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**Trailblazer Resource Conservation
and Development Area, Inc.
Financial Statements
For the year Ended December 31, 1997**

Reissue Report

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 FEB 24 1999

Receipt Acknowledged
Legislative Auditor

By LAL

Trailblazer Resource Conservation and Development Area, Inc.
December 31, 1997

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WILLIAM D. EDWARDS

Certified Public Accountant
A Professional Accounting Corporation
Member: AICPA / Society of ICPA'S

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

I have compiled the accompanying general purpose financial statements of Trailblazer Resource Conservation and Development Area, Inc. for the year ended December 31, 1997, 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 of Trailblazer Resource Conservation and Development Area, Inc. 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.



William D. Edwards, CPA
January 27, 1999

Trailblazer Resource Conservation and Development Area, Inc.
Statement of Financial Position
For the Year Ended December 31, 1997

ASSETS

Current assets:

Cash and cash equivalents

107,014

Accounts receivable

27,645

Total current assets

134,659

Equipment, net

2,896

Total assets

137,555

Liabilities and Net Assets

Current liabilities:

Accounts payable

1,186

Salaries payable

3,625

Total current liabilities

4,811

Net assets:

Unrestricted net assets:

Operating

132,744

Board designated

0

Fixed assets

0

Total unrestricted net assets

132,744

Temporarily restricted net assets (note 5)

0

Permanently restricted net assets (note 6)

0

Total net assets

132,744

Total liabilities and net assets

137,555

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

Trailblazer Resource Conservation and Development Area, Inc.
Statement of Activities
For the Year Ended December 31, 1997

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public Support, Revenues, and Reclassification				
Statewide Dry Hydrant Grants	3,000			3,000
Sponsor dues and registration fees	2,431			2,431
Interest	5,072			5,072
Other governmental grants	131,835			131,835
Donated services (government entities)	1,636,418			1,636,418
Miscellaneous	8,954			8,954
Total public support, revenues, and reclassification	<u>1,787,710</u>	<u>0</u>	<u>0</u>	<u>1,787,710</u>
Expenses				
Programs:				
Statewide Dry Hydrant Direct Costs	60,373			60,373
Donated services	<u>1,636,418</u>			<u>1,636,418</u>
Total grant programs	1,696,791	0	0	1,696,791
Administration	88,585			88,585
Total expenses	<u>1,785,376</u>	<u>0</u>	<u>0</u>	<u>1,785,376</u>
Change in net assets	2,334	0	0	2,334
Net assets as of beginning of year	<u>130,410</u>			<u>130,410</u>
Net assets as of end of year	<u>132,744</u>	<u>0</u>	<u>0</u>	<u>132,744</u>

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

Trailblazer Resource Conservation and Development Area, Inc.
Statement of Cash Flows
For the Year Ended December 31, 1997

Operating activities	2,334
Change in net assets	
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Accounts receivable	(8,216)
Accounts payable and payroll liabilities	<u>2,268</u>
Net cash provided by operating activities	<u>(3,614)</u>
Investing activities	
Purchase of equipment, net	<u>(2,896)</u>
Financing activities	
Net increase (decrease) in cash and cash equivalents	0
Cash and cash equivalents as of beginning of year	<u>(6,510)</u>
Cash and cash equivalents as of end of year	<u>113,524</u>
	<u>107,014</u>

Taxes paid in 1997 -0-
Interest paid in 1997 -0-

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

Trailblazer Resource Conservation and Development Area, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 1997

	<u>Support - Administrative</u>	<u>Program Services - Grant Projects</u>	<u>Total</u>
Compensation and Related Expenses			
Compensation	30,319	12,765	43,084
Payroll taxes	2,123	746	2,869
Committee meeting	545		545
Donated services		1,636,418	1,636,418
Dues/licenses	533		533
Expendable equipment		1,348	1,348
Insurance	2,313	101	2,414
Legal and accounting	1,290		1,290
Meetings, board	2,556		2,556
Miscellaneous	3,898		3,898
Newsletter	4,005		4,005
Occupancy, rent	15,000		15,000
Office expense	2,972		2,972
Postage	1,078		1,078
Supplies:			
Maintenance	9,386		9,386
Materials		43,289	43,289
Telephone	2,046		2,046
Transportation, auto travel	12,645		12,645
Total expenses	<u>90,709</u>	<u>1,694,667</u>	<u>1,785,376</u>

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

TRAILBLAZER RESOURCE CONSERVATION AND DEVELOPMENT AREA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1997

NOTE A: NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Trailblazer Resource Conservation and Development Area, Inc., was organized in October 1966, and received their tax exempt status as a 501(C)3 organization in December 1988, to promote natural resource conservation and community development. The corporation works with individuals and government entities to ensure protection and development of the state's natural resources. The principal programs currently consist of installing dry hydrants throughout the state to protect rural areas from fire damage.

Basis of Accounting

The financial statements of the corporation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Accordingly, Trailblazer, Inc. reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. A brief description of each class is as follows:

Unrestricted net assets

Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets

Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Corporation and/or the passage of time.

Permanently restricted net assets

Net assets subject to donor-imposed stipulations that they be maintained permanently by the Corporation. Generally, the donors of these assets permit the Corporation to use all or part of the income earned on related investments for general or specific purposes.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**TRAILBLAZER RESOURCE CONSERVATION AND DEVELOPMENT AREA, INC.
NOTES TO FINANCIAL STATEMENTS(CONTINUED)
DECEMBER 31, 1997**

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the corporation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Fixed Assets and Depreciation

Fixed assets are stated at cost. Depreciation is provided on the straight-line method over the estimated useful life of the assets.

