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**TRAILBLAZER RESOURCE CONSERVATION
AND DEVELOPMENT AREA, INC.**

FINANCIAL REPORT
DECEMBER 31, 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 00-02-00

**TRAILBLAZER RESOURCE CONSERVATION
AND DEVELOPMENT AREA, INC.**

FINANCIAL REPORT
DECEMBER 31, 1999

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DON M. McGEHEE
(A Professional Accounting Corporation)
P.O. Box 1344
806 North Trenton
Ruston, Louisiana 71273-1344

ACCOUNTANT'S COMPILATION REPORT

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

I have compiled the accompanying statement of financial position of Trailblazer Resource Conservation and Development Area, Inc. as of December 31, 1999, and the related statements of activities and cash flows for the year then ended, 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. 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 6, 2000, on the results of my agreed-upon procedures.

Don M. McGehee
Certified Public Accountant

June 6, 2000

**TRAILBLAZER RESOURCE CONSERVATION
AND DEVELOPMENT AREA, INC.**
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 1999

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 113,478
Accounts Receivable	<u>1,334</u>

TOTAL CURRENT ASSETS 114,812

Property and Equipment - Net of Accumulated Depreciation 130,694

TOTAL ASSETS \$ 245,506

LIABILITIES AND NET ASSETS

LIABILITIES

CURRENT LIABILITIES

Accounts Payable	\$ 4,207
Accrued Liabilities	3,515
Current Portion of Long-Term Debt	<u>7,530</u>

TOTAL CURRENT LIABILITIES 15,252

LONG-TERM DEBT 65,727

TOTAL LIABILITIES 80,979

NET ASSETS

Unrestricted 164,527

TOTAL NET ASSETS 164,527

TOTAL LIABILITIES AND NET ASSETS \$ 245,506

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

**TRAILBLAZER RESOURCE CONSERVATION
AND DEVELOPMENT AREA, INC.**

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 1999

CHANGES IN NET ASSETS:

Revenues		
Grant Revenue	\$	88,420
Grant Revenue Passed-Through		7,500
Interest Income		3,681
Miscellaneous		275
Rent Income		7,150
Sale of Backyard Composters, Merchandise, Newspapers for Recycling, and Trees		6,479
Service Fee		3,079
Sponsor Dues from Governments		11,000
Support for Programs		
Governments		14,250
Other		10,375
Total Unrestricted Revenues		<u>152,209</u>

EXPENSES

Program Services		
Backyard Composting		1,009
Homebuyers Workshops		1,007
North Central Louisiana Recycling		71,048
Other		3,889
Resource Conservation and Development Awareness		1,409
Save our Sparta		10,014
State-Wide Dry Hydrants		4,403
Tree Initiative		1,466
Urban Wood Waste Utilization		6,613
Wildlife Planting Guide		6,064
Supporting Services		
Administrative Services		
Accounting		3,514
Building Repairs and Maintenance		2,731
Depreciation		9,346
Equipment Repairs and Maintenance		1,543
Insurance		3,140
Interest		6,883
Meetings		4,781
Office Supplies		6,302
Other		566
Salaries and Wages		13,542
Telephone and Utilities		3,635
Taxes and Licenses		3,102
Travel		1,503
Grant Passed-Through		7,500
Total Expenses		<u>175,010</u>

TOTAL INCREASE (DECREASE) IN NET ASSETS (22,801)

NET ASSETS - BEGINNING OF YEAR 187,328

NET ASSETS - END OF YEAR \$ 164,527

See accountant's report.

See accompanying notes to financial statements.

