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Release Date SEP 0.4 1996



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# **Robert R. Hicks**

(A Professional Corporation) Certified Public Accountant

> P. O. Box 886 Rayne, Louisiana 70578

Member American Institute of **Certified Public Accountants** 

Louisiana Society of Certified Public Accountants

June 25, 1996

Board of Directors Rayne Volunteer Fire Department Rayne, Louisiana 70578

Dear Directors,

During our regular examination of the financial statements of the Rayne Volunteer Fire Department for the period ended December 31, 1995, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants.

As a result of this examination, we noted the following instance of immaterial noncompliance:

The Rayne Volunteer Fire Department purchased fire equipment from a fireman with that department. This is a violation of Section 1113A of the Code of Ethics law for public Officials and Public Employees, based on an opinion rendered by the Commission on Ethics for Public Employees. The amount of the purchases was not material to the financial statements taken as a whole. It is recommended that no transactions of this nature occur between the fireman and the fire department.

If you have any questions, regarding these suggestions, please do not hesitate to contact me and I will be happy to go over this in detail. Again, thank you for the opportunity to be of service to the association.

Sincerely,

Rout R. Whith CPA, arc

Robert R. Hicks Certified Public Accountant

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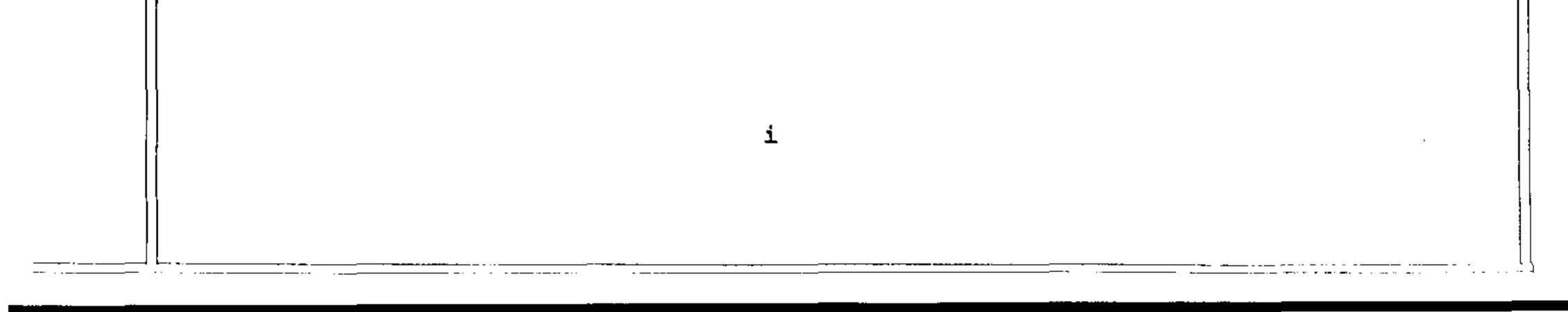
BASED ON AN AUDIT OF GENERAL PURPOSE OR BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE OR BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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Chief Wilfred Kibodeaux Chief, Rayne Volunteer Fire Department Rayne, Louisiana

We have audited the accompanying financial statements of the Rayne Volunteer Fire Department, as of and for the year ended December 31, 1995 as listed in the table of contents. These financial statements are the responsibility of the Rayne Volunteer Fire Department's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and <u>Government Auditing Standards</u>, 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

Our examination was made in accordance with generally accepted auditing standards, and accordingly, included such tests of the accounting records and other such auditing procedures as we considered necessary in the circumstances, except that the costs of the equipment portion of the fixed assets acquired prior to January 1, 1990 were not verified. Since individual property records were not maintained prior to January 1, 1990, it was not practical for us to determine the cost of such assets for the prior years.

In our opinion, with the exception stated above, the general purpose financial statements of the Rayne Volunteer Fire Department present fairly, in all material respects, the financial position of the Rayne Volunteer Fire Department, at December 31, 1995 and the results of its operations and cash flow for the year then ended in conformity with generally accepted accounting principles applied on a consistent basis.

