

SCOTT VOLUNTEER FIRE DEPARTMENT
Scott, Louisiana

Financial Report

Years Ended December 31, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Scott Volunteer Fire Department (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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 an opinion 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 opinion.

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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated May 28, 2021 on our consideration of the Scott Volunteer Fire 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 the 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 Organization's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
May 28, 2021

FINANCIAL STATEMENTS

SCOTT VOLUNTEER FIRE DEPARTMENT
Scott, Louisiana

Statements of Financial Position
December 31, 2020 and 2019

	2020	2019
ASSETS		
Current assets:		
Cash and interest-bearing deposits	\$ 281,457	\$ 263,549
Due from other governmental units	89,955	-
Prepaid expenses	30,303	35,917
Total current assets	401,715	299,466
Property, plant, and equipment, net	628,815	648,756
Total assets	\$ 1,030,530	\$ 948,222
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 1,820	\$ 1,565
Due to other governmental units	30,768	-
Current portion of notes payable	54,619	52,727
Interest payable	2,294	2,969
Total current liabilities	89,501	57,261
Long-term liabilities:		
Notes payable, less current portion	115,122	169,741
Total liabilities	204,623	227,002
Net assets:		
Without donor restrictions - Undesignated	825,907	721,220
Total liabilities and net assets	\$ 1,030,530	\$ 948,222

The accompanying notes are an integral part of this statement.

SCOTT VOLUNTEER FIRE DEPARTMENT
Scott, Louisiana

Statements of Activities
Years Ended December 31, 2020 and 2019

	2020	2019
Unrestricted net assets:		
Unrestricted support and revenue -		
Public support:		
Contributions -		
Federal sources -		
Federal grants	\$ 288,355	\$ 95,455
City of Scott -		
Annual appropriation	50,000	50,000
In-kind contributions	564,760	446,844
Lafayette Parish - fire insurance tax	84,552	86,627
Calcasieu Parish Government	94,078	-
Miscellaneous donations	27,122	67,823
Total public support	1,108,867	746,749
Revenue:		
Contract service fees -		
City of Scott	75,000	75,000
Lafayette Consolidated Government	42,188	77,188
Interest income	244	324
Other income	160	2,095
Total revenue	117,592	154,607
Total unrestricted support and revenue	1,226,459	901,356
Expenses:		
Program services -		
Fire fighting	1,064,216	800,243
Support services -		
General and administrative	49,332	34,745
Fundraising expense	8,224	31,685
Total expenses	1,121,772	866,673
Change in net assets	104,687	34,683
Net assets, unrestricted, beginning of year	721,220	686,537
Net assets, unrestricted, end of year	\$ 825,907	\$ 721,220

The accompanying notes are an integral part of this statement.

SCOTT VOLUNTEER FIRE DEPARTMENT
Scott, Louisiana

Statements of Functional Expenses
Years Ended December 31, 2020 and 2019

	2020	2019
Program service expenses:		
Fire fighting -		
Communications	\$ 3,140	\$ 3,778
Depreciation	163,209	164,378
Dues and subscriptions	1,412	1,466
Education and training	907	4,420
Incentive pay	43,097	54,474
Insurance	95,146	92,485
Interest expense	7,261	9,252
Repairs and maintenance - building	423	5,224
Repairs and maintenance - equipment	44,296	28,439
Salaries and benefits	509,481	401,518
Appropriations to City of Scott	147,240	-
Supplies	15,331	5,020
Telephone	6,571	5,525
Truck fuel	11,485	13,115
Uniforms	9,264	4,791
Utilities	5,953	6,358
Total program service expenses	1,064,216	800,243
Support service expenses:		
General and administrative -		
Bank fees	202	367
Contract labor	11,292	6,365
Volunteer fire fighter's expenses - meals	854	1,484
Licenses and permits	8,113	483
Miscellaneous	825	3,454
Office expense	2,027	3,010
Office supplies	954	582
Professional fees	24,265	18,040
Travel and entertainment	800	960
Total general and administrative	49,332	34,745
Fundraising expense	8,224	31,685
Total expenses	\$ 1,121,772	\$ 866,673

The accompanying notes are an integral part of this statement.

SCOTT VOLUNTEER FIRE DEPARTMENT
Scott, Louisiana

Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 104,687	\$ 34,683
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	163,209	164,378
(Increase) decrease in due from governmental agencies	(89,955)	9,651
(Increase) decrease in prepaid expenses	5,614	(14,935)
Increase in accounts payable	255	781
Increase in due to other governmental agencies	30,768	-
Decrease in interest payable	(675)	(669)
Net cash provided by operating activities	213,903	193,889
Cash flows from financing activities:		
Principal paid on notes payable	(52,727)	(50,941)
Cash flows from investing activities:		
Acquisition of property, plant, and equipment	(143,268)	(142,896)
Increase in cash and cash equivalents	17,908	52
Cash and cash equivalents, beginning of period	263,549	263,497
Cash and cash equivalents, end of period	\$ 281,457	\$ 263,549
Supplemental disclosure of cash flow information:		
Interest paid	\$ 7,936	\$ 9,921

The accompanying notes are an integral part of this statement.