**TRAILBLAZER RESOURCE CONSERVATION
AND DEVELOPMENT AREA, INC.**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 1999

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Sponsors and Others	\$ 165,738
Cash Received from Sales and Service Fees	9,558
Cash Received for Rent	7,150
Interest Income Received	3,681
Cash Payments for Goods and Services	(97,305)
Cash Payments to Employees	(63,217)
Interest Payments	<u>(6,883)</u>
Net Cash Provided (Used) by Operating Activities	<u>18,722</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Portable Building	(1,625)
Purchase of Equipment	<u>(4,868)</u>
Net Cash Provided (Used) by Investing Activities	<u>(6,493)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Principle Payments on Notes Payable	<u>(13,841)</u>
Net Cash Used by Financing Activities	<u>(13,841)</u>
Net Increase (Decrease) In Cash	(1,612)
Cash at Beginning of Year	<u>115,090</u>
Cash at End of Year	<u>\$ 113,478</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH USED BY OPERATING ACTIVITIES:	
Change in Net Assets	\$ (22,801)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	9,346
(Increase) Decrease in Accounts Receivable	33,919
(Increase) Decrease in Accounts Payable	(1,060)
Increase (Decrease) in Accrued Liabilities	<u>(682)</u>
Total Adjustments	<u>41,523</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 18,722</u>

See accountant's report.

See accompanying notes to financial statements.

**TRAILBLAZER RESOURCE CONSERVATION
AND DEVELOPMENT AREA, INC.**

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999

The Trailblazer Resource Conservation and Development Area, Inc. (Trailblazer) is a Louisiana nonprofit corporation, organized in October, 1966 and chartered in July, 1988. Trailblazer covers an eight parish (i.e., Bienville, Bossier, Claiborne, Jackson, Lincoln, Union, Webster, and Winn) area in north central Louisiana. This corporation is organized to operate for the purpose of educating the people living in the area to accelerate the development, conservation, and wise use of human, financial, and natural resources in order to improve the standard of living and the quality of life in the area. Trailblazer is exempt from federal income tax as an organization described in Section 501 (c) (3) of the Internal Revenue Code. The corporation received their tax exempt status in December, 1988.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF REVENUE RECOGNITION

Trailblazer recognizes sponsor dues, interest income, rent income, service fees, sales, and other income on the accrual basis. Support for programs is recognized in the period received, except for ads purchased for the Wildlife Planting Guide which are recognized on the accrual basis. Grant awards are recognized on an accrual basis, unless the grant is determined to be a conditional promise to give. These grants are classified as refundable advances until the conditions of the grant have been substantially met. Support and contributions are measured at their fair values and are reported as an increase in net assets. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of cash on hand, cash held in checking accounts, and cash held in the Louisiana Asset Management Pool.

PROPERTY AND EQUIPMENT

Land, buildings, and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful life of the asset, which is as follows:

Buildings	
Permanent	40 years
Portable	15 years
Equipment	3 to 5 years

ADVERTISING COSTS

There was no advertising costs for the year ended December 31, 1999.

VACATION AND SICK LEAVE

There were no accumulated and vested vacation and sick leave benefits at year end.

**TRAILBLAZER RESOURCE CONSERVATION
AND DEVELOPMENT AREA, INC.**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1999

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

USE OF ESTIMATES

The preparation of financial statements in conformity with 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 expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - CASH

Cash consists of cash on hand and demand deposits. Deposits are carried at cost which approximates market value. At December 31, 1999, the carrying amount of deposits was \$113,448 and the bank balance was \$115,027; \$38,246 of the bank balance was covered by federal depository insurance and the balance of \$76,781 was invested in the Louisiana Asset Management Pool (LAMP), which is not insured by the federal depository insurance company. Cash on hand at December 31, 1999, was \$30.

NOTE 3 - PROPERTY AND EQUIPMENT

At December 31, 1999, the costs and related accumulated depreciation of fixed assets consisted of the following:

Land	\$ 15,000
Buildings	106,625
Equipment	<u>25,249</u>
Total Property and Equipment	146,874
Less: Accumulated Depreciation	<u>(16,180)</u>
Net Property and Equipment	\$ <u>130,694</u>

NOTE 4 - LONG TERM DEBT

Trailblazer's obligation at December 31, 1999, under long-term debt consisted of the following:

Note payable due in monthly installments of \$1,093.20 through September, 2008, at a variable interest rate of 8% to Community Trust Bank collateralized by a mortgage note on Trailblazer's property and building.	\$ 73,257
Less: Current Maturities included in current liabilities	<u>(7,530)</u>
Long Term Debt, Net of Current Maturities	\$ <u>65,727</u>