Robut R. Ifiks CPA, apc

Robert R. Hicks Certified Public Accountant

Rayne, Louisiana June 25, 1996



#### Exhibit A RAYNE VOLUNTEER FIRE DEPARTMENT RAYNE, LOUISIANA COMPARATIVE BALANCE SHEETS December 31, 1995 and 1994 1995\_\_\_\_ 1994 ASSETS Current Assets: \$ 74,877 \$ 95,309 Cash Investments 85,851 52,263 Accrued Interest 750 -0-Prepaid Expense 188 -0-<u>\$ 147,572</u> Total current assets <u>\$ 161,666</u> Fixed Assets: net of accumulated Depreciation Land \$ 10,000 Ŝ. 10.000

| Land                         | \$ 10,000         | \$ 10,000         |
|------------------------------|-------------------|-------------------|
| Buildings and Improvements   | 37,490            | 39,015            |
| Trucks and Equipment         | 202,474           | 223,199           |
| Total fixed assets           | \$ 249,964        | \$ 272,214        |
| Total assets                 | <u>\$ 411,630</u> | <u>\$ 419,786</u> |
| LIABILITIES AND FUND BALANCE |                   |                   |
| Current Liabilities          |                   |                   |
| Accounts Payable             | <u>\$ 5,221</u>   | <u>\$ -0-</u>     |
| Fund Balance                 |                   |                   |
| Fund Balanceunreserved,      |                   | ·                 |
| undesignated                 | \$ 406,409        | \$ 419,786        |
| Total Liabilities            |                   |                   |
| and fund balance             | <u>\$ 411,630</u> | <u>\$ 419,786</u> |

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# See notes to financial statements 4

FINANCIAL STATEMENTS

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## RAYNE VOLUNTEER FIRE DEPARTMENT RAYNE, LOUISIANA

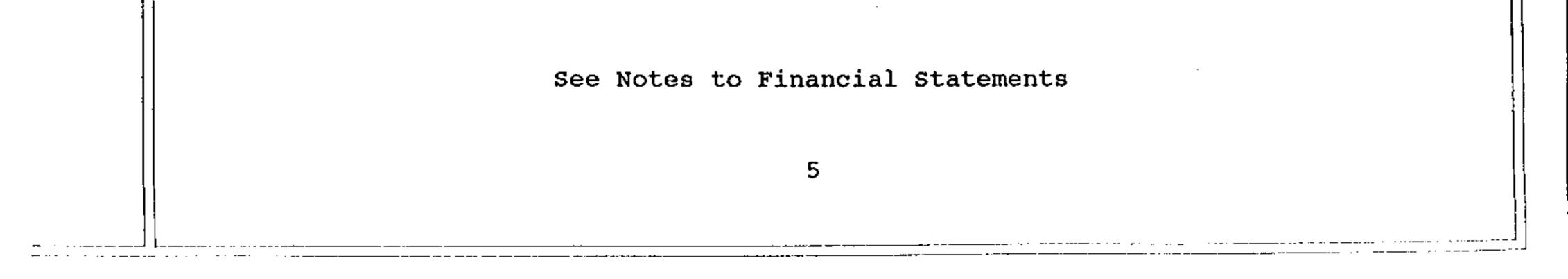
Exhibit B

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE Years Ended December 31, 1995 and 1994

| -                          | <u> </u>         | 1994      |
|----------------------------|------------------|-----------|
| Revenues:                  |                  |           |
| Local Government Donations | \$ -0-           | \$ 20,000 |
| Fundraising Income         | 10,460           | 15,189    |
| Interest Income            | 5,773            | 2,230     |
| Insurance Reimbursement    | 20,592           | 18,502    |
| Miscellaneous Income       | 7,102            | 7,393     |
| Total Revenues             | <u>\$ 43,927</u> | \$ 63,314 |

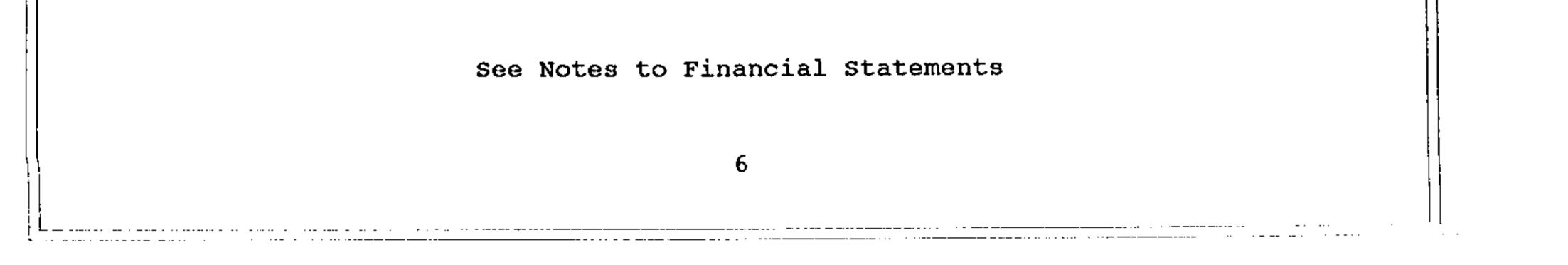
Expenditures:

| Contract service for fire extinguishers | \$ -0-            | \$ 121            |
|---|-------------------|-------------------|
| Building maintenance                    | 2,875             | 2,948             |
| Fundraiser food purchases               | -0-               | 2,809             |
| Fundraiser beverage purchases           | 1,512             | 1,792             |
| Fundraiser entertainment                | 1,375             | 1,075             |
| Professional fees                       | 1,500             | 2,100             |
| Office expense                          | 683               | 1,409             |
| Insurance                               | 4,875             | 11,579            |
| Uniform expense                         | 1,135             | 300               |
| Supplies                                | 6,803             | 2,482             |
| Meeting expense                         | 3,424             | -0-               |
| Depreciation                            | 28,134            | 32,031            |
| Training expense                        | 2,975             | -0-               |
| Miscellaneous                           | 2,013             | 1,688             |
| Total expenditures                      | <u>\$ 57,304</u>  | <u>\$ 60,334</u>  |
| Excess of revenues over expenditures    | \$( 13,377)       | \$ 2,980          |
| Fund balance, beginning of year         | 419,786           | 416,806           |
| Fund balance, end of year               | <u>\$ 406,409</u> | <u>\$ 419,786</u> |



| RAYNE VOLUNTEER FIRE DEPARTME<br>RAYNE, LOUISIANA                | Exhibit C   |  |  |
|--|---|--|--|
| STATEMENT OF CASH FLOWS<br>Year Ended December 31, 1995 and 1994 |   |  |  |
|  | <u>    1995        1994    </u>                       |  |  |
| CASH FLOWS FROM OPERATING ACTIVITIES<br>Net Income (Loss)        | \$( 13,377) \$ 2,980                                  |  |  |
| Adjustments to reconcile net income to net                       |   |  |  |
| cash provided by operating activities:                           | 28,134 32,031   |  |  |
| Depreciation<br>(Increase) in accruals                           | ( 750) -0-  |  |  |
| (Increase) in prepaid expenses                                   | ( 188) -0-  |  |  |
| Increase in accounts payable                                     | 5,221 -0-   |  |  |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES                 | <u>\$ 19,040 \$ 35,011</u>                            |  |  |
| CASH FLOWS FROM INVESTING ACTIVITIES                             |   |  |  |
| Equipment  | $\frac{(5,884)}{(-0-)}$                               |  |  |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES                 | <u>\$( 5,884) \$( -0-)</u>                            |  |  |
| NET INCREASE (DECREASE) IN CASH                                  | \$ 13,156 \$ 35,011                                   |  |  |
| CASH AT BEGINNING OF YEAR  | <u>147,572</u> <u>112,561</u>                         |  |  |
| CASH AT END OF YEAR  | <u>\$ 160,728                                    </u> |  |  |

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#### RAYNE VOLUNTEER FIRE DEPARTMENT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1995

#### (1) <u>Summary of Significant Accounting Policies</u>

#### (a) <u>Nature of Business--</u>

The Rayne Volunteer Fire Department was formed as a nonprofit association under the laws of the State of Louisiana, to provide fire protection services for the City of Rayne and certain rural communities. This corporation was formed January 22, 1904 under the provisions of R.S. 1950, Title 12 Chapter 2, as amended.

#### (b) <u>Basis of Accounting--</u>

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the account and reported in the financial statements. The accounting policies of the Rayne Volunteer Fire Department conform to generally accepted accounting principles. The Fire Department's policy is to prepare its financial statements using the modified accrual method of accounting. The revenues are recognized when they become measurable and available and expenses are recognized when the related liability is incurred.

#### (c) Property and Depreciation --

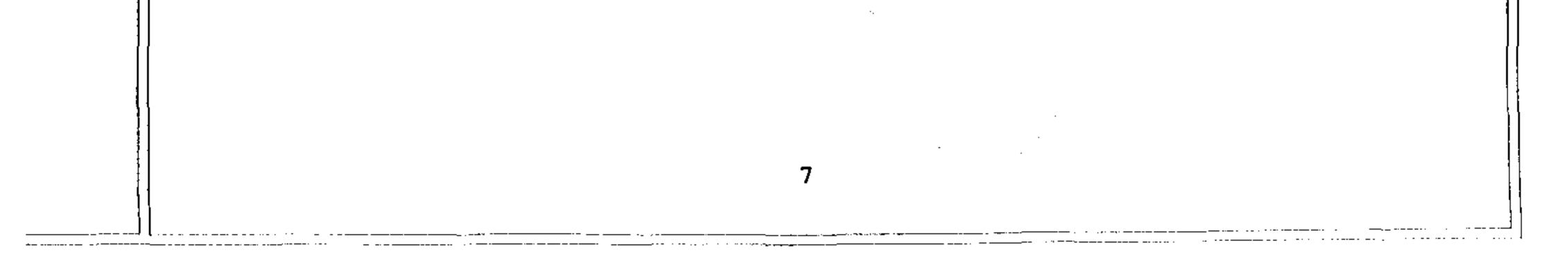
All property, plant, and equipment are recorded at cost. Depreciation is provided on assets on a straight-line method over the estimated useful life of the asset. It is estimated that the trucks have a useful life of twenty years. Life of any other equipment is estimated to be ten years.

