

We noted a certain matter involving the internal control structure and its operation that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, would adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Indefinite Segregation of Accounting Functions

Findings:

Due to the small number of employees, the Scott Volunteer Fire Department did not have adequate segregation of functions within the accounting system.

Recommendation:

Based upon the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Response:

No response is considered necessary.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a reasonably low level the risk that errors or irregularities 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 structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe the reportable condition described above is a material weakness.

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

Darnall, Sikas, Kolder, Frederick & Rainey
A Corporation of Certified Public Accountants

Lafayette, Louisiana
April 30, 1987

SCOTT VOLUNTEER FIRE DEPARTMENT
Scott, Louisiana

Statements of Cash Flow
Years Ended December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Cash flows from operating activities:		
Change in net assets	\$ (187)	\$ 20,540
Adjustments to reconcile change in net assets to net cash provided by operating activities -		
Depreciation	41,880	41,710
Changes in current assets and liabilities:		
(Increase) decrease in accounts receivable	773	(851)
Increase in accrued interest receivable	-	47
(Increase) decrease in prepaid expenses	5,000	(3,000)
Increase (decrease) in accounts payable	300	288
Increase (decrease) in accrued interest payable	(443)	(201)
Increase (decrease) in deferred rental income	-	13,820
Net cash provided by operating activities	<u>48,733</u>	<u>79,853</u>
Cash flows from capital and related financing activities:		
Purchase of equipment, firetrucks and building improvements	(18,937)	(48,496)
Proceeds from note payable	-	55,300
Principal paid on note payable	(33,354)	(48,851)
Net cash used by capital and related financing activities	<u>(52,281)</u>	<u>(41,947)</u>
Cash flows from investing activities:		
Proceeds from maturities of investments	-	-
Increase in cash and cash equivalents	4,445	13,848
Cash and cash equivalents, beginning of period	<u>58,866</u>	<u>45,019</u>
Cash and cash equivalents, end of period	<u>\$ 63,311</u>	<u>\$ 58,867</u>
Supplemental disclosure of cash flow information:		
Interest paid	\$ 9,488	\$ 18,271

The accompanying notes are an integral part of this statement.

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LORD JOHN C. JENNINGS

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SCOTT VOLUNTEER FIRE DEPARTMENT
Scott, Louisiana

Financial Statement

Year Ended December 31, 1994 and 1995

Under provisions of state law, this report is a public document. A copy of this report has been submitted to the district, or equivalent, 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: JUN 18 1997

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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.

Darnall, Sims, Kildor, Frederick & Rainey

A Corporation of Certified Public Accountants

Lafayette, Louisiana
April 30, 1957

FINANCIAL STATEMENTS

SCOTT VOLUNTEER FIRE DEPARTMENT
Scott, Louisiana

STATEMENTS OF FINANCIAL POSITION
December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
ASSETS		
Current assets:		
Cash	\$ 12,483	\$ 10,850
Interest-bearing deposits	51,268	68,215
Accounts receivable	2,029	2,800
Prepaid expenses	<u> </u>	<u>3,821</u>
Total current assets	<u>65,780</u>	<u>85,686</u>
Property, plant, and equipment, net of accumulated depreciation of \$480,197 and \$438,183	<u>368,233</u>	<u>408,379</u>
Total assets	<u>\$434,013</u>	<u>\$494,065</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 2,435	\$ 3,175
Current maturities of long-term debt	86,255	53,254
Insurance payable	<u>182</u>	<u>1,251</u>
Total current liabilities	<u>88,872</u>	<u>57,680</u>
Long-term debt	<u>38,268</u>	<u>84,295</u>
Total liabilities	<u>\$127,140</u>	<u>\$141,975</u>
Net assets:		
Unrestricted -		
Operating	\$2,293	\$3,785
Net investment in fixed assets	<u>323,628</u>	<u>318,600</u>
Total net assets	<u>325,921</u>	<u>322,385</u>
Total liabilities and net assets	<u>\$453,061</u>	<u>\$464,360</u>

The accompanying notes are an integral part of this statement.

OTHER REFERENCE INFORMATION

SCOTT VOLUNTEER FIRE DEPARTMENT
Scott, Louisiana

Statements of Support, Revenue and Expenses
and Changes in Net Assets
Years Ended December 31, 1994 and 1993

	<u>1994</u>	<u>1993</u>
Public support:		
Contributions -		
City of Scott	\$ 71,648	\$ 78,340
State of Louisiana - Fire Insurance Tax	26,943	27,891
Miscellaneous donations	<u>27,128</u>	<u>29,824</u>
Total public support	<u>125,719</u>	<u>136,055</u>
Revenue:		
Contract service fees	23,025	17,650
Rent income	4,200	4,200
Gain on sale of assets	-	5,800
Interest income	2,254	1,219
Miscellaneous	<u>222</u>	<u>881</u>
Total revenue	<u>29,701</u>	<u>29,750</u>
Total public support and revenue	<u>155,420</u>	<u>165,805</u>
Expenses:		
Program services -		
Fire-fighting	150,222	119,374
Support services -		
General and administrative	5,648	5,893
Fundraising	<u>3,228</u>	<u>3,583</u>
Total expenses	<u>159,098</u>	<u>128,850</u>
Increase (decrease) in unrestricted net assets	(767)	36,955
Net assets, unrestricted, beginning of year	<u>125,613</u>	<u>588,623</u>
Net assets, unrestricted, end of year	<u>\$124,846</u>	<u>\$625,578</u>

The accompanying notes are an integral part of this statement.