Maturities of long-term debt are as follows:

2000	\$7,530
2001	\$8,155
2002	\$8,832
2003	\$9,565
2004	\$10,359
Thereafter	\$28,816

**TRAILBLAZER RESOURCE CONSERVATION
AND DEVELOPMENT AREA, INC.**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOTE 5 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of support and revenues, expenses and changes in fund balances. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 6 - PRIOR PERIOD ADJUSTMENT

During the current year, it was determined that three errors had been made in previously issued financial statements. These errors were as follows: purchase of new phone system was expensed instead of capitalized in 1997, accounting principles applied incorrectly for accrual of accounts receivable for 1998, and accounting principles applied incorrectly for accrual of accounts payable for 1998. A prior period adjustment was made to correct these errors. The restatement changed beginning net assets for 1999 by increasing it \$3,390 for the recording of the phone system and the related accumulated depreciation, by increasing it \$29,763 for the recording of the additional accounts receivable, and by decreasing it \$4,259 for the recording of the additional accounts payable. This resulted in a net increase in net assets of \$28,894 from amounts previously reported.

AGREED-UPON PROCEDURES

DON M. McGEHEE
(A Professional Accounting Corporation)
P.O. Box 1344
806 North Trenton
Ruston, Louisiana 71273-1344

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

I have performed the procedures included in the Louisiana Governmental Audit Guide and enumerated below, which were agreed to by the management of the Trailblazer Resource Conservation and Development Area, Inc., the Legislative Auditor, State of Louisiana, and applicable state grantor agency/agencies solely to assist users in evaluating management's assertions about the Trailblazer's compliance with certain laws and regulations during the year ended December 31, 1999, 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.

Federal, State, and Local Awards

1. Determine the amount of Federal, state and local award expenditures for the fiscal year, by grant and grant year.

Trailblazer's Federal, state and local award expenditures for all Federal, state and local programs for the fiscal year follow:

<u>Grant Name</u>	<u>Grant Year</u>	<u>CFDA#</u>	<u>Amount</u>
Federal Grants:			
Economic Recovery Urban Wood Waste Utilization Study	8/1/98 to 7/31/99	10.670	\$ 4,000
Resource Conservation and Development Support for National RC&D President	10/1/98 to 9/30/99	10.901	3,750
Resource Conservation and Development Plan of Work Support	3/1/99 to 9/30/99	10.901	10,100
Solid Waste Management North Central Louisiana Recycle Program	9/1/98 to 8/31/99	10.762	71,485
Resource Conservation and Development Homebuyers Awareness Courses	6/1/98 to 9/30/99	10.901	2,625

<u>Grant Name</u>	<u>Grant Year</u>	<u>CFDA#</u>	<u>Amount</u>
State and Local Grants:			
Statewide Dry Hydrants Program Contract #PVE-40-95-04	1/1/95 to 12/31/98	N/A	\$ 4,403
Lincoln Parish Visitor Enterprise Fund-XTERRA Passed through to Lincoln Parish Parks		N/A	<u>7,500</u>
Total Expenditures			\$ <u>103,863</u>

- For each Federal, state, and local award, randomly select six disbursements from each award administered during the period under examination, provided that no more than thirty disbursements would be selected.

I selected six disbursements (or all the disbursements if less than six) from each award administered during the period under examination, except for those awards based upon services or office space being provided, for a total of twenty disbursements selected.

- For the items selected in procedure (2), trace the disbursements to supporting documentation as to proper amount and payee.

I examined supporting documentation for each of the twenty selected disbursements and found that payment was for the proper amount and made to the correct payee.

- For the items selected in procedure (2), determine if the disbursements were properly coded to the correct general ledger account.

All twenty of the payments were properly coded to the correct general ledger account.

- For the items selected in procedure (2), determine whether the disbursements received approval from proper authorities.

