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RAYNE VOLUNTEER FIRE DEPARTMENT
RAYNE, LOUISIANA

FINANCIAL REPORT
December 31, 1998

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 ~~JUL 20 1999~~

RAYNE VOLUNTEER FIRE DEPARTMENT
RAYNE, LOUISIANA

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Brupbacher & Associates

A PROFESSIONAL ACCOUNTING CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

P. O. Box 34 • 801 The Boulevard Suite B • Rayne, Louisiana 70578 • (318) 334-7251 FAX (318) 334-7002

Chief Lee Hebert
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, 1998 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 *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. 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, 1998 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.

Brupbacher & Associates
A Professional Accounting Corporation

Rayne, Louisiana
June 18, 1999

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FINANCIAL STATEMENTS

RAYNE VOLUNTEER FIRE DEPARTMENT
RAYNE, LOUISIANA

COMPARATIVE BALANCE SHEET
December 31, 1998 and 1997

<u>ASSETS</u>	<u>1998</u>	<u>1997</u>
Current Assets:		
Cash	\$ 62,677	\$ 40,054
Investments	35,474	75,002
Accrued Interest	820	111
Total Current Assets	<u>\$ 98,971</u>	<u>\$ 115,167</u>
Fixed Assets: net of accumulated depreciation:		
Land	\$ 10,000	\$ 10,000
Buildings and Improvements	38,829	37,804
Trucks and Equipment	174,520	207,795
Total Fixed Assets	<u>\$ 223,349</u>	<u>\$ 255,599</u>
Other Assets:		
Lease Deposit	\$ 74,798	\$ -
Total Assets	<u>\$ 397,118</u>	<u>\$ 370,766</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Current Liabilities		
Accounts Payable	\$ 740	\$ 382
Fund Balance		
Fund Balance - - unreserved, undesignated	\$ 396,378	\$ 370,384
Total Liabilities and Fund Balance	<u>\$ 397,118</u>	<u>\$ 370,766</u>

The Accompanying Notes Are An Integral Part of
These Financial Statements

RAYNE VOLUNTEER FIRE DEPARTMENT
RAYNE, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
Years Ended December 31, 1998 and 1997

Revenues:	<u>1998</u>	<u>1997</u>
Local Government Appropriations	\$ 50,000	\$ -
Fundraising Income	8,991	15,591
Interest Income	4,857	3,890
Insurance Reimbursement	21,099	20,327
Miscellaneous Income	10,074	3,920
Total Revenues	<u>\$ 95,021</u>	<u>\$ 43,728</u>
Expenditures:		
Building maintenance	\$ 3,000	\$ 3,000
Fundraiser food purchase	1,242	2,198
Fundraiser beverage purchase	411	1,041
Fundraiser entertainment	-	1,161
Professional fees	2,000	2,250
Office expense	1,122	867
Insurance	3,608	2,652
Uniform expense	2,801	9,472
Supplies/Repairs & Maintenance	7,024	11,232
Meeting expense	5,690	5,438
Depreciation	37,372	35,692
Training/Communication expense	4,516	3,929
Miscellaneous expense	76	2,433
Total expenditures	<u>\$ 68,862</u>	<u>\$ 81,365</u>
Excess of revenue over expenditures	\$ 26,159	\$ (37,637)
Prior Year Adjustments to Fund Balance	(165)	-
Fund balance, beginning of year	<u>370,384</u>	<u>408,021</u>
Fund balance, end of year	<u>\$ 396,378</u>	<u>\$ 370,384</u>

The Accompanying Notes Are An Integral Part Of
These Financial Statements

RAYNE VOLUNTEER FIRE DEPARTMENT
RAYNE, LOUISIANA

STATEMENT OF CASH FLOWS
Year Ended December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)	\$ 26,159	\$ (37,637)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	37,372	35,692
(Increase) decrease in accruals	(708)	-
(Increase) decrease in prepaid expenses	(74,798)	-
Increase (decrease) in accounts payable	357	(16)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (11,618)</u>	<u>\$ (1,961)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Equipment	\$ (2,122)	\$ (37,369)
Improvements	(3,000)	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(5,122)</u>	<u>(37,369)</u>
NET INCREASE (DECREASE) IN CASH	\$ (16,740)	\$ (39,330)
CASH AT BEGINNING OF YEAR	115,056	154,386
ADJUSTMENT TO PRIOR PERIOD CASH	<u>(165)</u>	<u>-</u>
CASH AT END OF YEAR	<u><u>\$ 98,151</u></u>	<u><u>\$ 115,056</u></u>

The Accompanying Notes Are An Integral Part Of
These Financial Statements

RAYNE VOLUNTEER FIRE DEPARTMENT

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1998

(1) Summary of Significant Accounting Policies

(a) Nature of Business - -

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) Basis of Accounting - -

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, and interest bearing demand deposit accounts with financial institutions and is federally insured. Investments at December 31, 1998 consisted of time certificates of deposits held at federally insured financial institutions.

At December 31, 1998, the carrying amount of the Department's deposits were \$98,151 and the bank balance was \$98,400. The deposits were covered by federal depository insurance.

