
A Professional Accounting Corporation
Member: AICPA / Society of LCPA'S

Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Board of Directors of
Trailblazer Resource Conservation and Development Area, Inc.
Ruston, Louisiana 71270

I have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of Trailblazer Resource Conservation and Development Area, Inc. and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluation management's assertions about Trailblazer Resource Conservation and Development Area, Inc.'s compliance with certain laws and regulations during the year ended December 31, 1998 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$15,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

There were no expenditures made during the year for materials and supplies exceeding \$15,000, but there was one expenditure for \$120,000 to purchase a new building however it has been determined that this purchase is not covered by Louisiana's public bid law.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interest of all board members and employees, as well as their immediate families.

Management provided me with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided me the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management in agreed-upon procedure (3) appeared on the list provided by management in agreed-upon procedure (2).

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

A budget is not required to be adopted.

6. Trace the budget adoption and amendments to the minute book.

As noted in 5 above, there is no requirement for a budget.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenue or expenditures exceed budgeted amounts by more than 5%.

As noted in 5 above, there is no requirement for a budget.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and:

- a) trace payments to supporting documentation as to proper amount and payee;

I examined supporting documentation for each of the six selected disbursements and found that all six checks were for proper amount and payee.

- b) determine if payments were properly coded to the correct fund and general ledger account; and

All six payments were properly coded to the correct fund or general ledger account.

- c) determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated approval from the President of the Board of Directors.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Trailblazer Resource Conservation and Development Area, Inc. is only required to post a notice of each meeting and the accompanying agenda on the door of the district's office building. Although management has asserted that such documents were properly posted, we could find no evidence supporting such assertion other than an unmarked copy of the notices and agendas

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

I inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

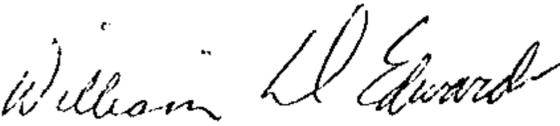
Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

A reading of the minutes of the district for the year indicated no approval for the payments noted. I also inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

I was not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of Trailblazer Resource Conservation and Development Area, Inc., the Legislative Auditor, State of Louisiana, and the applicable state grantor agency/agencies and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.


William D. Edwards, CPA
June 28, 1999

TRAILBLAZER RESOURCE CONSERVATION
AND DEVELOPMENT AREA, INC.
SUMMARY OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 1998

A. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

96-1. The audit report was submitted after the state filing deadline.

Recommendation: I recommend that Trailblazer establish procedures to file its annual report on time.

Conclusion: Unresolved - see 97-1.

96-2. Lack of segregation of accounting duties.

Recommendation: Based on amount of revenue and number of accounting transactions, it is not economically sound to expend additional resources.

Conclusion: Unresolved - see 97-2.

96-3. Lack of support for monthly donated services invoice provided to Department of Natural Resources

Recommendation: *Maintain summary schedule for donated services*

Conclusion: Resolved

97-1. The attestation report was submitted after the state filing deadline.

Recommendation: I recommend that Trailblazer establish procedures to file its annual report on time.

Conclusion: Resolved

97-2. Lack of segregation of accounting duties.

Recommendation: Based on amount of revenue and number of accounting transactions, it is not economically sound to expend additional resources.

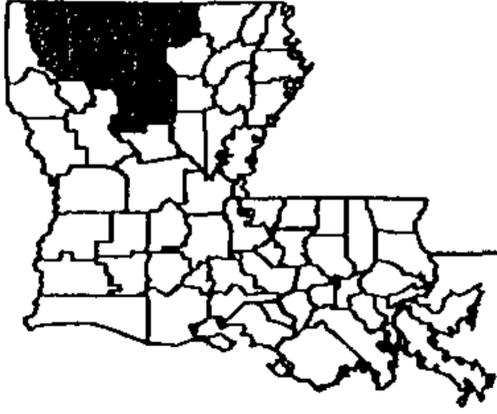
Conclusion: Resolved

B. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

None

C. MANAGEMENT LETTER

None



TRAILBLAZER, INC.

CORRECTIVE ACTION PLAN For the Year Ended December 31, 1998

Trailblazer Resource Conservation and Development Area, Inc. has no findings for the year ending December 31, 1998.