

SCOTT VOLUNTEER FIRE DEPARTMENT
Scott, Louisiana

Financial Report

Years Ended December 31, 2016 and 2015

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INDEPENDENT AUDITORS' REPORT

* A Professional Accounting Corporation

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, 2016 and 2015, and the related statements of activities 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.

Auditors' 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, 2016 and 2015, 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 Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on page 12 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 2, 2017, 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, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
June 2, 2017

FINANCIAL STATEMENTS

SCOTT VOLUNTEER FIRE DEPARTMENT
Scott, Louisiana

Statements of Financial Position
December 31, 2016 and 2015

	2016	2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 266,604	\$ 239,282
Interest-bearing deposits	36,026	15,898
Accounts receivable	8,684	9,600
Prepaid items	17,028	15,427
Total current assets	328,342	280,207
Property, plant, and equipment, net	710,804	265,932
Total assets	\$1,039,146	\$ 546,139
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 14,724	\$ 9,696
Current portion of notes payable	47,509	-
Interest payable	4,925	-
Total current liabilities	67,158	9,696
Long-term liabilities:		
Notes payable, less current portion	322,603	-
Total liabilities	389,761	9,696
Net assets:		
Unrestricted - Undesignated	649,385	536,443
Total liabilities and net assets	\$1,039,146	\$ 546,139

The accompanying notes are an integral part of this statement.

SCOTT VOLUNTEER FIRE DEPARTMENT
Scott, Louisiana

Statements of Activities
Years Ended December 31, 2016 and 2015

	2016	2015
Unrestricted net assets:		
Unrestricted support and revenue -		
Public support:		
Contributions -		
Federal sources -		
Federal grant	\$ 16,737	\$ -
City of Scott -		
Annual appropriation	183,000	75,000
In-kind contributions	280,558	265,930
Lafayette Parish - fire insurance tax	88,619	100,821
Lafayette Parish Consolidated Government	10,000	53,688
Miscellaneous donations	78,810	69,852
Total public support	657,724	565,291
Revenue:		
Contract service fees	75,270	76,770
Interest income	27	16
Other income	28,394	2,873
Total revenue	103,691	79,659
Total unrestricted support and revenue	761,415	644,950
Expenses:		
Program services -		
Fire fighting	565,719	491,277
Support services -		
General and administrative	54,285	36,112
Fundraising expense	28,469	33,790
Total expenses	648,473	561,179
Increase in unrestricted net assets	112,942	83,771
Net assets, unrestricted, beginning of year	536,443	452,672
Net assets, unrestricted, end of year	\$ 649,385	\$ 536,443

The accompanying notes are an integral part of this statement.

SCOTT VOLUNTEER FIRE DEPARTMENT
Scott, Louisiana

Statements of Cash Flows
Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Increase in unrestricted net assets	\$ 112,942	\$ 83,771
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	74,890	103,304
Decrease in accounts receivable	916	4,675
Increase in prepaid items	(1,601)	(1,565)
Increase in accounts payable	5,028	1,778
Increase (decrease) in interest payable	<u>4,925</u>	<u>(638)</u>
Net cash provided by operating activities	<u>197,100</u>	<u>191,325</u>
 Cash flows from financing activities:		
Proceeds from notes payable	370,112	-
Principal paid on notes payable	<u>-</u>	<u>(103,356)</u>
Net cash provided (used) by financing activities	<u>370,112</u>	<u>(103,356)</u>
 Cash flows from investing activities:		
Acquisition of property, plant, and equipment	<u>(519,762)</u>	<u>(11,061)</u>
Increase in cash and cash equivalents	47,450	76,908
Cash and cash equivalents, beginning of period	<u>255,180</u>	<u>178,272</u>
Cash and cash equivalents, end of period	<u>\$ 302,630</u>	<u>\$255,180</u>
 Supplemental disclosure of cash flow information:		
Interest paid	<u>\$ -</u>	<u>\$ 5,430</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

The Organization capitalizes all property and equipment acquisitions in excess of \$500. Purchased property and equipment are stated at cost. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Depreciable assets are depreciated using the straight-line method over the estimated useful lives of the individual assets as follows:

Buildings	7 - 31 years
Building improvements	10 - 31 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. The Organization's forms 990, *Return of Organization Exempt from Income Tax*, for the years ending 2013, 2014, and 2015 are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

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.

SCOTT VOLUNTEER FIRE DEPARTMENT
Scott, Louisiana

Notes to Financial Statements (Continued)

E. 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.

F. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 expenditures during the reporting period. Actual results could differ from those estimates.

G. Functional Expenses

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

H. Reclassifications

For comparative purposes, certain accounts in the prior year financial statements have been reclassified in order to conform to the presentation of the current statements.

(2) Property, Plant and Equipment

The following is a summary of property, plant and equipment at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Land	\$ 14,000	\$ 14,000
Building	76,804	76,804
Building improvements	57,327	57,327
Equipment	793,217	731,550
Furniture and fixtures	13,797	13,797
Fire engines	1,483,937	1,043,487
Trucks	<u>150,983</u>	<u>133,338</u>
Total property, plant and equipment	2,590,065	2,070,303
Less: Accumulated depreciation	<u>(1,879,261)</u>	<u>(1,804,371)</u>
Net property, plant and equipment	<u>\$ 710,804</u>	<u>\$ 265,932</u>

Depreciation expense charged to operations amounted to \$74,890 and \$103,304 for the years ended December 31, 2016 and 2015, respectively.

