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**SCOTT VOLUNTEER FIRE DEPARTMENT**  
Scott, Louisiana  
  
Financial Report  
  
Years Ended December 31, 2003 and 2002

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 6-9-04

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**INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying statements of financial position of the Scott Volunteer Fire Department (a nonprofit organization), as of December 31, 2003 and 2002, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in 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 that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Scott Volunteer Fire Department as of December 31, 2003 and 2002, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated May 5, 2004 on our consideration of the Scott Volunteer Fire Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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Our audits were performed 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.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
May 5, 2004

**FINANCIAL STATEMENTS**

**SCOTT VOLUNTEER FIRE DEPARTMENT**  
**Scott, Louisiana**

**Statements of Financial Position**  
**December 31, 2003 and 2002**

	<b>2003</b>	<b>2002</b>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash	\$ 33,859	\$ 27,470
Interest-bearing deposits	29,586	113,783
Accounts receivable	-	350
Due from other governmental units	84,150	-
Prepaid deposit on equipment	-	100,000
Total current assets	147,595	241,603
Property, plant, and equipment, net	543,786	270,826
Total assets	<b>\$ 691,381</b>	<b>\$ 512,429</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 4,652	\$ 4,298
Current portion of capital lease payable	30,780	-
Deferred income	30,000	30,000
Total current liabilities	65,432	34,298
Capital lease payable, less current portion	100,990	-
Total liabilities	166,422	34,298
<b>Net assets:</b>		
Unrestricted -		
Operating	112,943	207,305
Net investment in fixed assets	412,016	270,826
Total net assets	524,959	478,131
Total liabilities and net assets	<b>\$ 691,381</b>	<b>\$ 512,429</b>

The accompanying notes are an integral part of this statement.

**SCOTT VOLUNTEER FIRE DEPARTMENT**  
**Scott, Louisiana**

**Statements of Activities**  
**Years Ended December 31, 2003 and 2002**

	<u>2003</u>	<u>2002</u>
<b>Unrestricted net assets:</b>		
<b>Unrestricted support and revenue -</b>		
<b>Public support:</b>		
<b>Contributions -</b>		
City of Scott	\$ 99,665	\$ 85,421
State of Louisiana - Fire insurance tax	43,512	38,987
Lafayette Consolidated Government	9,000	100,000
Federal Emergency Management Agency grant revenue	60,534	-
Insurance rebate -Hurricane Lili	-	7,549
Miscellaneous donations	<u>5,179</u>	<u>12,072</u>
<b>Total public support</b>	<u>217,890</u>	<u>244,029</u>
<b>Revenue:</b>		
Contract service fees	42,664	34,714
Rent income	4,200	4,200
Interest income	803	1,452
Miscellaneous	<u>205</u>	<u>16</u>
<b>Total revenue</b>	<u>47,872</u>	<u>40,382</u>
<b>Total unrestricted support and revenue</b>	<u>265,762</u>	<u>284,412</u>
<b>Expenses:</b>		
<b>Program services -</b>		
Fire-fighting	207,316	150,497
<b>Support services -</b>		
General and administrative	<u>11,618</u>	<u>10,701</u>
<b>Total expenses</b>	<u>218,934</u>	<u>161,198</u>
<b>Increase in unrestricted net assets</b>	46,828	123,214
<b>Net assets, unrestricted, beginning of year</b>	<u>478,131</u>	<u>354,917</u>
<b>Net assets, unrestricted, end of year</b>	<u>\$ 524,959</u>	<u>\$ 478,131</u>

The accompanying notes are an integral part of this statement.

SCOTT VOLUNTEER FIRE DEPARTMENT  
Scott, Louisiana

Statements of Cash Flows  
Years Ended December 31, 2003 and 2002

	2003	2002
<b>Cash flows from operating activities:</b>		
Increase in net assets	\$ 46,828	\$ 123,214
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	98,791	72,720
(Increase) decrease in operating assets:		
Accounts receivable	(83,800)	-
Prepaid deposit on equipment	100,000	(100,000)
Increase (decrease) in operating liabilities:		
Accounts payable	354	(3,125)
Accrued interest payable	-	(353)
Deferred income	-	30,000
Net cash provided by operating activities	162,173	122,456
 <b>Cash flows from investing activities:</b>		
Purchase of equipment, fire truck and building improvements	(371,751)	(13,686)
 <b>Cash flows from financing activities:</b>		
Proceeds from capital lease	161,641	-
Principal paid on capital lease payable	(29,871)	-
Principal paid on note payable	-	(42,150)
Net cash provided (used) by financing activities	131,770	(42,150)
 Increase (decrease) in cash and cash equivalents	(77,808)	66,620
 Cash and cash equivalents, beginning of period	141,253	74,633
 Cash and cash equivalents, end of period	\$ 63,445	\$ 141,253
 <b>Supplemental disclosure of cash flow information:</b>		
 Interest paid	\$ 6,898	\$ 2,261

The accompanying notes are an integral part of this statement.