RAYNE VOLUNTEER FIRE DEPARTMENT

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1998

(3) Property, Plant, and Equipment

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

	<u>December 31,</u> <u>1997</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31,</u> <u>1998</u>
Land	\$ 10,000	\$ -0-	\$ -0-	\$ 10,000
Buildings	61,000	-0-	-0-	61,000
Improvements				
-Buildings	9,105	3,000	-0-	12,105
Trucks	302,186	-0-	-0-	302,186
Equipment	<u>197,124</u>	<u>2,122</u>	<u>-0-</u>	<u>199,246</u>
Totals	<u>\$ 579,415</u>	<u>\$ 5,122</u>	<u>\$ -0-</u>	<u>\$ 584,537</u>

Accumulated depreciation and depreciation expense of the major classes of plant and equipment as of December 31, 1998 are as follows:

	<u>Accumulated</u> <u>1998</u>	<u>Expense</u> <u>1998</u>
Buildings	\$ 28,085	\$ 1,525
Improvements		
-Building	6,191	450
Trucks	168,684	14,098
Equipment	<u>158,228</u>	<u>21,299</u>
Totals	<u>\$ 361,188</u>	<u>\$37,372</u>

(4) Accounts Payable

As of December 31, 1998 the accounts payable consisted of the following:

	<u>12/31/98</u>
Insurance Expense	\$ 449
Office Expense	26
Repairs & Maintenance	96
Uniform Expense	<u>168</u>
Total	<u>\$ 739</u>

RAYNE VOLUNTEER FIRE DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1998

(5) Notes Payable

As of December 31, 1998, there were no notes payable recorded.

(6) Prior Period Adjustment

The prior period adjustment relates to an adjustment to the investment account. The account was closed in a prior year and the accrued interest remained on the books.

(7) Year 2000 Issue

The Rayne Volunteer Fire Department records are kept on a manual basis.

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Chief Lee Hebert
Rayne Volunteer Fire Department
Rayne, Louisiana

We have audited the general purpose financial statements of Rayne Volunteer Fire Department, Rayne, Louisiana, as of and for the year ended December 31, 1998, and have issued our report thereon dated June 18, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Rayne Volunteer Fire Department's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non compliance that we have reported to the management of Rayne Volunteer Fire Department in a separate letter dated June 18, 1999.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Rayne Volunteer Department's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be a material weakness. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively

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low level the risk that misstatements in amounts that would be material in relation to the general purpose 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Rayne Volunteer Fire Department in a separate letter dated June 18, 1999.

This report is intended for the information and use of management, others in the organization, and the legislative auditor and is not intended to be and should not be used by anyone other than these specified parties.

Brupbacher & Associates
A Professional Accounting Corporation

Rayne, Louisiana
June 18, 1999

RAYNE VOLUNTEER FIRE DEPARTMENT
RAYNE, LOUISIANA

Schedule of Corrective Action Taken on Prior Year Findings
Year Ended December 31, 1998

Finding:

97-1 Inadequate controls over fundraising activities.

As reported in the December 31, 1997 audit, there was a lack of adequate controls over fundraising cash collections and the reconciliation of remaining promotional items.

Corrective Action

97-1 For the fundraising activities pre-numbered tickets are used and cash collections are handled by assigned individuals.

RAYNE VOLUNTEER FIRE DEPARTMENT
RAYNE, LOUISIANA

Schedule of Findings and Questioned Costs
Year Ended December 31, 1998

Part 1. Summary of Auditor's Results

Auditor's Report – Financial Statements

A qualified opinion has been issued on the Rayne Volunteer Fire Department's financial statements as of and for the year ended December 31, 1998.

Material Noncompliance – Financial Reporting

The results of our tests disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standards*.

Reportable Conditions – Financial Reporting

The results of our tests disclosed no matters involving the internal control over financial reporting.

RAYNE VOLUNTEER FIRE DEPARTMENT
RAYNE, LOUISIANA

Corrective Action Plan
Year Ended December 31, 1998

Response to findings:

ML-1 Fundraising Reconciliations

Management has consulted with a firm to oversee the fundraiser activities and to maintain proper documentation.

ML-2 Statutory Issue Date

The audit reports will be submitted prior to the six month statutory issue date.

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July 16, 1999

Rayne Volunteer Fire Department
Rayne, Louisiana

In planning and performing our audit of the financial statements of Rayne Volunteer Fire Department for the year ended December 31, 1998, we considered the Company's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. We would like to present recommendations of internal control for consideration by the board. These suggestions are based primarily on the work done during our audit engagement and we do not wish to imply that they cover every possible weakness. Nevertheless we do think that they deserve your careful evaluation. If you have questions, regarding these matters, do not hesitate to contact me and I will be happy to go over each of these in detail. Again thank you for this opportunity to be of service to the Department.

ML-1

Finding:

There is no formal reconciliation retained in their records for fundraiser activities.

Recommendation:

For each fundraiser a formal reconciliation needs to be completed and retained with their books and records.

Management's Response:

The Rayne Volunteer Fire Department has established controls for fundraising activities including the use of pre-numbered tickets for purchases and cash collections being handled by assigned individuals. Management has recognized this lack of documentation and has consulted with a firm to oversee the fundraising activities to maintain adequate controls and proper documentation.

During the course of our audit we performed tests of the Rayne Volunteer Fire Department's compliance with certain provisions of laws, regulations, contracts and grants. Providing an opinion on compliance with those provisions was not an objective of our audit and accordingly we do not express such an opinion. However, we noted the following instance of noncompliance.

ML-2

Finding:

The audit report for December 31, 1998 was submitted to the Legislative Auditor's Office after the six-month statutory issue date.

Recommendation:

The report must be submitted prior to the six-month statutory date.

Response:

The audit report was completed prior to the statutory issue date but the required copies were not submitted timely due to an oversight of this office. The reports will be submitted prior to the six-month statutory issue date.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Company personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Sincerely,

Brupbacher & Associates, APAC

Brupbacher & Associates

A Professional Accounting Corporation