SCOTT VOLUNTEER FIRE DEPARTMENT
Scott, Louisiana

Notes to Financial Statements (Continued)

(3) Long-term Debt

The following is a summary of long-term debt at December 31, 2016 and 2015:

	2016	2015
Note payable to St. Martin Bank & Trust Company, 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 \$450,000 at December 31, 2016	\$ 370,112	\$ -
Less: current portion of notes payable	<u>(47,509)</u>	<u>-</u>
Long-term notes payable	<u>\$ 322,603</u>	<u>\$ -</u>

Maturities of long-term debt are as follows:

2017	\$ 47,509
2018	49,194
2019	50,941
2020	52,727
2021	54,619
2022-2023	<u>115,122</u>
	<u>\$ 370,112</u>

(4) 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.

(5) Concentration of Credit Risk

The Organization maintains cash balances at two financial institutions, 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 \$62,144 and \$5,180 at December 31, 2016 and 2015, respectively.

SCOTT VOLUNTEER FIRE DEPARTMENT
Scott, Louisiana

Notes to Financial Statements (Continued)

(6) 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, 2016 follows:

Purpose:	<u>Amount</u>
Salary	\$ 30,174
Benefits - retirement and other taxes	<u>2,308</u>
Total	<u>\$ 32,482</u>

(7) 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 \$280,558 and \$265,930 were paid by the City of Scott for the years ending December 31, 2016 and 2015, respectively.

	<u>2016</u>	<u>2015</u>
Program services:		
Salaries and related benefits	\$ 244,632	\$ 228,104
Insurance	14,191	16,338
Uniforms	2,332	2,120
Utilities and communication	<u>1,973</u>	<u>1,883</u>
Total program services	<u>263,128</u>	<u>248,445</u>
Supporting services - management and general		
Contract labor	3,500	6,605
Professional fees	<u>13,930</u>	<u>10,880</u>
Total supporting services - management and general	<u>17,430</u>	<u>17,485</u>
Total in-kind contributions	<u>\$ 280,558</u>	<u>\$ 265,930</u>

(8) Subsequent Events

The Organization has evaluated subsequent events through June 2, 2017, the date which the financial statements were made available.

SUPPLEMENTAL INFORMATION

SCOTT VOLUNTEER FIRE DEPARTMENT
Scott, Louisiana

Schedules of Functional Expenses
Years Ended December 31, 2016 and 2015

	2016	2015
Program service expenses:		
Fire fighting -		
Communications	\$ 3,962	\$ 3,041
Depreciation	74,890	103,304
Dues and subscriptions	904	490
Education and training	1,737	1,575
Incentive pay	46,922	-
Insurance	66,401	59,335
Interest expense	4,925	5,430
Medical expense and vaccines	-	250
Repairs and maintenance - building	3,227	3,630
Repairs and maintenance - equipment	79,870	40,285
Salaries and benefits	244,632	228,104
Supplies	8,775	7,610
Telephone	4,480	4,786
Truck fuel	13,198	13,912
Uniforms	6,159	11,347
Utilities	5,637	8,178
Total program service expenses	565,719	491,277
Support service expenses:		
General and administrative -		
Bank fees	602	529
Contract labor	14,999	6,605
Volunteer fire fighter's expenses:		
Meals	3,496	2,457
Miscellaneous	3,391	2,741
Office expense	14,904	5,377
Office supplies	1,402	3,897
Professional fees	13,930	10,880
Travel and entertainment	1,561	3,626
Total general and administrative	54,285	36,112
Fundraising expense	28,469	33,790
Total expenses	\$ 648,473	\$ 561,179

**INTERNAL CONTROL,
COMPLIANCE
AND
OTHER MATTERS**

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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* A Professional Accounting Corporation

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, 2016, 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 June 2, 2017.

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 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 summary schedule of current and prior year audit findings and corrective action plan, we identified certain deficiencies in internal control that we consider to be material weaknesses. We consider the deficiencies described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as items 2016-001(IC) and 2016-002(IC) to be material weaknesses.

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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 are 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, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
June 2, 2017

SCOTT VOLUNTEER FIRE DEPARTMENT

Summary Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended December 31, 2016

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
CURRENT YEAR (12/31/16) --						
<u>Internal Control:</u>						
2016-001(IC)	Unknown	Due to the small number of employees, the Organization did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Kyle Landry, Treasurer	N/A
2016-002(IC)	2007	The Organization 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.	No	The Organization has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the Organization to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Kyle Landry, Treasurer	N/A

(continued)

SCOTT VOLUNTEER FIRE DEPARTMENT

Summary Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended December 31, 2016

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
PRIOR YEAR (12/31/15) --						
<u>Internal Control:</u>						
2015-001(IC)	Unknown	Due to the small number of employees, the Organization did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Kyle Landry, Treasurer	N/A
2015-002(IC)	2007	The Organization 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.	No	The Organization has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the Organization to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Kyle Landry, Treasurer	N/A