Donated Services

The bulk of Trailblazer's functions related to installing dry hydrants is conducted by personnel with equipment provided by government and quasi-governmental entities. These donated services meet the requirements of SFAS No. 116.

Restricted and Unrestricted Revenue and Support

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Grant awards are classified as refundable advances until expended for the purpose of the grant when they are conditional promises to give.

**TRAILBLAZER RESOURCE CONSERVATION AND DEVELOPMENT AREA, INC.
NOTES TO FINANCIAL STATEMENTS(CONTINUED)
DECEMBER 31, 1997**

Fund Accounting

The accounts of the Association are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund classes.

Property and equipment

Additions are recorded at cost, if purchases, and at appraised or estimated fair value at the time of donation, if received as gifts. Minor renewals and replacements are expensed when incurred. Amortization expense on capital leases is included with depreciation expense on owned assets. Two computers purchased by the Corporation are to be returned to the grant agencies and are, therefore, not included on the balance sheet.

Depreciation is computed by the straight-line method over the estimated economic lives of the respective assets held, which are as follows:

Furnishings and equipment	3-5 Years
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Income taxes

The Corporation has a tax determination letter from the Internal Revenue Service stating that it qualifies under provisions of the applicable Internal Revenue Code to be exempt from federal income taxes, and has been classified as an organization that is not a private foundation. Any revenue producing activity not considered part of the Corporation's tax exempt purpose, could be subject to income taxes.

Leases

The Corporation is not obligated under any leases. The office facilities are rented on a month to month agreement for \$1,250.00 per month.

Note B - Property and equipment

Property and equipment at December 31, 1997 consist of the following:

Furniture and equipment	4,903
Less: Accumulated depreciation	<u>(2,007)</u>
Property and equipment, net	<u>2,896</u>

**TRAILBLAZER RESOURCE CONSERVATION AND DEVELOPMENT AREA, INC.
NOTES TO FINANCIAL STATEMENTS(CONTINUED)
DECEMBER 31, 1997**

Note C - Accrued Vacation and Sick Pay

Vacation and sick pay accrual are not a material amount and, therefore no adjustment has been made.

Note D - Functional Expenses

Expense that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. For the year ended December 31, 1997 all program expenses were included in the dry hydrant program category.

Note E - Programs

State Wide Dry Hydrant Program

During the year ended December 31, 1997, almost all of the revenue and expenses were related to the fire hydrant program. This is a program wherein the Corporation oversees the installation of water hydrants in rural areas. The Louisiana Department of Natural Resources provides the basic funds to buy material, while government entities, in the areas where the hydrants are to be installed, provide the basic labor and equipment. The contract requires a minimum of matching funds, generally in the form of services and equipment.

WILLIAM D. EDWARDS

Certified Public Accountant
A Professional Accounting Corporation
Member: AICPA / Society of LCPA'S

Independent Accountant's Report on Applying Agreed-Upon Procedures

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

I have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of Trailblazer Resource Conservation and Development Area, Inc. and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluation management's assertions about Trailblazer Resource Conservation and Development Area, Inc.'s compliance with certain laws and regulations during the year ended December 31, 1997 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 user 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.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$5,000, or public works exceeding \$50,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

One expenditures was made during the year for materials and supplies exceeding \$5,000, but no expenditures were made for public works exceeding \$50,000. I examined each cash disbursement record which indicated no purchases which would require public bidding requirements.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interest of all board members and employees, as well as their immediate families.

Management provided me with the required list including the noted information.

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES (continued)

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided me the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management in agreed-upon procedure (3) appeared on the list provided by management in agreed-upon procedure (2).

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

A budget was not adopted.

6. Trace the budget adoption and amendments to the minute book.

As noted in 5 above, there is no record of the approval of the budget for the fiscal year ended December 31, 1997

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenue or expenditures exceed budgeted amounts by more than 5%.

As noted in 5 above, there is no record of the approval of the budget for the fiscal year ended December 31, 1997.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and:
 - a) trace payments to supporting documentation as to proper amount and payee;

I examined supporting documentation for each of the six selected disbursements and found that all six checks were for proper amount and payee.

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES (continued)

b) determine if payments were properly coded to the correct fund and general ledger account; and

All six payments were properly coded to the correct fund or general ledger account.

c) determine whether payments received approval from proper authorities.

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

Meetings

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

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

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

I inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

A reading of the minutes of the district for the year indicated no approval for the payments noted. I also inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREE-UPON PROCEDURES (continued)

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. In addition to the exceptions noted above, the following findings were noted:

COMPLIANCE

Finding 1.

The Village did not submit its annual compilation report until after the six month deadline established by Louisiana law. This was the result of not retaining an auditor on a timely basis. This is a repeat finding.

Recommendation

Trailblazer should prepare timely financial statements and retain the auditor on a timely basis.

Response

Now that we are advised of the reporting requirements, we will ensure timely report submissions. We will retain our auditor immediately to insure timely preparation of all year end financial reports.

INTERNAL CONTROL ON FINANCIAL ACCOUNTING

Finding 2.

Trailblazer does not have a large enough staff to provide for segregation of all accounting duties. This is a repeat finding, however we concur with management regarding the practicality of adding staff for this purpose.

Recommendation

Based on the amount of Trailblazer's revenue and the number of accounting transactions, it is not economically sound to expend additional resources to provide for segregation of accounting duties.

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREE-UPON PROCEDURES (continued)

Response

We agree that adding staff simply to obtain segregation of accounting duties would not be economically practical.



William D. Edwards, CPA

January 27, 1999