**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	10-31 1/2 years
Building improvements	10-31 1/2 years
Equipment, furniture and fixtures	5 years
Fire engines	10 years

C. Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(4) 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.

E. 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.

**SCOTT VOLUNTEER FIRE DEPARTMENT**  
**Scott, Louisiana**

**Notes to Financial Statements (Continued)**

**F. Use of Estimates**

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

**(2) Due From Other Governmental Units**

As of December 31, 2003, due from other governmental units was composed of:

	2003
Lafayette Consolidated Government contract service fees	\$ 9,150
City of Scott contract revenues	75,000
Total amount due from due from other governmental units	\$84,150

**(3) Property, Plant and Equipment**

The following is a summary of property, plant and equipment at December 31, 2003 and 2002:

	2003	2002
Land	\$ 16,000	\$ 16,000
Building	122,992	122,992
Building improvements	66,190	56,409
Equipment	327,555	232,600
Furniture and fixtures	13,964	13,964
Fire engines	967,149	720,133
Truck	13,794	13,794
Total property, plant and equipment	1,527,644	1,175,892
Less: Accumulated depreciation	(983,858)	(905,066)
Net property, plant and equipment	\$ 543,786	\$ 270,826

SCOTT VOLUNTEER FIRE DEPARTMENT  
Scott, Louisiana

Notes to Financial Statements (Continued)

(4) Capital Lease Payable

On September 18, 2002, the Scott Volunteer Fire Department entered into a lease agreement in the amount of \$161,641 to purchase a fire engine. In accordance with Financial Accounting Standard No. 13, the lease met the criteria for recordation of a capital lease. The lease bears interest at 4.6% and will mature in 2007. The asset and liability under the capital lease are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The asset is depreciated over its estimated productive life. Depreciation in the amount of \$24,476 is included in depreciation expense at December 31, 2003.

Minimum future lease payments under capital lease as of December 31, 2003 for each of the next four years are:

Year Ended December 31,	<u>Amount</u>
2004	\$ 36,769
2005	36,769
2006	36,769
2007	<u>36,769</u>
Total minimum lease payments	147,076
Less: Amount representing interest	<u>(15,306)</u>
Present value of net minimum lease payment	<u>\$ 131,770</u>

(5) Risk Management

The Organization is exposed to risks of loss in the areas of auto liability, general liability, management liability and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year.

**SUPPLEMENTAL INFORMATION**

**COMPLIANCE  
AND  
INTERNAL CONTROL**

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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**

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 year ended December 31, 2003, and have issued our report thereon dated May 5, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 the Scott Volunteer Fire Department's 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Scott Volunteer Fire Department's internal control over financial reporting 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 over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. A reportable condition involves matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Scott Volunteer Fire Department's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying summary schedule of current and prior year audit findings and corrective action plan at Item 03-1(IC).

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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 low level the risk that misstatements 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 over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe the reportable condition described in the accompanying summary schedule of current and prior year audit findings and corrective action plan at Item 03-1(IC) is a material weakness.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
May 5, 2004

SCOTT VOLUNTEER FIRE DEPARTMENT

Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan  
Year Ended December 31, 2003

Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
<b>CURRENT YEAR (12/31/03) --</b>					
<u>Internal Control:</u>					
03-1 (IC)	Unknown Due to the small number of employees, the department did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Crystal Bernard, Treasurer	N/A
<b>PRIOR YEAR (12/31/02) --</b>					
<u>Internal Control:</u>					
02-1 (IC)	Unknown Due to the small number of employees, the department did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Billie Lis, Treasurer	N/A



**OTHER SUPPLEMENTAL INFORMATION**

**SCOTT VOLUNTEER FIRE DEPARTMENT**  
**Scott, Louisiana**

**Statements of Functional Expenses**  
**Years Ended December 31, 2003 and 2002**

	2003	2002
<b>Program service expenses:</b>		
<b>Fire-fighting -</b>		
Communications	\$ 2,979	\$ 3,097
Dues and subscriptions	1,453	709
Utilities	7,051	7,366
Telephone	3,575	3,656
Insurance	27,564	20,189
Outside services	617	2,193
Repairs and maintenance - building	1,456	996
Repairs and maintenance - equipment	25,838	29,379
Supplies	1,731	1,011
Small tools and equipment	11,965	-
Truck fuel	6,299	4,833
Uniforms	1,576	2,242
Education and training	5,844	-
Fundraising expense	3,409	-
Medical expense	270	197
Interest expense	6,898	1,909
Depreciation	98,791	72,720
<b>Total program service expenses</b>	207,316	150,497
<b>Support service expenses:</b>		
<b>General and administrative -</b>		
Professional fees	6,090	6,343
Meals	2,138	1,346
Miscellaneous	521	445
Office expense	1,541	1,528
Postage expense	808	140
License & permits	198	224
Travel and entertainment	322	675
<b>Total support service expenses</b>	11,618	10,701
<b>Total expenses</b>	<b>\$218,934</b>	<b>\$ 161,198</b>