SCOTT VOLUNTEER FIRE DEPARTMENT
Scott, Louisiana

Notes to Financial Statements

(1) Organization and Purpose

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.

(2) Summary of Significant Accounting Policies

A. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting for financial reporting purposes in accordance with accounting principles generally accepted in the United States of America. Net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that will either (1) expire by incurring expenses satisfying the restricted purpose (purpose restricted), and/or the passage of time or other events (time restricted), or (2) will never expire (perpetual in nature). When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

B. Cash and 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.

C. Property and Equipment

The Organization capitalizes additions, improvements, and betterments to property and equipment. Purchased property and equipment are recorded at cost. Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. The Organization maintains a threshold level of \$500 or more for capitalizing property and equipment. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset's lives are not capitalized.

SCOTT VOLUNTEER FIRE DEPARTMENT
Scott, Louisiana

Notes to Financial Statements (Continued)

Depreciation is provided in amounts sufficient to allocate the cost of depreciable assets to operations over their estimated useful lives using the straight-line depreciation method. The estimated useful lives of the individual assets are as follows:

Buildings	7 - 39 years
Building improvements	10 - 31 years
Equipment, furniture and fixtures	5 years
Fire engines	10 years

D. Revenue and Expense Recognition

The Organization receives grants, contributions, contract services and other miscellaneous revenues. Grant revenues are recognized only to the extent that related expenses have been incurred. Contribution revenues are recognized when the donor makes a commitment to give to the Organization. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contract service fees received from the City of Scott and Lafayette Consolidated Government are earned annually representing the period over which the Organization satisfies the performance obligation. Other revenues are recognized when earned. Expenses are recognized in the period incurred in accordance with the accrual basis of accounting.

E. Functional Expenses

Expenses are charged directly to program or support services in general categories based on specific identification.

F. 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. The Organization's forms 990, *Return of Organization Exempt from Income Tax*, for the years ending 2017, 2018, and 2019 are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

G. 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.

H. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

SCOTT VOLUNTEER FIRE DEPARTMENT
Scott, Louisiana

Notes to Financial Statements (Continued)

(3) Asset Liquidity

The Organization's financial assets available within one year for general expense use as of December 31, 2020 and 2019 are as follows:

	2020	2019
Cash and interest-bearing deposits	\$ 281,457	\$ 263,549
Due from other governmental agencies	89,955	-
Total	\$ 371,412	\$ 263,549

In order to manage liquidity, the Organization has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations become due.

(4) Due from Other Governmental Agencies

Due from other governmental agencies at December 31, 2020 in the amount of \$89,955 consists of \$30,768 due from the U. S. Department of Homeland Security for Staffing the Adequate Fire and Emergency Response (SAFER) grant funds for the quarter ended December 31, 2020 and \$59,187 due from the U. S. Department of Homeland Security for reimbursement of hurricane disaster recovery expenditures incurred for the year ended December 31, 2020.

(5) Property, Plant and Equipment

The following is a summary of property, plant and equipment at December 31, 2020 and 2019:

	2020	2019
Land	\$ 14,000	\$ 14,000
Building	76,804	76,804
Building improvements	57,327	57,327
Equipment	1,310,496	1,167,229
Furniture and fixtures	13,797	13,797
Fire engines	1,502,279	1,502,279
Trucks	137,188	146,481
Total property, plant and equipment	3,111,891	2,977,917
Less: Accumulated depreciation	(2,483,076)	(2,329,161)
Net property, plant and equipment	\$ 628,815	\$ 648,756

Depreciation expense charged to operations amounted to \$163,209 and \$164,378 for the years ended December 31, 2020 and 2019, respectively.

(6) Due to Other Governmental Agencies

Due to other governmental agencies at December 31, 2020 consists of \$30,768 owed to the City of Scott for federal (SAFER) grant funds received for firemen salaries and benefits which were expended by the City for the year ended December 31, 2020.

SCOTT VOLUNTEER FIRE DEPARTMENT
Scott, Louisiana

Notes to Financial Statements (Continued)

(7) Long-term Debt

The following is a summary of long-term debt at December 31, 2020 and 2019:

	2020	2019
Note payable to Home Bank, dated August 15, 2016, original principal of \$370,112, due in annual payments through August 15, 2023 of \$60,643, including interest at 3.5% and secured by the 2016 Ferrara fire truck having a net book value of \$270,000 and \$315,000 at December 31, 2020 and 2019, respectively	\$ 169,741	\$ 222,468
Less: current portion of notes payable	(54,619)	(52,727)
Long-term notes payable	\$ 115,122	\$ 169,741

Maturities of long-term debt are as follows:

2021		\$ 54,619
2022		56,558
2023		58,564
		\$ 169,741

(8) City of Scott - Contributions

The City of Scott pays for expenses on behalf of the Organization, which are recorded as in-kind revenue contributions and included in the various program and supporting services expenses. In-kind contributions in the amount of \$564,760 and \$446,844 were paid by the City of Scott for the years ending December 31, 2020 and 2019, respectively.