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

- For the items selected in procedure (2): For federal awards, determine whether the disbursements complied with the applicable specific program compliance requirements summarized in the Compliance Supplement (or contained in the grant agreement, if the program is not included in the Compliance Supplement) and for state and local awards, determine whether the disbursements complied with the grant agreement, relating to:

Activities allowed or unallowed:

I reviewed each of the twenty selected disbursements for types of services allowed or not allowed. All disbursements appear to comply with the allowability requirements because services rendered meets the goals of the program.

Eligibility

There were no eligibility requirements to be met on any of these programs.

Reporting

I reviewed each of the twenty selected disbursements for reporting requirements. The six disbursements selected from the North Central Louisiana Recycle Grant did not comply with reporting requirements because they could not be traced to any of the Request for Advance or Reimbursement Reports. Each of the twelve reimbursement requests on this grant were for one-twelfth of the total grant, instead of a reimbursement of expenses. There was no final report with expenditures of grant funds submitted.

7. For the programs selected for testing in procedure (2) that had been closed out during the period under review, I compared the close-out report, when required, with the entity's financial records to determine whether the amounts agree.

The twenty disbursements selected included four Federal programs that were closed out during the period of review. Close-out reports were not required by any of these four program's grantors.

Meetings

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

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

Comprehensive Budget

9. For all grants exceeding five thousand dollars, I determined that each applicable federal, state, or local grantor agency/agencies was provided with a comprehensive budget of those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance.

Trailblazer provided comprehensive budgets to the applicable federal and state grantor agencies for the programs mentioned previously, except for the Homebuyers Awareness Courses program and the XTERRA grant (passed through to a subrecipient). The budgets provided to federal grantors specified the anticipated uses of the funds and estimates of the duration of the projects. The Statewide Dry Hydrants program budget also included plans showing specific goals and objectives that included measures of performance.

Prior Comments and Recommendations

10. I reviewed any prior-year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved.

In the agreed-upon procedures engagement for the year ended December 31, 1998, there were no findings reported.

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 and 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.

Don M. McGehee
Certified Public Accountant
June 6, 2000

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi-public Entities)

May 22, 2000 (Date Transmitted)

Don M. McGehee
P. O. Box 1344
806 North Trenton
Ruston, LA 71273-1344 (Auditors)

In connection with your compilation of our financial statements as of December 31, 1999 and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representation).

Federal, State, and Local Awards

We have detailed for you the amount of Federal, state and local award expenditures for the fiscal year, by grant and grant year.

Yes [] No []

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and grantor officials.

Yes [] No []

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes [] No []

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes [] No []

Open Meetings:

Our meetings, as they relate to public funds, have been posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Yes [] No []

Budget

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes [] No []

Prior Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes [] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the federal, state, and local grants, to include the applicable laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We will also disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance which may occur up to the date of your report.

<u>Dominic E. Woodward</u>	Secretary	<u>5-22-00</u>	Date
<u>Gilbert Pickens</u>	Treasurer	<u>5-22-00</u>	Date
<u>Louise Collier</u>	President	<u>5-22-00</u>	Date

OTHER REPORT

**TRAILBLAZER RESOURCE CONSERVATION
AND DEVELOPMENT AREA, INC.**

**MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 1999**

SECTION 1 AGREED-UPON PROCEDURES

FINDINGS

RESPONSE

1999-1. Federal grant reporting requirements.

The six disbursements selected from the North Central Louisiana Recycle Grant did not comply with reporting requirements because they could not be traced to any of the Requests for Advance or Reimbursement Reports.

Grantor instructed our office to request one-twelfth of total award monthly rather than submitting reimbursement requests for expenses. Grantor also did not request a final report with breakdown of expenditures of grant funds following the budget format.

1999-2. Federal grant budget missing.

The Homebuyers Awareness Courses grant did not have a budget.

The grantor did not require a budget to be submitted. The grant was for a specified sum for each of four training courses to be conducted rather than a reimbursement of expenses.

1999-3. Local grant budget missing.

The XTERRA grant did not have a budget.

The grant was passed-through to a subrecipient.