SCOTT VOLUNTARY FIRE DEPARTMENT
Scott, Louisiana

Statement of Functional Expenses
Years Ended December 31, 1998 and 1995

	<u>1998</u>	<u>1995</u>
Program service expenses:		
Fire-fighting -		
Communications	\$ 3,868	\$ 2,185
Dues and subscriptions	488	468
Utilities and telephone	9,488	6,753
Insurance	28,303	26,703
Outside services	288	208
Repairs and maintenance - building	1,177	773
Repairs and maintenance - equipment	16,988	7,699
Supplies	3,216	1,353
Track fuel	3,068	2,593
Uniforms	13,016	7,601
Education and training	868	3,613
Medical expense	-	718
Interest expense	8,844	9,997
Depreciation	<u>62,883</u>	<u>62,237</u>
Total program service expenses	<u>\$160,313</u>	<u>\$125,574</u>
Supporting service expenses:		
General and administrative -		
Professional fees	\$ 2,848	\$ 3,140
Meals	1,197	458
Miscellaneous	509	837
Office supplies	80	384
Postage expense	183	380
Travel and entertainment	<u>861</u>	<u>1,004</u>
Total general and administrative	5,848	5,993
Fund raising	<u>5,326</u>	<u>3,188</u>
Total supporting service expenses	<u>\$ 11,174</u>	<u>\$ 9,181</u>

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	18 - 21 1/2 years
Building improvements	18 - 21 1/2 years
Equipment, Furniture and Fixtures	3 years
Fire engines	10 years

C. Income Taxes

The Organization qualifies as a tax exempt organization under Section 501(c)(3) 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.

SCOTT VOLUNTEER FIRE DEPARTMENT
Scott, Louisiana

Notes to Financial Statements (continued)

B. 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.

(3) Changes in Accounting Principles and Reporting Entity

The Organization adopted provisions of Statement of Financial Accounting Standards No. 118, Accounting for Contributions Received and Contributions Made and No. 117, Financial Statements of Not-for-Profit Organizations as of December 31, 1991. Statement of Financial Accounting Standards No. 114 requires the Organization to distinguish between contributions that increase permanently restricted net assets, temporarily restricted net assets and unrestricted net assets. Statement No. 117 establishes standards for external financial statements of not-for-profit organizations and requires a statement of financial position, a statement of activities and a statement of cash flows.

(3) Property, Plant and Equipment

The following is a summary of property, plant and equipment at December 31, 1996 and 1995:

	1996	1995
Land	\$ 14,000	\$ 14,000
Building	122,992	122,992
Building improvements	56,428	44,789
Equipment	109,038	103,767
Furniture and fixtures	13,536	13,867
Fire engines	514,764	514,764
Truck	4,192	4,192
Total property, plant and equipment	828,720	828,609
Less: accumulated depreciation	(248,127)	(248,120)
Net property, plant and equipment	\$ 580,593	\$ 580,489

SCOTT VOLUNTEER FIRE DEPARTMENT
Scott, Louisiana

Notes to Financial Statements (continued)

14) Long-Term Debt

Following is a summary of long-term debt at December 31, 1990 and 1989:

	<u>1990</u>	<u>1989</u>
Notes payable to First National Bank, dated April 8, 1984, in the amount of \$175,000, due in annual principal payments of \$43,750 through October 5, 1987, interest at 8 percent and secured by a fire engine.	\$ 43,750	\$ 47,500
Notes payable to First National Bank, dated June 23, 1980, in the amount of \$55,000, due in monthly installments of \$1,147 through June 23, 2000, interest at 8 percent and secured by a fire engine.	<u>51,853</u> 86,793	<u>50,653</u> 138,147
Less: Current maturities included in current liabilities	<u>54,255</u>	<u>53,358</u>
	<u>\$ 30,348</u>	<u>\$ 84,789</u>

Following are maturities of long-term debt for each of the next five years:

	<u>Amount</u>
1997	\$54,255
1998	11,481
1999	10,940
2000	6,460
2001	—
	<u>\$84,793</u>

SUPPLEMENTAL INFORMATION

INTERNAL CONTROL AND COMPLIANCE

DARNALL, SIKES, KOLDER, FREDERICK & RAINEY

(A PROFESSIONAL SERVICE FIRM INCORPORATED)

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MEMORANDUM
Report to Board of Directors

Independent Auditor's Report on Internal Control Structure Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

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

We have audited the financial statements of the Scott Volunteer Fire Department (a nonprofit organization), as of and for the years ended December 31, 1984 and 1985, and have issued our report thereon dated April 18, 1987.

We conducted our audits in accordance with generally accepted auditing standards and 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 of material misstatements.

The management of the Scott Volunteer Fire Department is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required in systems the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are recorded in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected, also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audits of the financial statements of the Scott Volunteer Fire Department for the years ended December 31, 1984 and 1985, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk 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 structure. Accordingly, we do not express such an opinion.

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

We have audited the financial statements of the Scott Volunteer Fire Department (a nonprofit organization), as of and for the years ended December 31, 1986 and 1985, and have issued our report thereon dated April 30, 1987.

We conducted our audit in accordance with generally accepted auditing standards and 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 of material misstatement.

Compliance with laws, regulations and contracts applicable to the Scott Volunteer Fire Department is the responsibility of the organization's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the organization's compliance with certain provisions of laws, regulations and contracts. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. 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.

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

Darnall, Sikes, Kolder, Frederick & Rainey
A Corporation of Certified Public Accountants

Lafayette, Louisiana
April 30, 1987

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