Program services:

Salaries and related benefits	\$ 509,481	\$ 401,518
Insurance	10,427	13,723
Uniforms	9,160	4,662
Utilities and communication	4,452	2,536
Total program services	533,520	422,439
Supporting services - management and general		
Contract labor	7,200	6,365
Professional fees	24,040	18,040
Total supporting services - management and general	31,240	24,405
Total in-kind contributions	\$ 564,760	\$ 446,844

SCOTT VOLUNTEER FIRE DEPARTMENT
Scott, Louisiana

Notes to Financial Statements (Continued)

(9) Concentration of Credit Risk

The Organization maintains cash balances at one financial institution, which at times exceeds federally insured limits. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization had unsecured cash balances in the amount of \$43,689 and \$27,158 at December 31, 2020 and 2019, respectively.

(10) Compensation, Benefits, and Other Payments to Agency Head

A detail of amounts paid to Chad Sonnier, Fire Chief, by all sources, for the year ended December 31, 2020 follows:

Purpose:	<u>Amount</u>
Salary	\$ 39,534
Benefits - retirement and other taxes	3,025
Travel	<u>667</u>
Total	<u>\$ 43,226</u>

(11) Risk Management

The Organization is exposed to risks of loss in the areas of auto liability, general liability, management liability and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year, nor have settlements exceeded coverage for the past three years.

(12) Litigation

As of December 31, 2020, the Organization was involved in one lawsuit claiming damages. In the opinion of the Organization's legal counsel, the only exposure to the Organization would be any costs in defense of the lawsuit with no liability in excess of insurance coverage.

SCOTT VOLUNTEER FIRE DEPARTMENT
Scott, Louisiana

Notes to Financial Statements (Continued)

(13) New Accounting Pronouncements

On January 1, 2019, the Organization adopted ASU 2014-9, *Revenues from Contracts with Customers* and all subsequent amendments to the ASU (collectively “ASC 606”), which creates a single framework for recognizing revenue from contracts with customers that fall within its scope. The majority of the Organization’s revenue is generated from contributions and other revenues outside the scope of ASC 606. The Organization’s revenues within the scope of ASC 606 are represented in the statement of activities as contract service fees – Lafayette Consolidated Government and are recognized as the Organization satisfies its performance obligation.

The Organization adopted ASC 606 using the modified retrospective method applied to all contracts not completed as of January 1, 2019. Results for reporting periods beginning after January 1, 2019 are presented under ASC 606 while prior period amounts continue to be reported in accordance with GAAP applicable to those periods. The adoption of ASC 606 did not result in a change in the amount of contract service fees recognized in prior years; therefore, no cumulative effect adjustment was recorded.

During the year ended December 31, 2019, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-15, Not-for Profit Entities (Topic 230): “Statement of Cash Flows”. The update was applied to the financial statements retroactively.

Implementation of ASU 2016-15 provides guidance for the classification of eight specific cash flow issues, with the objective of reducing existing diversity in practice on the cash flow statement. The effect of implementation of this update on the Organization’s financial statements has no effect on the Organization’s financial statements.

(14) Subsequent Event Review

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may have and may continue to impact the Organization’s ongoing activities. The extent and severity of the potential impact on future operations is unknown at this time.

**INTERNAL CONTROL,
COMPLIANCE
AND
OTHER MATTERS**

KOLDER, SLAVEN & COMPANY, LLC

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Victor R. Slaven, CPA* - retired 2020

* A Professional Accounting Corporation

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

To the Board of Directors
Scott Volunteer Fire Department, Inc.
Scott, 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 Scott Volunteer Fire Department (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 28, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as item 2020-001, that we consider to be a material weakness.

Compliance and Other Matters

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 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Scott Volunteer Fire Department's Response to Findings

Scott Volunteer Fire Department's response to the findings identified in our audit is described in the accompanying summary schedule of current and prior year audit findings and corrective action plan. Scott Volunteer Fire 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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
May 28, 2021

SCOTT VOLUNTEER FIRE DEPARTMENT
Scott, Louisiana

Summary Schedule of Current and Prior Year Findings
and Management's Corrective Action Plan

Part I. Current Year Findings and Management's Corrective Action Plan

A. Internal Control Findings -

2020-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: Unknown

CONDITION: The Organization did not have adequate segregation of functions within the accounting system.

CRITERIA: The Organization should have a control policy according to which no person should be given responsibility for more than one related function.

CAUSE: Due to the size of the Organization, there are a small number of available employees.

EFFECT: The Organization has employees that are performing more than one related function.

RECOMMENDATION: The Organization should establish and monitor mitigating controls over functions that are not completely segregated.

MANAGEMENT'S CORRECTION ACTION PLAN: Due to the size of the operations and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

B. Compliance Findings -

There are no findings to report under this section.

Part II. Prior Year Findings

A. Internal Control Findings -

2019-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: Unknown

CONDITION: The Organization did not have adequate segregation of functions within the accounting system.

RECOMMENDATION: The Organization should establish and monitor mitigating controls over functions that are not completely segregated.

CURRENT STATUS: Unresolved. See finding 2020-001.

B. Compliance Findings -

There are no findings to report under this section.