## (d) 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 vary from those estimates.

## (2) Cash and Investments

Cash consists of amounts in demand deposit accounts with financial institutions and is federally insured. Investments at December 31, 1995 consisted of time certificates of deposits held at federally insured financial institutions.



RAYNE VOLUNTEER FIRE DEPARTMENT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1995

## (3) Property, Plant, and Equipment

Property, plant, and equipment are summarized by major classifications as follows:

|   | Dec      | ember 31,<br>1994                      | Additions Reductions |                                     | uctions | December 31,<br>1995     |    |  |
|---|----------|--|----------------------|-------------------------------------|---------|--------------------------|----|--|
| Land<br>Buildings<br>Improvements           | \$       | 10,000<br>61,000                       | \$                   | -0-<br>-0-                          | \$      | -0-<br>-0-               | \$ | 10,000<br>61,000                       |
| -Buildings<br>Trucks<br>Equipment<br>Totals | <u>ş</u> | 5,400<br>274,458<br>151,506<br>502,364 |                      | -0-<br>-0-<br><u>5,884</u><br>5,884 | \$      | -0-<br>-0-<br><u>-0-</u> | \$ | 5,400<br>274,458<br>157,390<br>508,248 |

Accumulated depreciation and depreciation expense of the major classes of plant and equipment as of December 31, 1995 are as follows:

| Accumulated | Expense |  |
|-------------|---------|--|
| 1995        | 1995    |  |

| Buildings        | \$ 23,510  | \$ 1,525  |
|------------------|------------|-----------|
| Improvements     |            | + _/-~-   |
| -Building        | 5,400      | -0-       |
| Trucks           | 129,314    | 11,565    |
| Equipment        | 100,060    | 15,044    |
| Totals           | \$ 258,284 | \$ 28,134 |
| Accounts Payable |            |           |

As of December 31, 1995 the accounts payable consisted of the following:

|                   | December 31,    |  |
|-------------------|-----------------|--|
| Insurance Expense | <u> </u>        |  |
| Miscellaneous     | 100             |  |
| Meeting Expense   | 3               |  |
| Office Expense    | 243             |  |
|                   | <u>\$ 5,221</u> |  |

### (5) <u>Notes Payable</u>

(4)

At the end of 1995, there were no notes payable recorded.

# (6) <u>Related Party Transactions</u>

The Rayne Volunteer Fire Department purchased fire equipment from Bonaventure Co., Inc., totaling \$5,841. A member of the Rayne Volunteer Fire Department is a stockholder of this company.

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED ON AN AUDIT OF GENERAL PURPOSE OR BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Chief Wilfred Kibodeaux and the Board of Directors Rayne Volunteer Fire Department Rayne, Louisiana

We have audited the financial statements of the Rayne Volunteer Fire Department, Rayne, Louisiana, as of and for the year ended December 31, 1995, and have issued our report thereon dated June 25, 1996.

We conducted our audit in accordance with generally accepted auditing standards

and <u>Government Auditing Standards</u>, 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, contracts, and grants applicable to the Rayne Volunteer Fire Department, Rayne, Louisiana, is the responsibility of the Rayne Volunteer Fire Department's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatements, we performed tests of the Rayne Volunteer Fire Department's compliance with certain provisions of laws, regulations, contracts, and grants. 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 <u>Government Auditing Standards</u>.

We noted certain immaterial instances of noncompliance that we have reported to the management of the Rayne Volunteer Fire Department in a separate letter dated June 25, 1996.

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

Rhur R. Huts CPA, apc

Robert R. Hicks Certified Public Accountant

Rayne, Louisiana June 25, 1996

**Robert R. Hicks** 

(A Professional Corporation) Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE OR BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Chief Wilfred Kibodeaux and the Board of Directors Rayne Volunteer Fire Department Rayne, Louisiana

We have audited the financial statements of the Rayne Volunteer Fire Department, Rayne, Louisiana, as of and for the year ended December 31, 1995, and have issued our report thereon dated June 25, 1996.

We conducted our audit in accordance with generally accepted auditing standards and <u>Government Auditing Standards</u>, 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.

The management of the Rayne Volunteer Fire Department is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess 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 executed 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 audit of the financial statements of the Rayne Volunteer Fire Department, Rayne, Louisiana, for the year ended December 31, 1995, 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 an opinion on the internal control structure. Accordingly, we do not express such an opinion.